

**TAKE IT TO THE SEA:
NONMILITARY ACTORS IN CHINA'S MARITIME DISPUTES AND
CRISIS MANAGEMENT**

by
Shuxian Luo

A dissertation submitted to Johns Hopkins University in conformity with the requirements for
the degree of Doctor of Philosophy

Baltimore, Maryland
July 2021

© 2021 Shuxian Luo
All Rights Reserved

Abstract

Two decades into the 21st century, China still faces a plethora of unsettled territorial and boundary disputes on its maritime frontier spanning from the Yellow Sea, East China Sea, and the South China Sea. These disputes cover strategically significant maritime space and involve U.S. treaty allies. As China's power grows and it aspires to exert greater control over its periphery, how China handles local incidents arising from these disputes touches on the fundamental question of whether its rise will mean peace or instability for the region.

There is a growing number of incidents arising from these disputes over the past twenty years, but China's way of handling these incidents has varied widely. It has not always adopted an assertive, escalatory posture as its power continues to grow, nor has it invariably taken an accommodating, deescalatory posture as its good neighborly diplomacy strategy would suggest. When will China escalate an incident arising from its maritime disputes and when will it opt for deescalation? Should it choose to escalate, how does China calibrate its escalatory measures in terms of their nature (nonmilitary or military) and strength (restrained or forceful)?

To account for the variation, this study develops a two-step theoretical framework to explain when, why, and how rising powers such as China choose to escalate or deescalate local incidents arising from unsettled maritime sovereignty and jurisdiction disputes. I argue that when deciding whether to escalate such incidents, leaders often simultaneously face two types of costs generated respectively by domestic and international audiences with oftentimes competing expectations, and thus a decision to escalate or deescalate entails a tradeoff between these two types of audience costs. Should China choose to escalate, it calibrates escalatory measures based on its assessment of one of the two criteria: the likelihood of being presented with a *fait accompli* by the adversary;

or, should it have already been presented with a *fait accompli* during the crisis, the prospect of reversing it through negotiations.

Several key findings emerge from this study. First, China has not been invariably prone to taking an escalatory posture in maritime disputes as its power grows. Rather, its decision of escalation or deescalation is a function of the interplay between the pulling and hauling among its domestic parochial interests on the one hand and Beijing's assessment of China's geopolitical environment on the other.

Second, and counterintuitively, smaller countries can have substantial leverage over rising powers, contrasting the long-enshrined Thucydides dictum that "the strong do what they have the power to do and the weak accept what they have to accept." China cares as much about its reputation for resolve as that for its image of nonbelligerency, suggesting that rising powers' understanding of reputation is often two-pronged.

Third, China has demonstrated a high level of sensitivity to the prospect of the adversary engaging in a *fait accompli* tactic. A *fait accompli* that China views as irreversibly altering the status quo, be that physically or nonphysically, can create strong motivations for China to undertake highly risky military escalation to compel for a reversal or compensate for its perceived losses.

Advisor: David M. Lampton

Second Reader: Michael S. Chase

Committee Chair: P. Terrance Hopmann

External Committee Members: Michael D. Swaine and Sheila A. Smith

Acknowledgments

I could never have completed my dissertation without the support and encouragement of many people. My sincere and deep gratitude goes first and foremost to my advisor and mentor Professor David M. Lampton. Throughout my seven years at SAIS, first as an MA student and since 2016 as a Ph.D. student, Professor Lampton has always been supportive, responsive, and patient, and his advice at each stage of my dissertation was highly valuable. A student could not ask for a more helpful and gracious advisor. I thank him for his many, many contributions.

I am fortunate to have an extraordinary dissertation committee. I am deeply grateful for the enormous contributions from Professor Michael S. Chase who has profoundly molded my understanding of international security and has guided and encouraged my intellectual inquiry since my very first day at SAIS. He has always been my go-to source of advice on all manner of academic and career issues. I also thank Professor P. Terrance Hopmann, who provided insightful comments that have critically shaped my subsequent thinking on this project from the very first draft of my prospectus. Dr. Michael D. Swaine's unparalleled expertise and insights on crisis management inspired me to develop this project and made the whole research process both rewarding and enjoyable. Dr. Sheila A. Smith's great questions at my prospectus defense helped me refine my research questions at the early stage of my research.

Although I cannot possibly list everyone I should, let me start by thanking Professor Hanns Maull for his immense help and encouragement. As my supervisory faculty member at SAIS Europe, Professor Maull always provided prompt and insightful feedback on each of my chapters. Given the size of his contributions, I have come to see him as a de facto member of my committee. I would also like to thank other faculty members at SAIS for their support and education. I want to acknowledge Professor Bruce Parrott who has tremendously influenced the way that I approach

research and teaching. Professor William Brooks kindly connected me with contacts in Japan, making my field trip very fruitful. Professor Kent Calder encouraged and supported me in giving my first academic conference presentation, which boosted my confidence in pursuing doctoral education. Professor Karl Jackson's expertise in Southeast Asia and passionate teaching style made the region another topic of enduring intellectual interest. Toshiko Calder Sansei was generous with her time in helping with my Japanese language studies. The staff of SAIS library, China Studies Department, and the Ph.D. program always provide prompt and patient assistance. I would like to thank them all.

I am deeply indebted to all my interlocutors in China, Japan, Singapore and the United States, whose generosity with their time and candor in discussions tremendously improved the quality of my research. I am especially grateful to Professors Wang Jisi and Yu Tiejun at the Institute of International and Strategic Studies, Peking University, for providing the key institutional support when I conduct fieldwork in China in 2019. I also want to thank the National Institute for South China Sea Studies in Hainan for hosting me as a visiting scholar both in 2017 and 2019.

I would also like to thank SAIS Europe for offering the George L. Abernethy Fellowship, which provided me the opportunity to spend the 2019-2020 academic year in Bologna to write my dissertation, and the Henry A. Kissinger Center for Global Affairs for the summer travel grant, which enabled me to take the field trip to Japan and Singapore in the summer of 2018.

On a personal note, many individuals deserve credit for their unwavering support. My special thanks to Li Ya'nan, Luo Xi, and Xie Shuyu, who have been my dearest companions since college and make Beijing my second home. I would also like to thank my cousin Fang Zheng and former colleague Zhang Minyi for their support throughout what was an extremely difficult period for family reasons when I was writing my dissertation in Bologna. SAIS friends Cai Yuanchen, Brian

Carlson, Chen Yali, Gan Zhi, William Hargreaves, Amanda Kerrigan, Li Miaosu, Lin Xiufeng, Liu Zongyuan, Meredith Ludlow, Ilaria Mazzocco, Ye Jia'nan, Sun Yun, Wang Yuhan, and Zhang Hao all provided vital support and encouragement.

Most importantly, I wish to thank my mother, Wan Liping, for her unreserved support and unconditional love. I dedicate this dissertation to her.

For my mother

Table of Contents

Abstract	ii
Acknowledgements	iv
List of Tables	ix
List of Figures	x
List of Maps	xi
Abbreviations	xii
1. Introduction	1
2. Theoretical Framework, Methodology, and Alternative Explanations	32
3. An Overview of China's Maritime Disputes, Defense Strategy, and Maritime Security Actors	82
4. The Diaoyu/Senkaku Lease and the Chunxiao Dispute	142
5. The China Maritime Surveillance Diaoyu/Senkaku Patrol and the Fishing Trawler Collision	203
6. The Diaoyu/Senkaku Nationalization and the East China Sea Air Defense Identification Zone	258
7. Vietnam's Spratly Cruise, the Tokin Gulf Fatal Shooting, and Sansha City	336
8. The Scarborough Shoal Standoff and the HD-981 Clash	382
9. The Luconia Standoff and the Natuna Confrontation	468
10. China-South Korea Fishing Clashes in the Yellow Sea	507
11. Conclusion and Implications	541
Bibliography	557

List of Tables

Table 2.1 A Summary of Measurement of Domestic Audience Costs

Table 2.2 A Summary of Measurement of International Audience Costs

Table 2.3 *Fait Accompli* and Escalatory Measures Calibration

Table 2.4 A Taxology of Escalatory Measures

Table 7.1 Sub-regional Multilateral Cooperation Mechanisms between China and Southeast Asia

Table 8.1 Chinese Media Coverage on the Scarborough Shoal Standoff and the HD-981 clash

Table 10.1 The Number of Chinese Fishing Vessels Seized by South Korea

Table 10.2 The Occurrence of Violent Resistance and Resulting Casualties

Table 10.3 Major Issues Addressed in PRC-ROK Joint Statements/Communiques in 21st Century

Table 11.1 Summary of Empirical Cases

List of Figures

Figure 2.1 Audience Costs Tradeoff Calculation Model

Figure 2.2 Four Stages of a Crisis

Figure 3.1: Maritime Militia in the Core Newspapers and PLA Publications since 2000

Figure 4.1 The East China Sea in the “Propensity to Escalate” Area

Figure 5.1: The Chinese Public’s Perception on Japan 2005-2011

Figure 5.2 Japan’s Rare Earth Imports from China

Figure 5.3 Number of Chinese Government Ship Patrols near the Diaoyu/Senkakus Prior to September 2012

Figure 6.1 Number of Article on *People’s Daily* and Other Core Chinese Newspapers Referring to “Shelving Disputes and Pursuing Joint Development” alongside “Sovereignty Belonging to China”

Figure 6.2 Chinese MLE Vessels near the Diaoyu/Senkakus from September 2012 to the End of 2014

Figure 6.3 The Chinese Public’s Perception on Japan 2012-2018

Figure 7.1 The South China Sea in the “Propensity to Gridlock” Area

Figure 7.2 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles with Reference to the South China Sea Disputes

Figure 7.3 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles on Cooperative Relations with Vietnam

Figure 7.4 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles on Cooperative Relations with the Philippines

Figure 8.1 Newspaper Article Frequency on the South China Sea

Figure 8.2 The Philippines’ fruit exports to China by trade value

Figure 8.3 Chinese Tourist arrivals in the Philippines

Figure 8.4 Vietnam’s fruits and rice exports to China by trade value

Figure 8.5 China-Vietnam and China-Philippines Top Leadership Visits and High-Level Exchanges

Figure 9.1 China’s Rubber Imports from Malaysia, Indonesia, and Thailand

Figure 10.1 The Yellow Sea in the “Propensity to Deescalate” Area

Figure 10.2 The Number of Permitted Fishing Vessels and Allowable Catch Quotas

List of Maps

Map 3.1 The Diaoyu/Senkaku Islands

Map 3.2 The Paracel Islands

Map 3.3: The Spratly Islands

Map 4.1 China's drilling sites in the East China Sea

Map 6.1 Existing Air Defense Identification Zones in the East China Sea

Map 9.1 The Luconia Shoals

Map 9.2 The Overlapping Area between Indonesia's EEZ around Natuna and the Nine-Dash Line

Map 10.1 Agreed China-ROK Fishery Zones

Map 10.2 The Inter-Korean Water and NLL in the Yellow Sea

Abbreviation

ADIZ	Air Defense Identification Zone
AMS	Academy of Military Science (PLA)
ASEAN	Association of Southeast Asian Nations
CASS	Chinese Academy of Social Sciences
CCG	China Coast Guard
CCP	Chinese Communist Party
CICIR	China Institutes of Contemporary International Relations
CIIS	China Institute of International Studies
CIMA	China Institute for Marine Affairs
CLCS	UN Commission on the Limits of the Continental Shelf
CMC	Central Military Commission
CMP	China Maritime Police
CMS	China Maritime Surveillance
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CNSC	Central National Security Council
COC	Code of Conduct
COLREGs	Convention on the International Regulations for Preventing Collisions at Sea
CPPCC	Chinese People's Political Consultative Conference
CPV	Communist Party of Vietnam
CUES	Code for Unplanned Encounters at Sea
DOC	Declaration on the Conduct of Parties in the South China Sea
DPJ	Democratic Party of Japan
EEZ	Exclusive Economic Zone
E&P	Exploration and Production
FLE	Fisheries Law Enforcement Bureau
FTA	Free Trade Agreement
FY	Fiscal Year
GFC	Global Financial Crisis
GOJ	Government of Japan
ICJ	International Court of Justice
IMO	International Maritime Organization
INCSEA	1972 US-Soviet Incidents at Sea Agreement
ITLOS	International Tribunal for the Law of the Sea
JCG	Japan Coast Guard
JMSDF	Japan Maritime Self-Defense Force
JMSU	Joint Maritime Seismic Understanding
JSDF	Japan Self-Defense Force

KCG	Korea Coast Guard
KIG	Kalayaan Island Group
KMT	Kuomintang
LDP	Liberal Democratic Party (Japan)
LSG	Leading small group
METI	Ministry of Economy, Trade and Industry (Japan)
MFA	Ministry of Foreign Affairs
MLE	Maritime Law Enforcement
MLIT	Ministry of Land, Infrastructure, Transport and Tourism (Japan)
MLR	Ministry of Land and Resources
MMCA	U.S.-China Military Maritime Consultative Agreement
MND	Ministry of National Defense
MOA	Ministry of Agriculture
MOD	Ministry of Defense (Japan)
MOFA	Ministry of Foreign Affairs (Japan)
MOFCOM	Ministry of Commerce
MPS	Ministry of Public Security
MSA	Maritime Safety Administration
MSS	Ministry of State Security
NIDS	National Institute for Defense Studies (Japan)
NISCSS	National Institute for South China Sea Studies
NDMC	National Defense Mobilization Commission
NDPG	National Defense Program Guideline (Japan)
NDRC	National Development and Reform Commission
NDU	National Defense University (PLA)
NOC	National Oil Company
NPC	National People's Congress
PAP	People's Armed Police
PBSC	Politburo Standing Committee
PLA	People's Liberation Army
PLAAF	People's Liberation Army Air Force
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
ROC	Republic of China (Taiwan)
ROK	Republic of Korea
SAR	Special Administrative Region
SCNDM	State Commission for National Defense Mobilization
SDF	Self-Defense Force (Japan)
SIIS	Shanghai Institute for International Studies
SLOC	Sea Lines of Communication

SOA	State Oceanic Administration
SOE	State-owned Enterprise
TAC	Treaty of Amity and Cooperation in Southeast Asia
UN	United Nations
UNSC	United Nations Security Council
UNCLOS	UN Convention on the Law of the Sea
U.S.	United States

1. Introduction

Two decades into the 21st century, China has settled most of its land borders but still faces a plethora of unsettled territorial and boundary disputes on its maritime frontier spanning from the Yellow Sea, East China Sea, and the South China Sea. These disputes cover strategically significant maritime and air space, and involve U.S. treaty allies including Japan, the Philippines, and South Korea. As China's naval power grows and it aspires to exert greater control over its near-sea region,¹ how China handles local incidents and foreign challenges arising from these disputes touches on the fundamental question of whether China's rise will mean peace or instability for the region.

While China has been willing to compromise in land border disputes and has less frequently used force in maritime disputes since the end of the Cold War,² the risk of miscalculation and inadvertent escalation during maritime incidents cannot be safely ruled out. Maritime disputes are dangerous zero-sum conflicts which are particularly “prone to negative spirals of instability,” according to Taylor Fravel, because claimants are “especially sensitive to perceived challenges to their claims” given the public nature of such claims and because states are required by international law to “actively assert and defend their claims.”³

Moreover, China's management of maritime incidents and challenges has been rendered considerably more complicated as the growing pluralization and decentralization of the Chinese political system has brought a wide range of domestic stakeholders into the Chinese foreign policy

¹ Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2020*, pp. 44-49, 69-72, 95-103.

² M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, NJ: Princeton University Press, 2008); Ketian Zhang, “Cautious Bully: Reputation, Resolve, and Beijing's Use of Coercion in the South China Sea,” *International Security*, vol. 44, no. 1 (Summer 2019), pp. 117-159.

³ M. Taylor Fravel, “Things Fall Apart: Maritime Disputes and China's Regional Diplomacy,” in Jacques deLisle and Avery Goldstein, eds., *China's Challenges: The Road Ahead* (Philadelphia: University of Pennsylvania Press, 2015), p. 209.

process. This is in stark contrast to its handling of territorial and border disputes in the 20th century, when the process was dominated by the centralized foreign policy and security establishment.⁴ The challenge posed by a less monolithic Chinese political system for crisis management has been aptly summarized by Michael Swaine: “During the Maoist era, strong centralized control usually guaranteed a single message. Today, a much more complex and amorphous process – which involved much more internal consultation and the possibility that different messages exist – can slow down reaction time and distort signaling.”⁵ Furthermore, as China (and other claimants alike) strives to bolster its claims by stepping up policing of disputed waters, allowing energy companies to explore hydrocarbon resources in claimed areas, incorporating disputed areas into nearby coastal localities, and allowing grassroots activists to sail to contested land features, these various nonmilitary actors whose activity was once confined to the land and coastal waters have come to the forefront of these disputes and come into direct contact with other disputants.⁶ As a result, these actors are playing a more relevant and influential role in crisis prevention and management than has traditionally been the case.

China’s way of handling its maritime disputes has varied widely over the past two decades. It has not always adopted an assertive, escalatory posture as its power continues to grow, nor has the country invariably taken an accommodating, de-escalatory posture as its good neighborly diplomacy and *tao guang yang hui* (keeping a low profile) strategy would suggest. In the great majority of cases, China has escalated incidents in the East China Sea. In the South China Sea,

⁴ Primarily China’s top leadership, the People’s Liberation Army (PLA), and the Ministry of Foreign Affairs (MFA).

⁵ Michael D. Swaine, “Understanding the Historical Record,” in Michael Swaine, Zhang Tuosheng and Danielle F.S. Cohen, ed., *Managing Sino-American Crises: Case Studies and Analysis* (Washington, DC: Carnegie Endowment for International Peace, 2006), p. 34.

⁶ By contrast, China’s outstanding border disputes on land with India remains largely closed to involvement of such domestic nonmilitary actors. As a result, contingencies in the Sino-Indian land border areas even in the post-Cold War era, such as the 2017 Doklam standoff and the 2020 Galwan clash, still largely follow a traditional political-military crisis pattern as they involve almost solely the military assets of both sides.

China has been more selective in escalating local incidents. In the Yellow Sea, China has consistently shunned escalation even though this area has registered the highest frequency of fatal clashes among all of China's maritime disputes. Moreover, in instances where China has chosen to escalate, its escalation patterns have varied – Beijing has escalated some incidents with a combination of military and nonmilitary means but has employed exclusively nonmilitary measures in others. What explains the wide variation in China's handling of these disputes? Why does China de-escalate some maritime incidents and challenges while escalating others? Under what circumstance does China undertake an escalation along nonmilitary dimensions instead of along the military dimension or a combination of both? To frame all these questions in one simple empirical puzzle: when and why does China escalate local incidents and challenges arising from its maritime disputes, and in cases where China opts for escalation, how does it calibrate escalatory measures?

Answering these questions can help shed new light on the dynamic and rationale in China's handling of interstate conflict arising from an issue area deemed as involving the country's vital interests. However, a systematic explanation for China's varying choices of escalation and de-escalation strategies in maritime disputes is still lacking in the literature. Recent research on China's behavior in these disputes has heavily focused on the post-Global Financial Crisis (GFC) period when China is seen as becoming more nationalistic and assertive in its conduct of foreign and security policy.⁷ Studies treating China as a unitary actor with a coherent strategic calculation,

⁷ Aaron Friedberg, "The Sources of Chinese Conduct: Explaining Beijing's Assertiveness," *The Washington Quarterly*, Vol. 37, No. 4 (2015), pp. 133–150; and Michael Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China*, Vol. 22, No. 81 (2013), pp. 446–459; Suisheng Zhao, "Foreign Policy Implications of Chinese Nationalism Revisited: the strident turn," *Journal of Contemporary China*, Vol. 22, No. 8, (2013), pp. 535-553. On the other hand, Alastair Iain Johnston the notion of the Chinese nationalism being on the rise and argues China's assertive foreign policy represents more of a continuity than of a fundamental change. See, Alastair Iain Johnston, "How New and Assertive is China's New Assertiveness?" *International Security*, vol. 37, no. 4 (spring 2013), pp. 7-48; Alastair Iain Johnston, "Is Chinese Nationalism Rising? Evidence from Beijing," *International Security*, Vol. 41, No. 3, (2016/2017), pp. 7-43.

while relevant in understanding China's behavior in these disputes, prove insufficient in light of China's increasingly fragmented political system and policy process. On the other hand, analyses that emphasize the role of China's various domestic players, while having considerably enhanced our understanding of China's behavior, often tend to focus on specific incidents, or a particular group (or groups) of actors within China's maritime security system. Very few studies have explored how the interplay of China's various domestic interests and its geostrategic landscape has shaped the way that China handles its maritime disputes.

For the purpose of this study, I use "maritime disputes" to refer to two types of different but interrelated issues: 1) sovereignty disputes over offshore islands and other land features, and 2) controversies over the delimitation of maritime boundaries and jurisdictional rights to the 200-nautical mile exclusive economic zones (EEZs) and the up to 350-nautical mile continental shelves.⁸

While this study focuses on the decision process on the Chinese side, it is noteworthy that any crisis arising from contested territory or maritime space involves a dyadic interaction problem. It means that every party's crisis decision and behavior can feed the negative reflexes in the rivaling country and thus compound the crisis interactions.⁹ At the end of the day, it always takes two to fight.

EXPLAINING ESCALATION AND DE-ESCALATION IN CHINA'S MARITIME DISPUTES

This study provides a two-step thesis to explain when, why, and how China has escalated or de-escalated incidents and challenges associated with its maritime disputes.

⁸ In addition to these two types of disputes, some studies conceive a third type of maritime disputes China has with other states, particularly with the United States. Specifically, this type of disputes regards whether China is entitled to a legal right under international law to regulate or even restrict the operation of foreign military vessels in China's territorial sea and EEZ. See, for example, Ronald O'Rourke, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress* (Washington, DC: Congressional Research Service, 2017).

⁹ The author thanks Dr. David M. Lampton for pointing out this issue.

The first part of my framework, the “audience cost trade-off calculation thesis,” addresses the when and why question. While few students of international relations would disagree that leaders tend to balance the costs of escalation against those of backing down in crisis bargaining, analysts differ widely on what these costs are and how they are weighed against one another. At one end of the spectrum, observers contend that such costs are external. For example, Zhang’s “cost balancing theory” posits that the potential costs of using coercion are the economic stakes involved in the bilateral relationship and the costs of backing down is a state’s reputation for resolve as perceived by third-party countries.¹⁰ At the other end, scholars believe that these costs are internal. For example, in a recent study, Weiss and Wallace argue that China adopts a rigid approach toward its maritime and island disputes because these disputes are central to the Chinese Communist Party (CCP) regime’s survival prospect (high centrality) and represent an issue area that both elites and masses refuse to compromise (low heterogeneity).¹¹ In a similar vein, Tokyo University’s Takahara Akio argues that whether and when China would take a hardline approach against Japan is a function of how stable Chinese leaders’ domestic power base is.¹²

I challenge both approaches and stake out a middle ground by arguing that decisions to escalate or back down are not driven by sources at the domestic or international level alone; rather, decision makers often simultaneously face two types of costs generated respectively by two sets of audiences with distinct and oftentimes competing expectations.¹³ The first type is the political

¹⁰ Zhang, “Cautious Bully.”

¹¹ Jessica Chen Weiss and Jeremy L. Wallace, “Domestic Politics, China’s Rise, and the Future of the Liberal International Order,” (2021), vol. 75, special issue 2, pp. 635-664.

¹² Akio Takahara, “The Development of Japan-China Relations in the Period of Stability in Cross-Strait Relations,” *Journal of Contemporary East Asia Studies*, Vol. 4, No. 2, 2015, pp. 119-144.

¹³ In the case of China, the most important foreign policy decider is the head of the Chinese Communist Party (CCP), who concurrently chairs the CMC and serves as the president of the People’s Republic of China (PRC). The Politburo Standing Committee (PBSC) of the CCP’s Central Committee, as the CCP’s “collective leadership mechanism,” has been the highest decision-making body in the post-Mao era. However, the importance of the PBSC seems to have declined under Xi Jinping, who since took office 2012 as China’s top leader has moved to centralize decision-making power. Alice L. Miller, “The 18th Central Committee Leadership with Comrade Xi Jinping as General Secretary,”

costs that leaders may incur at home if they choose to de-escalate, a move which would likely be perceived by their domestic audience as backing down on prior pledges to defend national honor and sovereignty. The second type is the diplomatic and geostrategic costs that a state may incur internationally should it choose to escalate, a move which would likely poison bilateral relations with the adversary and be perceived by other international stakeholders as renegeing on the state's commitment to nonbelligerency. A decision to escalate or de-escalate entails a tradeoff between these two types of costs. When the potential domestic costs of de-escalation outweigh the anticipated international costs of escalation, it would put pressure on leaders to engage in an escalation to avoid incurring backlash at home; conversely, if the anticipated international costs exceed the potential domestic political costs, it incentivizes the leadership to de-escalate conflict to avoid derailing relations with the adversary and/or precipitating third-party counterbalancing.

The second part of my framework explains how escalation, once chosen, is calibrated in terms of its nature (nonmilitary or military) and strength (restrained or forceful). In calibrating an escalatory move, leaders must decide how much risk they are willing to take to protect the interests at stake without triggering unwanted upward spirals or even military conflict. Existing studies posit that leaders tend to formulate their responses and take risks commensurate with the level of issue salience or the importance of the interests at stake.¹⁴ While issue salience and the importance of interests do significantly influence the cost-benefit calculation in interstate crisis, in protracted

China Leadership Monitor, Issue 48, Fall 2015; Elizabeth C. Economy, "China's New Revolution: The Reign of Xi Jinping," *Foreign Affairs*, Vol. 97, No. 3 (May/June 2018), pp. 60-74.

¹⁴ Sara McLaughlin Mitchell, "Clashes at Sea: Explaining the Onset, Militarization, and Resolution of Diplomatic Maritime Claims," *Security Studies*, Vol. 29, No. 4, 2020, pp. 637-670; Donald Nuechterlein, "National Interests and Foreign Policy: A Conceptual Framework for Analysis and Decision-Making," *British Journal of International Studies*, vol. 2, no. 3, Oct. 1976, p. 248; Thomas W. Robinson, "National Interests," in James N. Rosenau, ed., *International Politics and Foreign Policy: A Reader in Research and Theory* (New York, NY: The Free Press, 1969), pp.184-185; Snyder and Diesing, *Conflict among Nations*, pp. 183-184; Stephen D. Sklenka, "Strategy, National Interests, and Means to an End," *Carlisle Papers in Security Strategy* (Carlisle, PA: US Army War College Strategic Studies Institute), Oct. 2007.

conflict over territories and boundaries, the stake associated with any specific dispute often remains relatively fixed over a substantial period of time. As such, issue salience or importance of interests alone cannot satisfactorily explain variation in a country's escalation behavior toward the same adversary in a particular dispute, or variation in a country's escalation strategies when simultaneously dealing with multiple rivaling claimants involved in a single dispute.

Building on prospect theory which underscores loss aversion in human psychology, I argue that how a state calibrates its escalatory measures is based on its perception of whether a fait accompli created by the adversary during the crisis can be reversed through negotiations, or the likelihood that the adversary will resort to such a tactic. Accordingly, four possible scenarios can be predicted.

When presented with a fait accompli, a state can seek to undo it by negotiating with the adversary for a reversal or by forcing a reversal should the adversary refuse to negotiate. The first possible scenario is when a state calculates that there remains a chance to negotiate for a reversal. Under this circumstance, the state may calibrate its escalatory response to signal resolve and extract the best possible deal without closing the door to negotiations. As such, the escalation may be strong in nonmilitary dimensions but restrained in the military dimension. A restrained military escalation preserves a degree of plausible deniability and is relatively easy to be quietly called off to avoid hampering the negotiation process.

A second possible scenario is when leaders conclude that a fait accompli cannot be reversed through negotiation. Under this circumstance, leaders may become more risk acceptant and tend to employ strong military and nonmilitary escalatory measures to force a reversal or recoup the state's perceived loss. Strong military escalation can be risky, highly confrontational, and relatively difficult to revoke – a classical commitment tactic through which a state gets itself into

a position where it cannot retreat by staking its national honor and reputation on an overtly unyielding posture.¹⁵

When a state is not (yet) presented with a *fait accompli* but fears that the adversary is likely to engage in such a tactic during the crisis, the state is likely to launch a nonmilitary escalation to deter the adversary from pursuing such a tactic while probably holding back on military measures to control risks of unwantedly militarizing the conflict. Thus, a third possible scenario is when a state sees a high probability of being presented with a *fait accompli*. Under this circumstance, a state may undertake a strong nonmilitary escalation to signal resolve and warning.

The last possible scenario is when a state concludes that the probability of confronting a *fait accompli* is low. In that case, leaders may choose to make a relatively moderate, symbolic nonmilitary escalation to convey dissatisfaction.

The two-step framework recognizes bounded rationality in decision making, which concedes that due to cognitive or motivational constraints people do not maximize expected utility in all decisions even if they intend to.¹⁶ The notion of bounded rationality stands in contrast to the classical comprehensive rationality which presumes that decision makers have a given utility function that ranks all alternatives, assess outcomes of these alternatives, and consistently choose the utility-maximizing option.¹⁷ As such, to deduce comprehensively rational choice in a given situation, “we need to know only the choosing organism’s goals and the objective characteristics of the situation” and “absolutely nothing else about the organism,” whereas to deduce the

¹⁵ Thomas C. Schelling, *Arms and Influence* (New Haven and London: Yale University Press, 2008), 2008 edition, pp. 49.

¹⁶ Herbert A. Simon, *Models of Man* (New York, NY: Wiley, 1957); Herbert A. Simon, “Human Nature in Politics: The Dialogue of Psychology with Political Science,” *American Political Science Review*, Vol. 79, No. 2 (Jun. 1985), pp. 293-304; Herbert A. Simon, “Rationality in Political Behavior,” *Political Psychology*, Special Issue: Political Economy and Political Psychology, Vol. 16, No. 1 (Mar. 1995), pp. 45-61.

¹⁷ Bryan D. Jones, “Bounded Rationality,” *Annual Review of Political Science*, Vol. 2, 1999, pp. 297-321; Herbert A. Simon, *Model of Boundary Rationality: Empirically Grounded Economic Reason* (Cambridge, MA: Massachusetts Institute of Technology Press, 1997), Vol. 3, pp. 291-294.

boundedly rational choice requires that “we must know the choosing organism’s goals, the information and conceptualization it has of the situation, and its abilities to draw inferences from the information it possesses.”¹⁸ Indeed, predictions derived from comprehensive rationality are often not consistent with how people *actually* behave, consequently spurring the scholarly search for alternative explanations such as prospect theory and organization theory (including the bureaucratic politics model) that conform with the notion of bounded rationality.¹⁹ Bounded rationality is straightforward and compelling. For a myriad of reasons such as knowledge, beliefs, information, time constraint, and groupthink, decision makers’ cognitive abilities are quite limited and can by no means know *all* the alternatives with clear assessments of associated outcomes. Moreover, when there is a misalignment of interests, decision makers may be motivated to choose the alternative that maximizes their own gains but is suboptimal to the state.

ORGANIZATION OF THIS STUDY

The remainder of this chapter reviews the existing literature to set the context in which my study is situated.

In Chapter 2, I elaborate on my proposed theoretical framework and explain how variables are operationalized, followed by a set of testable hypotheses derived from the framework. This chapter then addresses data sources, concluding with a discussion of methodological issues and competing explanations.

Chapter 3 provides an overview of China’s maritime disputes, maritime defense strategy, and the actors in the Chinese maritime security system.

¹⁸ Simon, “Human Nature in Politics,” p. 294.

¹⁹ Bryan D. Jones, “Bounded Rationality,” *Annual Review of Political Science*, Vol. 2, 1999, p. 297; Jack Levy, “Introduction to Prospect Theory,” *Political Psychology*, vol. 13, no. 2, Special Issue: Prospect Theory and Political Psychology, Jun. 1992, p. 173; Graham T. Allison and Philip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis* (New York, NY: Longman, 1999), 2nd edition, pp. 19-20.

Chapter 4 tests my theoretical framework by tracing China's handling of two major maritime incidents arising from its disputes with Japan in the East China Sea in the first decade of the 21st century, the 2002-2004 Diaoyu/Senkaku lease and the 2004-2008 Chunxiao/Shirakaba gas field issue. The clear dominance of the potentially huge domestic audience costs in Beijing's calculation during this period explains China's strong propensity to escalate maritime incidents. China launched nonmilitary escalation in both cases by unleashing grassroots activism, permitting mass anti-Japanese protests, and by approving regular patrols in the East China Sea. At the peak of the gas field dispute, after Japan granted drilling permission to a Japanese company – a move that Beijing saw as creating a *fait accompli* – China responded with a restrained military escalation by deploying a fleet of Chinese warships to demonstrate its resolve without quitting the bilateral gas talks. The continuation of negotiations suggested the Chinese calculation that the possibility of reversing the *fait accompli* remained.

Chapter 5 traces China's handling of two major incidents in the East China Sea during and immediately after the 2008 financial crisis, the first Chinese patrol within the Diaoyu/Senkaku territorial sea in December 2008 and the 2010 fishing trawler collision. In the instance of 2008 patrol, Beijing's high stakes in maintaining the much-improved Sino-Japanese relations at the time created strong incentives for a rare de-escalation in the East China Sea. During the 2010 collision, Beijing faced renewed compromise-averse pressures as its maritime security actors pushed for an expansion of patrols in contested waters and popular nationalism surged following China emergence from the global economic meltdown as the world's second largest economy. Tokyo's threat to subject the Chinese skipper to Japan's domestic laws raised the prospect of creating a *fait accompli* in the legal dimension. To deter Japan from taking this path, Beijing launched a strong nonmilitary escalation by elevating its diplomatic protests to the very top level, regularizing

maritime rights patrols in the East China Sea, imposing an unofficial ban of its rare earth exports to Japan, and taking Japanese nationals working in China as political hostage.

Chapter 6 examines China's handling of the Diaoyu/Senkaku nationalization crisis spanning from 2012 to late 2013. Concerns about potential domestic costs overwhelmingly dominated China's calculation and created strong incentives to escalate. After failing to deter Japan from making a state purchase of the islets and being presented with the GOJ's decision of nationalization as an irreversible *fait accompli*, Beijing undertook a forceful nonmilitary escalation along with a moderately strong military escalation to compel Japan to reverse the done deal. After failing to force a reversal, Beijing doubled down on the military escalation by declaring an East China Sea air defense identification zone (ADIZ) to compensate for what it saw as China's loss.

Chapter 7 examines China's handling of three incidents arising from its disputes in the South China Sea in the first decade of the 21st century, the 2004 Vietnamese cruise tour to the Spratlys, the 2005 fatal shooting of Vietnamese fishermen in Tokin Gulf, and China's planned establishment of Sansha Municipality in late 2007. Following the signing of the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002, the strategic importance that China attached to good neighborly diplomacy and regional economic integration with Southeast Asia forestalled the emergence of broad-based compromise-averse pressures in China and tilted Beijing's cost tradeoff calculation toward attaching greater importance to the international costs. The domination of concerns about potential international costs created incentives for China to de-escalate in both instances.

Chapter 8 compares China's handling of two high-profile maritime incidents in the 2010s, the 2012 Scarborough Shoal standoff and the 2014 HD-981 incident. China's growing domestic attention to the maritime disputes during this period altered Beijing's cost tradeoff calculation. In

the Scarborough Shoal standoff, domestic audience prevailed over concerns about the potential geopolitical costs following ambivalent reactions from ASEAN and the United States. As a result, Beijing undertook a strong nonmilitary escalation through economic sanctions and seizure of the shoal to prevent the detention of Chinese fishermen by the Philippines and to deter Manila from submitting the dispute for international arbitration, which in the Chinese perception would create a *fait accompli* in the legal dimension. During the HD-981 incident, by contrast, the unequivocal, unanimous pushback from ASEAN and the United States increased China's potential international costs, which – combined with lower compromise-averse pressure at home – pushed China's costs tradeoff calculation back to the international end and prevented a Chinese escalation.

Chapter 9 examines China's handling of two maritime incidents in the period leading up to the 2016 arbitration ruling, the 2015 the Luconia Breaker standoff and the 2016 Natuna confrontation. Against the backdrop of the looming arbitration and China's unfolding Maritime Silk Road initiative in the region, international audience costs clearly dominated China's calculation and prompted a de-escalatory posture in both incidents.

Chapter 10 tests my framework by tracing China's handling of fatal maritime incidents with South Korea in the Yellow Sea in past two decades the 21st century. China's high security and economic stakes in a positive China-ROK relationship, in combination with the absence of broad-based compromise-averse pressures, create strong incentives for Beijing to persistently prevent the bilateral relationship from being derailed by maritime frictions.

The concluding chapter summarizes the main findings of this study, explores its implications for crisis management and international relations theory, and presents an outlook of these disputes for the maritime future of the Asia-Pacific.

LITERATURE REVIEW

In this section, I set the context of my research by reviewing four groups of existing literature pertaining to the subject: (1) China's nonmilitary actors and "gray zone coercion" strategy in maritime disputes; (2) China's crisis management and decision-making processes; (3) Chinese nationalism; and (4) China's approach towards territorial disputes. Through this review, I will demonstrate that my study sits squarely at the unexplored intersection of the extant research.

Previous Research on Nonmilitary Actors in China's Maritime Disputes

Whereas it should be acknowledged that the employment of nonmilitary means and involvement of nonmilitary actors in interstate disputes is neither uniquely Chinese nor an invention by China,²⁰ the Chinese nonmilitary actors have essentially garnered more international attention as compared to their counterparts from other claimant states, due to their rapid modernization and expansion, as well as the geographically vast and strategically vital waters involved in China's maritime disputes. More importantly, it magnifies the uncertainty over what a rising China means to the security and stability in Asia-Pacific, as the growing standoffs and clashes at sea in the past decade become commonly interpreted as indicators of a growing Chinese irredentism and a fundamental change in China's traditional position of shelving disputes and pursuing joint development as articulated by Deng Xiaoping.

Existing studies on China's nonmilitary actors and their role in maritime disputes generally contend that Beijing's growing employment of nonmilitary coercion is driven by a revisionist agenda and that nonmilitary actors are Beijing's major tactical vehicle to incrementally alter the status quo while minimizing the risk of triggering a major war. In a 2014 testimony before the

²⁰ As noted by Michael Mazarr, the idea and practice of nonmilitarized coercion, or "gray zone coercion," has existed for thousands of years. It's the tools that are relatively recent and contributes to growing intensity of gray zone conflict. Michael Mazarr, *Mastering the Gray Zone: Understanding a Changing Era of Conflict* (Strategic Studies Institute, US. Army War College, 2015), pp. 3-5.

U.S.-China Economic and Security Review Commission, Bonnie Glaser characterizes China's strategy as "salami-slicing," which employs "a steady progression of small steps, none of which by itself is a casus belli" to seek favorable change to the status quo in maritime territorial disputes.²¹ Dubbing China's incremental, nonmilitary means as "gray zone" tactics between war and peace, Michael Mazarr posits in a 2015 study that such tactics are driven by measured revisionist intent, an approach of strategic gradualism and availability of unconventional tools.²² A 2017 CSIS report similarly portrays China's nonmilitary actors as principal tools in Beijing's pursuit of a "gray-zone coercion" strategy in maritime disputes.²³ A 2019 study by the China Maritime Studies Institute of the Naval War College argues that Beijing leverages nonmilitary means to increase its control over the sea areas within the first island chain while avoiding provoking a kinetic response from other regional stakeholders.²⁴

Some China observers argue that the growing activism of China's nonmilitary actors is more a symptom of China's increasing fragmentation of authority, pluralization of policy actors, bureaucratic competition and chronic poor interagency coordination than an output of a coherent, calculated Chinese grand strategy. Linda Jakobson, for example, argues in a 2014 study that "despite Xi Jinping's image as a strong leader, persistent systemic problems in China, alongside the decade-long trend of fractured authority, leave substantial room for various actors to push their own agendas" under the general banner of safeguarding China's maritime rights.²⁵

²¹ Bonnie Glaser, "China's Grand Strategy in Asia: Statement before the U.S.-China Economic and Security Review Commission," Mar. 13, 2014.

²² Mazarr, *Mastering the Gray Zone*, p. 4. In 2010, the term "gray area" is used in the U.S. Quadrennial Defense Review Report. U.S. Department of Defense, Feb. 2010, p. 73.

²³ Michael Green, et al., *Countering Coercion in Maritime Asia: The Theory and Practice of Gray Zone Deterrence* (Washington DC: Center for Strategic and International Studies), May 2017, pp.21-34.

²⁴ Peter Dutton, "Conceptualizing China's Maritime Gray Zone Operations," in Andrew S. Erickson and Ryan D. Martinson, ed., *China's Maritime Gray Zone Operation* (Annapolis, MD: China Maritime Studies Institute and the National Institute Press, 2019), pp. 31-33.

²⁵ Linda Jakobson, *China's Unpredictable Maritime Actors*, Lowy Institute Report, Dec.11, 2014, p. 9.

Still more work on this topic, however, tends to zoom in on one or some subgroups and take an institutional or sectorial perspective. While these very specific studies barely offer any general explanations for variation in China's crisis behavior in maritime disputes, I will review these studies by category to set the context in which my study is situated.

Maritime Law Enforcement (MLE) Agencies

One group of studies focuses specifically on the evolving institutional structure and capabilities of China's civilian MLE forces. Lyle Goldstein's 2010 monograph *Five Dragons Stirring Up the Sea* spearheaded this type of analysis. Goldstein finds that despite the diverse MLE agencies and the large total quantity of patrol vessels China possesses, China constantly suffers from a relative weakness in coast guard capacities.²⁶ Aside from modernization processes and economic factors that contribute to this weakness, Goldstein observes that "the balkanization of maritime enforcement entities in China has severely inhibited the coherent development of Chinese coast guard entities." These MLE agencies "duplicate one another in certain functions, fail to coordinate effectively in others, and are individually too weak to achieve fundamental breakthroughs in maritime governance."²⁷ In a similar vein, the International Crisis Group also finds in a 2012 report that both functional overlapping and interagency competition have incentivized the MLEs' assertive and poorly coordinated behavior at sea.²⁸

Following Beijing's decision in 2013 to merge four of its five MLE agencies into a unified China Coast Guard (CCG) under the State Oceanic Administration (SOA), the central question for researchers on this subject becomes how effectively the reorganization mitigates China's fractured maritime security system. Lyle Morris, concurring with Goldstein's observation, notes in his

²⁶ Lyle Goldstein, *Five Dragons Stirring Up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities* (RI: U.S. Naval War College, 2010), p. 24.

²⁷ *Ibid.*, pp.25-26.

²⁸ International Crisis Group, *Stirring up the South China Sea (I)* (Asia Report No. 223), Apr. 23, 2012, pp. 19-21.

analysis that this restructuring “signals intent...to create a unified Chinese coast guard by aligning an under-coordinated civilian maritime law enforcement bureaucracy.”²⁹ In a 2015 analysis assessing the initial outcomes of the restructuring, Ryan Martinson reported that “[f]ront-line units remained intact, with little personnel integration” and that tactical-level coordination was still poor due to the lack of a unified rank structure and joint training between unit with different backgrounds.³⁰ Jakobson even discloses that the 2013 merge, in addition to putting the CCG under a complex dual chain of command under SOA and the Ministry of Public Security (MPS), created an institutional structure that separates the leadership of the CCG from that of the SOA and in effect made the head of former outrank that of the latter. This institutional arrangement resulted in a heated internal power struggle and further weakened the intended coordination that the restructuring had sought to achieve.³¹

Recent studies increasingly focus on the issue of the militarization of China’s MLE forces. In a 2019 study, Ryan Martinson argues that following the 2013 consolidation, the China Maritime Police (CMP), part of China’s armed police,³² was put in a leading role in the CCG’s maritime rights operations and resulted in a pronounced trend of militarizing the new coast guard. This trend, according to Martinson, portended the 2018 decision to formally place the CCG under the

²⁹ Lyle S. Morris, “*Taming the Five Dragons? China Consolidates its Maritime Law Enforcement Agencies*,” *China Brief*, vol. 13 Issue. 7, Mar. 28, 2013.

³⁰ Ryan D. Martinson, “From Words to Actions: The Creation of the China Coast Guard,” a paper for the China as a “Maritime Power” Conference, Jul. 28-29, 2015, Arlington, VA, pp. 39-44.

³¹ Jakobson, *China’s Unpredictable Maritime Actors*, p. 18; Linda Jakobson, “The PLA and Maritime Security Actors,” in Phillips Saunders and Andrew Scobell, ed., *PLA Influence on China’s National Security Policy Making* (CA: Stanford University Press, 2015), pp. 300-324.

³² The CMP was founded under the auspice of the Border Control Department of the People’s Armed Police (PAP), which remained placed under the dual-leadership of the CMC and the State Council through the MPS until 2018. The institutional structure of each of the MLE agencies is detailed in Chapter 3.

command of the PAP.³³ Joel Wuthnow at the U.S. National Defense University notes that the 2018 transfer indicates a closer operational relationship between the CCG and the PLA Navy.³⁴

Maritime Militia

Another growing body of literature scrutinizes China's maritime militia. Andrew Erickson and Conor Kennedy argue in a series of studies that China supplements the People's Liberation Army Navy (PLAN) and the MLE with a "third sea force" – the maritime militia which draws on thousands of Chinese fishermen and fishing vessels in the coast areas.³⁵ According to Erickson and Kennedy's description, China has consolidated a joint maritime defense system which closely integrates the militia with the military and law enforcement forces.³⁶ Erickson and Kennedy also contend that the maritime militia, operating "directly under the PLA chain of command," has participated in high-profile maritime incidents including the 2012 Scarborough Shoal standoff, and the 2014 HD-981 confrontation.³⁷

Taking a legal perspective, James Kraska and Michael Monti argue that the difficulty in distinguishing legitimate civilian fishing vessels and militia boats supporting military operation poses a critical challenge to US naval forces, which under customary international law governing

³³ Ryan D. Martinson, "Militarizing Coast Guard Operations in the Maritime Gray Zone," in Erickson and Martinson, *China's Maritime Gray Zone*, p. 103.

³⁴ Joel Wuthnow, *China's Other Army: The People's Armed Police in an Era of Reform* (Washington DC: Institute for National Strategic Studies National Defense University Press, 2019), pp. 15.

³⁵ Conor M. Kennedy and Andrew S. Erickson, "Hainan's Maritime Militia: All Hands on Deck for Sovereignty Pt. 3," Center for International Maritime Security, April 26, 2017; Conor M. Kennedy and Andrew S. Erickson, "Hainan's Maritime Militia: Development Challenges and Opportunities, Pt. 2," Center for International Maritime Security, April 10, 2017; Andrew Erickson, "Hainan's Maritime Militia: China Builds A Standing Vanguard, Pt. 1," Center for International Maritime Security, March 25, 2017; Conor M. Kennedy and Andrew S. Erickson, *China's Third Sea Force, The People's Armed Forces Maritime Militia: Tethered to the PLA*, China Maritime Report No. 1, China Maritime Studies Institute, U.S. Naval War College, Newport, RI, March 2017, pp. 1-22; Conor M. Kennedy and Andrew S. Erickson, "Riding A New Wave of Professionalization and Militarization: Sansha City's Maritime Militia," Center for International Maritime Security, September 1, 2016.

³⁶ Kennedy and Erickson, *China's Third Sea Force, The People's Armed Forces Maritime Militia*, p. 4.

³⁷ *Ibid.*, pp. 6-9.

the conduct of naval warfare are obligated to avoid the use of force against China's maritime militia ships "so long as they are not integrated into the order of battle."³⁸

In a rebuttal to the maritime militia argument that portrays fishery incidents as part of a deliberate militia tactic, Hongzhou Zhang and Sam Bateman argue that the maritime militia narrative has "securitized" fishery disputes by linking such disputes with "highly sensitive military operations" and the ongoing maritime disputes in the South China Sea.³⁹ Instead, according to Zhang and Bateman, Chinese fishermen are generally "self-motivated economic actors" who go after high-value marine species and have an ultimate goal of making profits. Furthermore, Zhang and Bateman argue that local authorities, delegated with the jurisdiction of administering fisheries, also have a vested interest in advocating for and adopting aggressive fishery policies to boost local economies.⁴⁰

State-Owned Enterprises (SOEs)

Still other studies examine the role of China's SOEs, in particular, the National Oil Companies (NOCs). Investigating the deployment of the oil rig HD-981 to a disputed block in the Paracels, Erica Downs contends that the decisions to deploy the oil rig were unlikely made exclusively by government officials; rather, argues Downs, the relevant oil company's leadership might have business and personal incentive to facilitate the deployment.⁴¹ Three motivations are identified by Downs for the leadership of the NOCs to deploy the oil rig: 1) China National Offshore Oil Corporation (CNOOC) and China National Petroleum Corporation (CNPC) have long viewed

³⁸ James Kraska and Michael Monti, "The Law of Naval Warfare and China's Maritime Militia," *International Law Studies*, vol. 91, 2015, pp. 450-467.

³⁹ Securitization is defined here by Zhang and Bateman as "the positioning through speech acts of a particular issue as a threat to survival, which in turn enables emergency measures and the suspension of "normal politics" in dealing with that issue. Hongzhou Zhang and Sam Bateman, "Fishing Militia, the Securitization of Fishery and the South China Sea Dispute," *Contemporary Southeast Asia*, vol. 39, no. 2 (2017), p. 465.

⁴⁰ *Ibid.*, pp. 295-298.

⁴¹ Erica Downs, "Business and Politics in the South China Sea: Explaining HYSY981's Foray into Disputed Waters," *China Brief*, vol. xiv, issue 19, Jun. 19, 2014.

deep-water areas of the South China Sea as a critical source of future business growth; 2) China's NOCs have consistently shown more interest in exploring the disputed waters than government bureaucracies; 3) the involving NOC leadership was probably seeking to boost their political credentials by drilling in disputed waters.⁴²

In her 2014 study, Jakobson not only highlights CNOOC as “a prominent maritime security actor” but also underscores its role as a major collaborator with other actors including Hainan provincial government, the CCG and the Ministry of Agriculture.⁴³ In a 2016 report, International Crisis Group similarly contends that both economic and political interests served as key incentives for NOCs' growing interest and exploration activity in the disputed areas.⁴⁴

Local Authorities

Economic interest is the most commonly cited driver in extant studies that brings in local authorities and often puts them at odds with the central government which heeds more on the broader strategic priorities. In an early study, Zha Daojiong noted that a combination of economic and political interests had driven Hainan's quest for fishery resources in the South China Sea, sometimes even at the expense of Beijing's interests and objectives.⁴⁵ In a study on the establishment and development of the Sansha City, Jakobson argues that “[t]here is a constant push and pull going on between central and local authorities.”⁴⁶ The development-centered local officials, according to Jakobson's report, “often do not consider the foreign policy ramifications

⁴² Ibid.

⁴³ Jakobson, *China's Unpredictable Maritime Actors*, p. 25.

⁴⁴ International Crisis Group, *Stirring up the South China Sea (IV): Oil in Troubled Water* (Asia Report No. 275), Jan. 26, 2016, pp. 5-6.

⁴⁵ Daojiong Zha, “Localizing the South China Sea Problem: The Case of China's Hainan,” *The Pacific Review*, Vol. 14, Issue 4 (2001), pp. 575-598

⁴⁶ Jakobson, *China's Unpredictable Maritime Actors*, pp. 33-35. For studies detailing the Sansha city per se, see, Zachary Haver, *Sansha City in China's South China Sea Strategy: Building a System of Administrative Control* (New Port, RI: U.S. Naval War College China Maritime Studies Institute, 2021).

of their actions” and “often ‘report after the fact,’” bypassing the MFA.⁴⁷ Likewise, the Crisis Group reports that local authorities in coastal regions, driven primarily by economic interests including fisheries and tourism, have played an important role in the maritime disputes in the South China Sea.⁴⁸ In a recent study, Audrye Wong characterizes three main mechanisms of influence – trailblazing, resisting, and carpetbagging – that Hainan uses in pushing through tourism in the Paracels, the establishment of Sansha, and aggressive local legislation affecting the South China Sea.⁴⁹ Li Mingjiang specifies three roles that Hainan has played in the South China Sea: an “avid defender” of the Chinese claims, an “active definer” of Chinese interests in the disputes, and a “helpful participant in asserting China’s national security” in the area.⁵⁰

Zhang and Bateman also argue in their paper on fishery disputes that the rapid outward expansion of Chinese fisheries, albeit being driven by economic incentives, is in large part attributable to local authorities’ encouragement. With fishery a key sector contributing to the local economy and employment, Hainan “has a vested interest in exploiting abundant fishery resources in waters near the Spratlys” and thus has lobbied Beijing to “strongly react to fishery activities by other countries in the disputed waters.”⁵¹

Studies by Erickson and Kennedy, on the other hand, underscore local governments’ crucial role in drafting and funding the maritime militia, usually in close collaboration with the local PLA command headquarters.⁵²

⁴⁷ Ibid., p. 34.

⁴⁸ International Crisis Group, *Stirring up the South China Sea (IV)*, p.9; International Crisis Group, *Stirring up the South China Sea (I)*, p. 22.

⁴⁹ Audrye Wong, “More than Peripheral: How Provinces Influence China’s Foreign Policy,” *China Quarterly*, vol. 235, Sept. 2018.

⁵⁰ Mingjiang Li, “Hainan Province in China’s South China Sea Policy: What Role Des the Local Government Play?” *Asian Politics & Policy*, Vol. 11, Issue 4, 2019, pp. 623-642.

⁵¹ Zhang and Bateman, pp. 295-297.

⁵² Kennedy and Andrew S. Erickson, *China’s Third Sea Force*, p. 3; Erickson, “Hainan’s Maritime Militia: China Builds A Standing Vanguard, Pt. 1.”

Fishermen

While much of the existing research and debate focuses on China's strategy of mobilizing its fishermen into the maritime militia, fishermen as a societal group separate from the militia receives relatively less scholarly attention.

In her extensive study on China's fishery industry, Tabitha Mallory argues that "China's handling of the South China Sea [territorial] disputes is based on the norms and rules of fishery conservation, as conservation is the stated reason for patrols," although it remains "uncertain the degree to which indirectly asserting sovereignty over the region is an ulterior motive versus an unintended consequence of Chinese fisheries law enforcement in the area."⁵³

Existing Research on China's Crisis Behavior, Territorial Disputes, and Nationalism

This section reviews three groups of extant literature on China's crisis management, approach toward territorial disputes, and the Chinese nationalism.

Crisis Behavior

In a seminal study examining five major political-military crises between China and the United States,⁵⁴ Michael Swaine et al. identify six basic sets of variables that influence states' crisis behavior,⁵⁵ and apply a framework of eight requirements to assess how management of a crisis affects the likelihood of a successful outcome.⁵⁶ Swaine et al. conclude that while positive features

⁵³ Tabitha Grace Mallory, *China, Global Governance, and the Making of a Distant Water Fishing Nation* (Baltimore, MD: PhD Diss. Johns Hopkins University, 2013), p.171.

⁵⁴ These five major crises include the Korean War, the Vietnam War, the 1995-1996 Taiwan Strait crisis, the 1999 embassy bombing, and the 2001 EP-3 incident.

⁵⁵ The six variables include: 1) elite perceptions and belief; 2) domestic politics and public opinion; 3) decision-making structure and process; 4) information and intelligence receipt and processing; 5) international environment; 6) idiosyncratic or special features. Michael Swaine, "Understanding the Historical Record," in Swaine et al., ed., *Managing Sino-American Crises*, p.10.

⁵⁶ The eight requirements are: 1) maintain direct channels of communications and send signals that are clear, specific, and detailed; 2) focus on limited objectives and employ means on behalf of such objectives; sacrifice unlimited goals; 3) preserve military flexibility and civilian control, escalate slowly, and respond symmetrically; 4) avoid ideological or principled lock-in positions that encourage zero-sum approaches to a crisis and limit options or bargaining room; do not confuse moral or principled positions with conflicts of interest; 5) exercise self-restraint and do not respond to all provocative moves; 6) avoid extreme pressure, ultimatums or threats to the adversary's core values; and preserve

of past Sino-American crisis behavior exist in both countries and some negative ones have disappeared, other negative features persist. These include “a strong sense of mutual distrust, continued signaling problems, the tendency to display resolve through decisive action, and a proclivity to fall into the commitment trap.” Complicating the situation are emergent features such as “growing popular nationalistic pressures and a more complex decision-making process in China.”⁵⁷ In particular, Swaine et al. contend that in crises closely related to issues of territorial integrity and national sovereignty, which are “closely associated with regime legitimacy and leadership survival” and “are clearly recognized as such by the Chinese people,” it can be very difficult for the Chinese leaders to “maintain limited objective and means” in crisis bargaining.⁵⁸

Two recent works scrutinize the management of Sino-Japanese crises in the East China Sea. Richard Bush conducts a parallel examination of the Chinese and Japanese crisis decision-making institutions, which reveals astonishing similarity in the two countries’ institutional weakness in conducting effective crisis management. Bush pinpointed five factors that contribute to the institutional weakness: 1) collective decision-making process that requires consensus building; 2) the heavy influence of personalities and personal relations in influencing decision making; 3) bureaucratic politics; 4) the balkanized intelligence systems; 5) lack of interagency coordination.⁵⁹

Sheila Smith’s research, on the other hand, focuses on the interplay of Japan’s domestic politics and the crisis dynamic in Sino-Japanese relations. Smith contends that “Japan’s fragmented and bureaucratically driven government,” in particular the under-coordination between Japan Coast

the adversary’s option to backdown in a “face-saving” manner; 7) divide large, integrated, hard-to-resolve disputes into smaller, more manageable issues, thereby building trust and facilitating trade-offs; 8) think ahead about the unintended consequences of one’s actions. Ibid., pp.4-10.

⁵⁷ Michael Swaine, “Implications, Questions, and Recommendations,” Swaine, et al., ed., *Managing Sino-American Crises*, p. 424.

⁵⁸ Ibid., pp. 427-428.

⁵⁹ Richard Bush, *The Perils of Proximity: China-Japan Security Relations* (Washington, DC: Brookings Institution Press, 2010), pp. 189-190.

Guard (JCG) and Maritime Self-Defense Force (JMSDF), has significantly undermined Japan's capabilities to cope with crises such as the 2010 fishing trawler collision.⁶⁰ Furthermore, emerging foreign policy actors on the Japanese side, specifically activists, domestic interest groups, opposition politicians, and local authorities, are narrowing the scope of the Japanese government's response to the complexity of a rising China and its ability to compromise.⁶¹ While Bush and Smith take different perspectives, both highlight a key point – when managing a crisis with Tokyo, Beijing is dealing with an opponent whose crisis management system suffers from most of the problems that China has.

Drawing on prospect theory, He Kai proposes a “political survival-prospect model” to explain China's crisis behavior, which, according to He's theory, is “a function of Chinese top leaders' calculations regarding their ‘political survival’ status.” Such calculations are affected by three variables: the severity of the crisis, leaders' domestic authority, and international pressure.⁶² Based on a congruence test on four sets of comparative cases, He claims that “when Chinese leaders enjoy the prospect of a surplus of political survival during a foreign policy crisis, they are more likely to de-escalate the crisis...If they face the prospect of a deficit of political survival, they are more likely to escalate the crisis to take a risk-acceptant policy with the hope of reversing the disadvantageous situation.”⁶³

While existing literatures generally tend to focus on when and how China escalates a crisis, very few scholarly works examine when and how China de-escalates a crisis. In a rare study on

⁶⁰ Sheila Smith, *Intimate Rivals: Japanese Domestic Politics and a Rising China* (New York: Columbia University Press, 2015), pp.210-212, p. 249.

⁶¹ *Ibid.*, p. 256.

⁶² He Kai, *China's Crisis Behavior: Political Survival and Foreign Policy after the Cold War* (Cambridge, UK: Cambridge University Press, 2016), p.17. The four sets of comparative cases are: the *Yinhe* incident and the Taiwan Strait crisis; the embassy bombing incident and the EP-3 collision; the *Impeccable* incident and the 2010 fishing trawler incident; the Scarborough Shoal standoff and the Diaoyu/Senkaku nationalization.

⁶³ *Ibid.*

China's crisis de-escalation behavior based on a survey experiment, Kai Quek and Alastair Iain Johnston find that even in a high-stake crisis such as a (hypothetical) militarized clash over the Diaoyu/Senkaku Islands, Beijing still can manage to back down while minimizing its public opinion cost at home by adopting face-saving tactics such as a threat of economic sanctions on the opponent, invocation of China's own peaceful identity, an offer of mediation by the United Nations, and underscoring the economic costs of war. By contrast, a US deterrence threat will tie Beijing's hands and impose a heavy domestic cost on the Chinese leaders if they choose to back down.⁶⁴

Territorial Disputes

In a groundbreaking study, Taylor Fravel argues that internal threats best explain China's willingness to cooperate in territorial disputes, and China's own declining bargaining power best explains its willingness to resort to force in territorial disputes. Fravel also shows that China has been more willing to compromise and has indeed made concessions in every land border dispute, but not in any homeland disputes, and in only one offshore island dispute.⁶⁵ With respect to offshore island disputes, Fravel argues that China prefers to delay rather than to cooperate. Except for the transfer of White Dragon Tail (Bailongwei) Island in Tonkin Gulf to North Vietnam in the 1950s, China has never entered sovereignty talks with other claimants concerning these disputed areas. Fravel attributes China's seizure of the Paracels in 1974 from the Republic of Vietnam (South Vietnam), and clashes with the Socialist Republic of Vietnam (SRV) over the Spratlys in 1988 and 1994, to Beijing's perception of its declining claim strength in these areas.⁶⁶

Extending Fravel's work, Andrew Chubb demonstrates that China's behavior in the South China Sea demonstrates a long-term trend of increasing assertiveness with four turning points in

⁶⁴ Kai Quek and Alastair Iain Johnston, "Can China Back Down? Crisis De-escalation in the Shadow of Popular Opposition," *International Security*, vol. 42, no. 3 (winter 2017/18), pp.7-36.

⁶⁵ Fravel, *Strong Borders, Secure Nation*, pp.10-69.

⁶⁶ *Ibid.*, pp.267-299.

1973, 1987, 1992, and 2007, each of which witnesses a significant increase in Chinese activity and the introduction of new methods to assert claims. Moreover, Chubb argues that the surges in Chinese assertiveness in 1973, 1987, and 1992 were primarily “opportunistic responses to favorable geopolitical circumstances” whereas the latest surge which starts from 2007 and is still ongoing is driven by China’s decades-long maritime administrative and law enforcement capabilities buildup.⁶⁷

In an early study, Allen Carlson argues that the priority given to domestic economic development has motivated Beijing since the late 1970s to adopt an overall moderate and cooperative posture, aiming to “cement the status quo along each of China’s main contested international boundaries.” Meanwhile, Carlson highlights a persistent bifurcation in China’s attitude toward land and maritime disputes.⁶⁸ Carlson concludes that China “will not cede any of its maritime claims in the near future but is also unlikely to use force to alter the territorial status quo in the region.”⁶⁹

An earlier study by Chien-peng Chung focuses on the role of domestic pressure groups in Sino-Japanese-Taiwan, Sino-Soviet, and Sino-Indian territorial disputes. Chung argues that whether the claimants and their own domestic audience are on the same page regarding how to settle a dispute can exert critical influence on negotiation outcomes. If “preferences and priorities between state governments and articulate sectors of their society are far apart...it will be exceedingly difficult for any government leaders or negotiator to compromise.”⁷⁰

⁶⁷ Andrew Chubb, “PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970-2015,” *International Security*, Vol. 45, No. 3, (Winter 2020/21), pp. 79-121.

⁶⁸ Allen Carlson, *Unifying China, Integrating with the World: Securing Chinese Sovereignty in the Reform Era* (Stanford, CA: Stanford University Press, 2005), pp. 49, 80-90.

⁶⁹ *Ibid.*, p. 90.

⁷⁰ Chien-peng Chung, *Domestic Politics, International Bargaining and China’s Territorial Disputes* (New York, NY: RoutledgeCurzon, 2004), p. 148.

Chinese Nationalism

Based on her study of Chinese anti-foreign street protests since the 1980s, Jessica Chen Weiss provides a parsimonious theory explaining the variation in China's management of street protests in diplomatic crises – Beijing would allow protests to signal its confrontational intention, and would suppress them when seeking to convey a conciliatory message.⁷¹ James Reilly similarly argues that Chinese policy makers have adopted a mixed strategy of selectively tolerating popular protests and restraining nationalistic activism. This strategy aims to balance the need to respond to outbursts of popular fury over Japan policy with the imperative to maintain social stability and avoid “irreparable harm” to Sino-Japanese relations.⁷²

Earlier studies perceive Chinese popular nationalism as an outcome of top-down party-line propaganda as well as bottom-up radical discourses. Some studies perceive nationalistic public opinion as a driving force for Chinese leaders and foreign policy bureaucrats to take a tough line in international bargaining.⁷³ Other scholars argue that popular opinion is relevant in China's foreign policy making “to the extent that elites or sub-elites can mobilize broader support...to support their policy position.” In other words, the influence of popular nationalism over Chinese foreign policy is more pronounced when there is a division among the top elites.⁷⁴

Still other scholarly inquiries, while examining nationalism as an explanatory variable for China's foreign policy, seek to refine the concept of Chinese nationalism by discerning different strands underneath the umbrella term. Michel Oksenberg perceives China's foreign policy in the

⁷¹ Jessica Chen Weiss, *Powerful Patriots: Nationalist Protest in China's Foreign Relations* (London: Oxford University Press, 2014).

⁷² James Reilly, *Strong Society, Smart State: The Rise of Public Opinion in China's Japan Policy* (New York: Columbia University Press, 2011), p. 8.

⁷³ See, for example, Peter Gries, *China's New Nationalism: Pride, Politics and Diplomacy* (CA: University of California Press, 2005); Susan Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007).

⁷⁴ Joseph Fewsmith and Stanley Rosen, “The Domestic Context of Chinese Foreign Policy: Does ‘Public Opinion’ Matter?” in David M Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford, CA: Stanford University Press, 2001), pp.151-190.

mid-1980s as best characterized by relatively healthy “confident nationalism,” distinguished from other types of nationalism—self-righteous/aggrieved, xenophobic/isolationist, rigid/militant, and ultra/expansionist nationalism.⁷⁵ Likewise, Allen Whiting identifies an emerging current of “assertive nationalism” in China’s foreign policy in the 1980s in its strained relations with Japan, the United States and Great Britain.⁷⁶ In the 1990s, Whiting expanded the assertive nationalism concept to develop a spectrum of affirmative, assertive and aggressive nationalism, which I will elaborate on in the next section and incorporate into my own theoretical framework.⁷⁷ More recently, William Callahan describes the nationalistic sentiment in the general Chinese public as “pessoptimist nationalism”—a curious mix of optimism about the country’s direction of development and global role with pessimism about social ills emerging in the process of rapid economic development and China’s international environment.⁷⁸

Gaps

The extant studies are significant in their contributions to the intellectual discourse on what a rising China means to the security and stability in Asia-Pacific. They also yield generalizable knowledge to analyze sovereignty disputes and crisis management in other regions. However, there are several gaps to be filled.

I identify four shortcomings in the crisis management literature. First, many of the existing studies, drawing on the traditional crisis management approach derived from the Cold War experience, tend to focus heavily on state-to-state and military-to-military interactions, as well as on the (in)effectiveness of civilian leaders’ control over the military in a crisis. While this

⁷⁵ Michel Oksenberg, “China’s Confident Nationalism,” *Foreign Affairs*, vol. 65, no. 3, 1986, pp. 501-523.

⁷⁶ Allen S. Whiting, “Assertive Nationalism in Chinese Foreign Policy,” *Asian Survey*, vol. 23, no. 8 (Aug. 1983), pp. 913-933.

⁷⁷ Allen S. Whiting, “Chinese Nationalism and Foreign Policy after Deng,” *The China Quarterly*, no. 142 (June 1995), pp. 295-296.

⁷⁸ William A. Callahan, *China: The Pessoptimist Nation* (New York, NY: Oxford University Press, 2010).

traditional approach makes perfect sense for research on China's handling of political-military crises in the 20th century, it fails to take into account new foreign policy actors, especially nonmilitary actors increasingly at the forefront of disputes, have become wild cards in times of crisis that cannot be dismissed.

Second, for extant studies that do take China's nonmilitary actors into consideration, most tend to focus on the period starting from 2010, when these actors began to play a pronounced role in the South China Sea. Few studies scrutinize these nonmilitary actors' growing activism during the first decade of the 21st century. According to China's official account, China Maritime Surveillance (CMS) under the State Oceanic Administration (SOA) initiated "maritime rights protection enforcement activities" (海洋维权执法行动) in disputed waters as early as in 1999-2001, and first expanded the geographical scope of its operations during 2001-2006.⁷⁹

Third, the studies on China's nonmilitary actors and their role in maritime disputes are also flawed by their focus on actors whose parochial interests favor assertive maritime policies. Little research explores the issue of whether there are Chinese domestic stakeholders whose interests do not favor the pursuit of an assertive posture in maritime disputes or question whether the pro-assertiveness actors invariably support an assertive posture across the cases.

Fourth, not every local incident involving nonmilitary actors escalates into a major interstate crisis. Some do; others do not. Most existing research on the nonmilitary actors' role provides little explanation as to under what circumstances such a local incident would escalate, gridlock, or de-escalate. He Kai's research, although seeking to explain when and why China may choose to escalate or de-escalate a crisis, does not differentiate crises associated with maritime disputes from

⁷⁹ China Institute for Marine Affairs [CIMA, 国家海洋局海洋战略发展研究所], *China Ocean Development Report 2012* [中国海洋发展报告 2012], Hai Yang Chu Ban She [北京: 海洋出版社], 2012, p. 342.

other types of political-military crises. Maritime disputes are in nature different from pure accidents such as the embassy bombing and the EP-3 incident, as the former present a major source of protracted rivalry in which one crisis often sets the context for, and sometimes even critically shapes, the subsequent crises.

On territorial disputes, existing literature, albeit very insightful and useful to analyze China behavior in territorial disputes, also suffers from important shortcomings. First, the period covered in many early studies spans from 1949 to mid-1990s, and therefore it is not surprising that they focus almost solely on the traditional foreign policy actors. This arguably leaves out most of new foreign policy actors who only began to play an important role in China's maritime territorial disputes from the late-1990s to early-2000s. For sure most of these studies were finished around the mid-2000s, and therefore should not be held accountable post hoc for failing to foresee subsequent development. But this missing piece arguably undermines these studies' explanatory power to China's behavior toward maritime disputes in the past two decades.

Second, due to the fact that most nonmilitary actors are missing from the big picture, projections of China's future behavior in maritime disputes also at least partially misses the target. Fravel concludes his research, for example, with the prediction that a potential source of instability in the offshore islands disputes is the PLAN: "As PLAN continues to modernize and expand its fleet, it will likely increase the number of patrols in the South China Sea and its presence in the disputed waters."⁸⁰ In light of China's maritime frontier in the 21st century, however, it is the nonmilitary actors that have been assigned the primary responsibility of asserting and safeguarding China's sovereignty claims in maritime disputes.⁸¹ Similarly, Carlson's "no concession, no war"

⁸⁰ Ibid., p.316

⁸¹ Jakobson, "The PLA and Maritime Security Actors," in Saunders and Scobell, ed., *PLA Influence on China's National Security Policy Making*, p. 302.

prediction, while valid given the reality, casts little light on how to cope with a “gray zone” strategy that falls between peace and war.

Third, although Chubb’s study does address the nonmilitary actors and China’s employment of a “gray zone” strategy, it characterizes China’s behavior in the South China Sea since 2007 as a continuity of assertiveness. Yet, even within this pattern of continuity, China’s way of handling incidents during this period has varied widely. Assertiveness alone cannot explain why China has constantly vacillated between an escalatory posture that prioritizes “safeguarding sovereign rights” (*weiquan*) and a de-escalatory posture that emphasizes “maintaining stability on the periphery” (*weiwen*), which bewilders as many foreign observers as Chinese analysts.⁸²

The literature on Chinese nationalism suffers from inadequacies as well. First, existing literature focuses mostly on street protests and internet campaigns. These two forms of nationalistic outburst are feasible and valid lenses to examine Chinese nationalism in the reform era. That said, the literature largely fails to investigate how the surging nationalism affects Chinese nonmilitary actors’ contact with foreign actors at sea, or whether the nonmilitary actors’ impulsive actions and the domestic popular sentiment feed into each other in times of crisis.

Second, antiforeign street protests are in large part a popular response to a perceived foreign provocation. In this sense, street protests are reactive, and management of such protests are ad hoc. By contrast, nonmilitary actors can both respond to a perceived foreign provocation and initiate an incident at sea, highlighting the need for both ex-ante crisis prevention and ex-post crisis management.

Third, much of the literature on China’s antiforeign protests, such as Weiss’s study, assumes a clear signal can be conveyed in international bargaining by turning on or off domestic protests. In

⁸² Crisis Group, *Stirring up the South China Sea (III)*, p. 9.

other words, this set of literature assumes domestic and international arenas are safely insulated and only connected through the Janus-like state, who can, with a relatively high degree of latitude, maneuver public opinion and control when to send what type of signal. This assumption itself is critically flawed not only because Beijing's on-off switch may not exert effective control on nonmilitary actors on the front line of the maritime disputes but also because the growing influence of societal forces, especially the Internet and the media, makes clear signaling a challenge for all parties in a crisis.

2. Theoretical Framework, Methodology, and Alternative Explanations

This chapter elaborates on my theoretical framework. I first conceptualize the term “crisis” by reviewing how this concept has been traditionally defined in the literature and how it has been refined in the post-Cold War era. In doing so, I clarify the way this term will be used in the context of this study. Then I explain the theoretical foundation and operationalization of my proposed framework and define the key terms. I conclude this chapter with a discussion of my methodology, data sources, and an examination of competing explanations.

CONCEPTUALIZING CRISIS

Crisis is one of the most frequently defined concepts in international relations, especially in the field of crisis studies that flourished in the Cold War era. In a 1962 research project, Wiener and Kahn, listing twelve defining characteristics of international crisis, defined crisis as “a situation involving significant actual or potential international conflict in either a novel form or an abruptly changing level.”⁸³ Oran Young refines the concept of international crisis as “a process of interaction occurring at higher levels of perceived intensity than the ordinary flow of events and characterized by: a sharp break from the ordinary flow of politics; shortness of duration; a rise in the perceived prospects that violence will break out; and significant implications for the stability of some system or subsystem (or pattern of relationships) in international politics.”⁸⁴ Likewise, Charles Hermann refers to crisis as “a situation that (1) threatens the high-priority goals of the decision-making unit; (2) restricts the amount of time available for response before the situation

⁸³ The 12 characteristics of international crises are: (1) turning points are perceived; (2) decisions and actions are required; (3) threats, warnings, or promises are seen; (4) the outcomes will shape the future; (5) events converge; (6) uncertainties increase; (7) control over events decreases; (8) urgency increases; (9) information becomes inadequate; (10) time pressures increase; (11) interrelations among actors are changed; (12) international tensions increase. Anthony J. Wiener and Herman Kahn, *Crises and Arms Control* (New York, NY: Hudson Institute, 1962), pp. 8-12.

⁸⁴ Oran R. Young, *The Politics of Force: Bargaining during International Crises* (Princeton, NJ: Princeton University Press, 1968), p. 15.

is transformed; and (3) surprises the members of the decision-making unit when it occurs.”⁸⁵ Snyder and Diesing define international crisis as “a sequence of interactions between the governments of two or more sovereign states in severe conflict, short of actual war” that involve “the perception of a dangerously high probability of war.” Highlighting two criteria – conflict of interest and conflict behavior – Snyder and Diesing claim that a crisis is inherently characterized by “a deep conflict of interest between the parties” and must be initiated by one of the parties with “some form of conflict behavior.”⁸⁶

Variance in minor criteria notwithstanding, these definitions similarly underscore some basic characteristics of crisis: unexpectedness in its occurrence, threat to the parties’ national interests, time pressure on the leadership to make responses, inadequate information and increased uncertainty in decision making, and most importantly, the heightened risk of military conflict or even war in the process.

A rethinking of the concept came about during the post-Cold War era, as nuclear deterrence, growing global interdependence as well as the enormous human and socioeconomic costs associated with war cast serious doubts on war as a feasible foreign policy tool. Scholars modified the concept to distinguish it from the notion of full-blown political-military crisis commonly used in traditional crisis studies literature. “Near crisis,” as first conceptualized by James Patrick in the early 2000s, refers to a conflict that approaches the intensity of an international crisis, in which “each involved actor perceives a threat to basic values and a finite time for response but not an increased probability of military hostilities.”⁸⁷ Michael Swaine similarly characterizes a near crisis

⁸⁵ Charles F. Hermann, *Crisis in Foreign Policy: A Simulation Analysis* (Indianapolis and New York: The Bobbs-Merrill Company, Inc., 1969), p. 29.

⁸⁶ Snyder and Diesing, *Conflict among Nations*, pp. 6-7. Emphasis in original text.

⁸⁷ Quoted by Jonathan Wilkenfeld, “Concepts and Methods in the Study of International Crisis Management,” in Swaine et al., *Managing Sino-American Crises*, pp. 110-111.

as a situation where “there is no realistic probability of military conflict despite the existence of a conflict of interest and time pressure,” while in a full political-military crisis “the parties involved are aware (or believe) that a threat of significant military conflict exists.”⁸⁸ The continuum of political conflict developed by Kathleen McNamara, although not formulated strictly in the post-Cold War context, also sheds some light on our reconceptualization of crisis. The continuum runs from no conflict, low-, moderate-intensity conflict and to high-intensity conflict. According to McNamara, low-intensity political conflict is indicated through a variety of diplomatic, rhetorical, and symbolic ways such as confrontational statements by leadership, diverging positions and actions on key geopolitical issues, divisive debates and votes in multilateral organizations, impositions of penalties, or sanctions by one state on another. Low-intensity conflict contrasts moderate-intensity political conflict which entails more dramatic diplomatic actions such as the recall of ambassadors and the expulsion of states from international organizations, and high-intensity conflict that involves overtly hostile actions such as military postures and armed conflict.⁸⁹

Meanwhile, crises arising from sovereignty and boundary disputes are in nature different from those caused by pure accidents in that the disputes represent a major source of what crisis studies scholars have characterized as “protracted conflicts.” According to Edward Azar’s definition, protracted conflicts are “hostile interactions which extend over long periods of time with sporadic outbreaks of open warfare fluctuating in frequency and intensity...[T]he stakes are very high...[T]hey linger on in time...[and] are not specific events or even clusters of events at one

⁸⁸ Michael Swaine, “Understanding the Historical Record,” in in Swaine et al., *Managing Sino-American Crises*, p.2.

⁸⁹ Kathleen R. McNamara, “The Ties That Bind? U.S.-EU Economic Relations and the Institutionalization of the Transatlantic Alliance,” in Jeffrey J. Anderson, G. John Ikenberry and Thomas Risse, ed, *The End of the West?: Crisis and Change in the Atlantic Order* (Ithaca: Cornell University Press, 2008), p. 167.

point in time; they are *processes*.”⁹⁰ The International Crisis Behavior (ICB) project similarly defines protracted conflict as “conflict situations of extended duration, fluctuating interaction, spillover of hostility into all aspects of relations, strong forces tending to restore equilibrium, and indefinite continuation.”⁹¹ While the concept of protracted conflict might not capture the dynamic of each individual crisis, it offers a critical insight that crises arising from protracted conflicts are in essence not – and thus cannot be treated as – isolated events. Even though crises may last only a short period of time, implications of such crises may linger on, coloring the mutual perceptions of the rivaling parties and shaping their subsequent interactions over the dispute.

Drawing on the reconceptualization of crisis and the protracted conflict concept, this study uses “crisis” to refer to an event that is intrinsically a “near crisis” involving low-intensity political conflict in most cases and sometimes moderate or high-intensity conflict below the threshold of military conflict. I use this term interchangeably with bilateral crisis, diplomatic crisis, and interstate crisis.⁹²

THEORETICAL FRAMEWORK, OPERATIONALIZATION, AND SCOPE CONDITION

For analytical clarity, I disaggregate the development of a crisis into four stages, crisis prevention, crisis containment, crisis management, and post-crisis learning.⁹³ I explain propositions for each

⁹⁰ Edward Azar, “Protracted Social Conflicts and Second Track Diplomacy,” in John Davies and Edward Kaufman, ed., *Second Track Citizens’ Diplomacy: Concepts and Techniques for Conflict Transformation* (Lanham, MD: Rowman & Littlefield, 2002), pp. 15-30. Quoted by Wilkenfeld, “Concepts and Methods in the Study of International Crisis Management,” p. 105. Emphasis added.

⁹¹ ICB also distinguishes long-war protracted conflict and non-long-war protracted conflict. Michael Brecher, Jonathan Wilkenfeld, et al., “International Crisis Behavior Data Codebook version 12” (Dataset: ICB1, system level), Aug. 23, 2017, p. 1-54, <https://sites.duke.edu/icbdata/data-collections/>, accessed Jan. 26, 2020.

⁹² Although this study uses these terms interchangeably, there are nuanced distinctions between these terms in the field of crisis studies. Michael Brecher and Jonathan Wilkenfeld, *A Study of Crisis* (Ann Arbor, MI: University of Michigan Press, 1997), pp. 3-5. Phil Williams, *Crisis Management: Confrontation and Diplomacy in the Nuclear Age* (New York, NY: John Wiley & Sons, 1976), p.23.

⁹³ Stage-models are commonly used in crisis analysis, although there is no consensus regarding how a crisis should be disaggregated. Glenn Snyder divides the process of crisis into six stages: peacetime diplomacy; pre-crisis active conflict; challenge, either verbal or physical; confrontation; war or de-escalation; a return to peaceful diplomacy. Ramsbotham and Woodhouse similarly divide crisis escalation and de-escalation into an “hourglass model” comprised of nine stages: difference; contradiction; polarization; violence war; ceasefire; agreement; normalization; and

of the four stages. Specifically, the crisis containment stage deals with the question of when and why a state chooses to escalate or contain a local incident, and the crisis management stage deals with the question of how escalation, once chosen, is calibrated both in terms of its nature (nonmilitary or military) and strength (restrained or forceful).

Crisis Prevention: Explaining Occurrence of a Local Incident

To prevent the occurrence of a crisis, a state must in the first place have the capabilities and political will to prioritize this goal. Any explanation of why crisis prevention fails is essentially addressing the question: under what circumstances would the priority of crisis avoidance be overridden?

Local actors' unauthorized, impulsive behavior is commonly identified by scholars as a primary cause of crisis prevention failure. Analyzing the rationale for the 1972 US-Soviet Incident at Sea Agreement (INCSEA), Sean Lynn-Jones argues that the "excessive zeal or incompetence of local naval commanders" bore the primary responsibility for the occurrence of naval incidents, as leadership was usually "less anxious to play the kind of game...than peppery young ship captains were."⁹⁴ Moreover, the organizational distance between policy makers and implementers can be further compounded by geographical distance. As Phil William notes, "Considerable differences of perspective and judgement may arise between decision-makers in the capitals and

reconciliation. Glenn H. Snyder, "Crisis Bargaining," in Hermann, *International Crises*, pp. 218-219; Glenn H. Snyder and Paul Diesing, *Conflict among Nations: Bargaining, Decision Making, and System Structure in International Crises* (Princeton, NJ: Princeton University Press, 1977), pp. 14-15; Oliver Ramsbotham, Tom Woodhouse, and Hugh Miall, *Contemporary Conflict Resolution* (Cambridge, MA: Polity Press, 2016), pp. 15-16. The business management field also develops a handful of crisis stage models that have been incorporated into crisis studies in the IR field. See, for instance, Selim Sahin, et al., "Innovative Crisis Management in Construction: Approaches and the Process," *Procedia-Social and Behavioral Sciences*, 195 (2015), pp. 2298-2305; Norman R. Augustine, "Managing the Crisis You Tried to Prevent," *Harvard Business Review*, November-December 1995, pp.147-158; Christine M. Pearson and Ian I. Mitroff, "From Crisis Prone to Crisis Prepared: A Framework for Crisis Management," *Academy of Management*, Feb. 1993, pp. 48-59.

⁹⁴ Sean M. Lynn-Jones, "Incident at Sea Agreement," Alexander L. George, Philip J. Farley, and Alexander Dallin, ed., *US-Soviet Security Cooperation: Achievements, Failures, Lessons* (New York: Oxford University Press, 1988), p. 484.

officials directly caught up by events in the immediate locality of the crisis.”⁹⁵ The 1988 Sino-Vietnamese skirmish on Johnson Reef and the PLA’s seizure of the Mischief Reef in 1994 are both cases where the local Chinese military commanders took actions without receiving authorization from Beijing.⁹⁶

Impulsive behavior in disputed sea areas is even more difficult to prevent than incidents in undisputed waters. During an encounter in disputed sea areas, actors from each of the claimant states often harbor the strong belief that they are taking defensive actions against foreign encroachment. For the same reason, the actors’ behavior is often perceived and applauded at home as patriotic. Even if restrictions on impulsive or unauthorized actions may be quietly adopted after the initial praise, leaders may be reluctant to openly denounce such behavior to discourage similar actions in future for fear of encountering domestic criticism.

Bureaucratic and interest group politics is perceived by crisis studies literature as another major cause of crisis prevention failure. Examining the origins of the 1898 Anglo-French Fashoda crisis and the 1904-1905 Russo-Japanese crisis in Korea, Richard Ned Lebow argues that an interstate crisis may be provoked by elites, bureaucratic actors, or a political coalition in the expectation that the crisis will enhance their domestic standing or undermine that of their adversaries.⁹⁷

Related to bureaucratic and interest group politics, poor interagency coordination is pinpointed by scholars as an important source of crisis avoidance failure. This line of logic is well captured in the fragmented authoritarianism model developed in the field of China studies in the 1980s.⁹⁸

⁹⁵ Williams, *Crisis Management*, p. 100.

⁹⁶ Lu Ning, *The Dynamics of Foreign Policy Decisionmaking in China* (Boulder, CO: Westview Press, 2000), 2nd edition, pp. 140-141; Fravel, *Strong Borders, Secure Nation*, p. 297.

⁹⁷ Richard Ned Lebow, *Between Peace and War: The Nature of International Crisis* (Baltimore, MD: Johns Hopkins University Press, 1981), pp.70-80.

⁹⁸ The major works that culminate in the FA model include David M. Lampton, ed., *Policy Implementation in Post-Mao China* (CA: University of California, 1987); Kenneth Lieberthal and David M. Lampton, ed., *Bureaucracy, Politics and Decision-Making in Post-Mao China* (CA: University of California Press, 1992); Kenneth Lieberthal and Michel Oksenberg, *Policy-Making in China: Leaders, Structures and Process* (NJ: Princeton University Press, 1988).

This model states that authority below the peak of the Chinese political system is highly fragmented, where information is compartmentalized, and bureaucracies operate in relative isolation from one another. This stove-piped system suffers from the chronic problem of poor interagency coordination, and the control that Beijing can exercise over its functional and geographic bureaucracies has been commonly overstated. A key foreign policy implication arising from the fragmented authority inside the Chinese political system is the problem that “the left hand does not know what the right hand does.”⁹⁹ Notwithstanding the creation of various policy coordination bodies,¹⁰⁰ recent incidents such as China’s testing of its anti-satellites weapon in 2007 and its test flight of the J-20 in 2011 have exposed the fact that the country’s interagency coordination mechanisms remain poorly structured.¹⁰¹ This fracture is further compounded if factoring in emerging foreign policy actors such as the business sector, local authorities, and societal forces, all of whom can now engage in and influence policy areas where little space previously existed for their participation.¹⁰²

The priority of crisis prevention might be overpowered by the factors discussed above, even with the presence of various preventive mechanisms at both multilateral and bilateral levels to regulate actors’ encounters at sea. The International Regulations for Preventing Collisions at Sea (COLREGs), a multilateral convention adopted in 1972 by the International Maritime

⁹⁹ David M. Lampton, *Following the Leader: Ruling China, from Deng Xiaoping to Xi Jinping* (Berkeley, CA: University of California Press, 2014), p. 171.

¹⁰⁰ See, A. Doak Barnett, *The Making of Foreign Policy of China: Structure and Process*, SAIS Papers in International Affairs, No. 9 (Boulder: Westview Press, 1985); Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform*; Lu Ning, *The Dynamics of Foreign Policy Decisionmaking in China*; Zhou Qi, *Organization, Structure and Image in the Making of Chinese Foreign Policy since the Early 1990s*, SAIS Dissertation (MD: Johns Hopkins University, 2008).

¹⁰¹ Lampton, *Following the Leader*, pp. 198-199; Andrew Scobell, “The J-20 Episode and Civil-Military Relations in China” (testimony before the U.S. China Economic and Security Review Commission), RAND, CT-357, March 2011.

¹⁰² See, for example, Andrew C. Mertha, *China’s Water Warriors: Citizen Action and Policy Change* (Ithaca, NY: Cornell University Press, 2008); Bo Kong, *China’s International Petroleum Policy* (Santa Barbara, Calif.: Praeger Security International, 2010).

Organization (IMO), remains the primary maritime collision prevention mechanism on the high seas and in international waterways in the post-Cold War era.¹⁰³ COLREGs might be jettisoned, nonetheless, by vessels of rivaling claimants during an encounter in disputed waters, as each side assumes jurisdiction over the area, sees its own presence as legitimate, and perceives its behavior toward the other – however dangerous and aggressive it actually is – as an inherently defensive action. The US-China Military Maritime Consultative Agreement (MMCA), a bilateral collision prevention mechanism signed into effect in 1998 to “promote safe maritime practices” of the two countries’ military actors,¹⁰⁴ did not prevent the 2001 EP-3 incident. The multilateral Code for Unplanned Encounters at Sea (CUES),¹⁰⁵ and the bilateral US-China MOUs on the rule of behavior for air and maritime encounters,¹⁰⁶ both signed in 2014, draw heavily on the language and technical specifics of INCSEA and COLREGs. However, the mechanisms cannot prevent all the dangerous encounters in the west Pacific.¹⁰⁷ Moreover, unlike INCSEA, which not only constrained the two superpowers’ military vessels from dangerous maneuvers but also extended provisions in 1973 to cover the two superpowers’ nonmilitary vessels such as merchant and fishing ships,¹⁰⁸ neither

¹⁰³ “Convention on the International Regulations for Preventing Collisions at Sea,” Oct. 20, 1972 <https://treaties.un.org/doc/Publication/UNTS/Volume%201050/volume-1050-I-15824-English.pdf>, accessed on April 26, 2018.

¹⁰⁴ “Agreement between the Department of Defense of the United States of America and the Ministry of National Defense of the People’s Republic of China on Establishing a Consultation Mechanism to Strengthen Military Maritime Safety,” Jan. 19, 1998, <https://fas.org/nuke/control/sea/text/us-china98.htm>, accessed Nov. 1, 2018.

¹⁰⁵ USNI News, “Document: Code for Unplanned Encounters at Sea,” Jun. 17, 2014, <https://news.usni.org/2014/06/17/document-conduct-unplanned-encounters-sea>, accessed Jan. 20, 2021.

¹⁰⁶ “Memorandum of Understanding between the Department of Defense of the United States of America and the Ministry of National Defense of the People’s Republic of China Regarding the Rules of Behavior for Safety of Air and Maritime Encounters,” Nov. 10, 2014, <https://china.usc.edu/departement-defense-memorandum-understanding-regarding-rules-behavior-safety-air-and-maritime-0>, accessed Jan. 20, 2021.

¹⁰⁷ Kristin Huang, “Before the USS Decatur: Five Close China-US Military Encounters” *South China Morning Post*, Oct. 2, 2018, <https://www.scmp.com/news/china/military/article/2166673/uss-decatur-five-close-china-us-military-encounters>, accessed Nov. 1, 2018; Ben Werner, “Destroyer USS Decatur Has Close Encounter with Chinese Warship,” *USNI News*, Oct. 1, 2018, <https://news.usni.org/2018/10/01/37006>, accessed Nov. 1, 2018.

¹⁰⁸ “Agreement Between the Government of The United States of America and the Government of The Union of Soviet Socialist Republics on the Prevention of Incidents on and over the High Seas,” <https://www.state.gov/t/isn/4791.htm#treaty>, accessed: Dec. 16, 2017.

CUES nor the MOU has expanded to cover nonmilitary actors despite the fact that these actors have been increasingly involved in maritime incidents in the region.¹⁰⁹

Crisis Containment: Explaining Escalation or De-escalation Through Cost Trade-offs

Crisis prevention fails when a local incident occurs. Although a straightforward reading of history should make the dangers of escalation clear and crisis containment the preferred immediate goal to pursue, escalation is not uncommon. Then how does a state decide when to escalate and when to de-escalate? Both escalation – defined as moves that increase the intensity and/or scope of conflict – and de-escalation – defined as moves that reduce the intensity and/or scope of conflict – come with costs.¹¹⁰ On the domestic end, leaders are under pressures to defend the country’s sovereignty, honor, and dignity; on the international end, states strive to maximize bargaining gains while avoiding derailing relations with the adversary and/or precipitating third-party counterbalancing. A decision to escalate or de-escalate entails a weighing and trade-off between the potential costs at the two levels. As such, an incident presents the involved parties with a classical two-level game where there is a constant imperative for decision makers to maneuver and strike a balance between the international and domestic arenas.¹¹¹

There are theoretical and empirical reasons to expect that leaders consider and compare the two types of costs in crisis decision making. As Alastair Smith notes, having both domestic and foreign audiences, leaders need to “simultaneously balance these internal and external constraints.”¹¹² Likewise, in a study of a major crisis between China and the United States in 1999

¹⁰⁹ Ronald O’Rourke, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involves China: Issues for Congress*, CRS, Dec. 12, 2017, pp. 14-17.

¹¹⁰ Herman Kahn, *On Escalation: Metaphors and Scenarios* (New York, NY: Frederick A. Praeger, 1965), pp. 3-6; Forrest E. Morgan, Karl P. Mueller, Evan S. Medeiros, Kevin L. Pollpeter and Roger Cliff, *Dangerous Thresholds: Managing Escalation in the 21st Century* (Santa Monica, CA: RAND Corporation, 2008), p. 8.

¹¹¹ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, vol.42, summer 1988, pp. 427-460.

¹¹² Alastair Smith, “International Crises and Domestic Politics,” *The American Political Science Review*, vol. 92, no. 3 (Sep. 1998), p. 633. On the issue of simultaneously managing and signaling to multiple audiences, see also, Xiaoyu

after the latter mistakenly bombed the Chinese embassy in Yugoslavia, Wu Baiyi, a senior researcher at the China Academy of Social Sciences (CASS), observes that successful solutions to international crises always require a “clever balance between domestic and foreign policy calculations.”¹¹³

This section elaborates on the micro-foundation and operationalization of the two types of audience costs.

Domestic Audience Costs and Operationalization

In an interstate crisis, domestic constituencies tend to impose substantial political costs on leaders for “the international loss of credibility, face and honor,” thus generating domestic audience costs, as James Fearon argues in a seminal study.¹¹⁴ While studies on audience costs traditionally tend to focus on democracies where domestic audience can punish leaders through elections,¹¹⁵ a growing body of literature has demonstrated that authoritarian leaders who are held accountable to powerful elites and interest groups even if not to the voting public are not immune to the dynamic of domestic audience costs.¹¹⁶ Indeed, precisely because the price of losing power is often greater for

Pu, *Rebranding China: Contested Status Signaling in the Changing Global Order* (Redwood City, CA: Stanford University Press, 2019).

¹¹³ Wu Baiyi, “Chinese Crisis Management During the 1999 Embassy Bombing Incident,” in Swaine et al., ed., *Managing Sino-American Crises*, p. 361.

¹¹⁴ James Fearon, “Domestic Political Audiences and the Escalation of International Disputes,” *American Political Science Review*, vol. 88, no. 3, September 1994, pp. 577-592.

¹¹⁵ See, for example, Michael Tomz, “Audience Costs in International Relations: An Experimental Approach,” *International Organization*, vol. 61, no. 4 (Autumn 2007), pp. 821-840; Joe Eyerman and Robert A. Hart Jr., “An Empirical Test of the Audience Cost Proposition: Democracy Speaks Louder Than Words,” *Journal of Conflict Resolution*, vol. 40, no. 4, 1996, pp. 597-616; Kenneth A. Schultz, “Domestic Opposition and Signaling in International Crises,” *American Political Science Review*, vol. 92, no. 4, 1998, pp. 829-844; Christopher F. Gelpi and Michael Griesdorf, “Winners or Losers: Democracies in International Crises, 1918-1994,” *American Political Science Review*, vol. 95, no. 3, 2001, pp. 633-647.

¹¹⁶ See, for example, Jessica L. Weeks, “Autocratic Audience Costs: Regime Type and Signaling Resolve,” *International Organization*, vol. 62, no. 1, winter 2008, pp. 35-64; Jessica Chen Weiss and Allan Dafoe, “Authoritarian Audiences, Rhetoric, and Propaganda in International Crises: Evidence from China,” *International Studies Quarterly*, Volume 63, Issue 4, December 2019, pp. 963-973; Xiaojun Li and Dingding Chen, “Public Opinion, International Reputation, and Audience Cost in an Authoritarian Regime,” *Conflict Management and Peace Science*, Mar. 13, 2020, <https://doi.org/10.1177/0738894220906374>.

leaders in nondemocracies than in democracies, concerns about domestic audience costs weigh heavily on authoritarian leaders in a crisis.¹¹⁷

In this study, I adopt Fearon's classic definition of domestic audience costs but relax the "going public" strategy – i.e., leaders issuing open, explicit threats – as the necessary cost generating mechanism for two reasons. First, as critics of audience cost theory have convincingly argued, instead of making unambiguous ultimatums, leaders often tend to couch threats in more general language in crisis diplomacy to preserve diplomatic latitude.¹¹⁸ This observation also applies to China, whose crisis signaling has consistently followed a "carefully calibrated hierarchy" of official protests, authoritative press comments, leadership statements, implicit, and lastly explicit warnings.¹¹⁹ Second, preexisting open commitments that leaders have made can serve as an alternative cost generating mechanism. According to a recent study by Fjelstul et al., leaders reneging on preexisting alliance commitments during foreign crises do incur domestic political costs, because the constituents are concerned about damaging the nation's reputation as a credible ally.¹²⁰ This cost generating mechanism is likely to hold also in interstate crises involving sovereignty and jurisdiction disputes. Leaders usually tend to openly iterate their commitments to defend national honor and security to boost their patriotic credentials. Inaction or backing down in times of crisis would likely be seen by their domestic audience as reneging on such preexisting

¹¹⁷ Fearon, "Domestic Political Audiences and the Escalation of International Disputes," pp. 581-582; Alexander Debs and H.E. Goemans, "Regime Type, the Fate of leaders, and War," *American Political Science Review*, vol. 104, no. 3, Aug. 2010, pp. 430-445.

¹¹⁸ Jack Snyder and Erica D. Borghrad, "The Cost of Empty Threats: A Penny, Not a Pound," *American Political Science Review*, vol. 105, no. 3, Aug. 2011, pp. 437-456; Marc Trachtenberg, "Audience Costs: An Historical Analysis," *Security Studies*, vol. 21, no. 1, 2012, pp. 3-42.

¹¹⁹ Paul H. B. Godwin and Alice L. Miller, *China's Forbearance Has Limits: Chinese Threat and Retaliation Signaling and Its Implications for a Sino-American Military Confrontation* (Washington D.C.: National Defense University Press), April 2013, p.1.

¹²⁰ Joshua Fjelstul, Jessica Weeks, Michael Tomz and Dan Reiter, "Alliance Terms and Audience Costs: An Experimental Study of the Microfoundations of Alliance Compliance," prepared for presentation at the annual meeting of the American Political Science Association, September 5, 2015, San Francisco, California.

commitments, damaging the nation's reputation for resolve in its dealing with foreign powers, and reflecting the incompetence of the leadership, thereby inflicting political costs on leaders.

The potential domestic audience costs that the leadership may incur are predominantly shaped by the size of the compromise-averse coalition at home. I develop the "compromise-averse coalition" concept based on two commonly used concepts in IR theory: the "win-set" concept developed in Putnam's two-level game theory; and the "coalition logrolling" concept in Jack Snyder's domestic interests logrolling theory. According to Putnam, the domestic "win-set" must be big enough for leaders to secure domestic acceptance of any deal coming out of international bargaining.¹²¹ The compromise-averse coalition is conceptualized by inverting the "win set" concept and refers to a domestic coalition of preferences and interests opposing what is perceived to involve an unacceptable compromise.

The logic of "coalition" is akin to the "coalition logrolling" concept elucidated in Jack Snyder's seminal study. According to Snyder, groups that derive their parochial interests from a domestic political climate created by intense international competition tend to drive state policy and advance their interests by "pooling their power in a coalition."¹²² Such interest groups, though probably weak individually in that the narrowness and specialization of their interests normally results in their authority to harness state policy for their own ends being inadequate, retain at least some political advantages due to their ability to organize collective action, a partial monopoly of information, and close ties to the state. Coalition logrolling is mostly to succeed in what Snyder calls "cartelized systems," where "power assets are concentrated in the hands of parochial groups" and each has "very narrow interest focused in a specific economic sector or bureaucratic sphere."

¹²¹ Putnam, "Diplomacy and Domestic Politics," pp. 435-441

¹²² Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca: Cornell University Press, 1991), pp. 15-17.

As such, the parochial interests have both “organizational and motivational advantage” to form political coalitions and rationalize their preferred policies under the banner of the general interests of the whole society.¹²³

How applicable is the coalition logrolling concept, then, to contemporary authoritarian regimes such as China? Snyder contends that logrolling coalitions are most likely to occur and succeed in cartelized political systems, such as pre-1945 Germany and Japan, but is more often constrained in both democracies and unitary political systems. In unitary systems such as the Soviet Union, the high level of power concentration in the hands of a single predominant leader or a unitary oligarchy gives the ruling elite “a relatively encompassing view of the state’s interests and an incentive to keep...logrolling in check.”¹²⁴ In light of Snyder’s typology, the applicability of logrolling theory to authoritarian regimes essentially hinges on where a specific authoritarian regime fits in the typology.

China’s one-party system seems to fall somewhere between, and thus demonstrates a mix of attributes of, a unitary system and a cartel one – as Snyder acknowledges, the typology he develops is ideal and real systems “are likely to be hybrids that entail some unique consequence of their own.”¹²⁵ On the one hand, the Chinese system is unitary in the sense that the PBCS resembles a single oligarchy group (Jiang and Hu eras) within which decisions are made through a collective interactive process among its members, or political power is highly concentrated in the hands of a predominant leader (Mao, Deng and Xi eras).¹²⁶ On the other hand, the contemporary Chinese political system is not strictly unitary but indeed highly fragmented, as already discussed in

¹²³ Ibid., p. 31.

¹²⁴ Ibid., p. 32.

¹²⁵ Snyder, *Myth of Empire*, p. 54.

¹²⁶ Margaret G. Hermann and Charles F. Hermann, “Who Makes Foreign Policy Decision and How: An Empirical Inquiry,” *International Studies Quarterly*, vol. 33, no. 4, Dec. 1989, p. 366. In this paper, political systems are divided into three groups: those ruled by a “predominant leader,” by a “single group” and by “multiple autonomous actors.” The authors put the CCP PBSC system under the second category.

preceding paragraphs. Therefore, the Chinese political system is arguably cartelized to some extent as a result of the growing concentration of power assets including material resources, organizational strengths and information in the hands of parochial interests such as bureaucracies and SOEs.¹²⁷

The implications of the synthesis of the unitary and cartel attributes in the Chinese system are three-fold. First, there are parochial interests in the Chinese political system that have both motivational and organizational advantage for coalition formation, lobbying, and logrolling. Second, coalitions may actively capitalize on the external environment to rationalize their preferred policies and to prevail over conflicting interests by competing for leaders' endorsement. Third, the top leadership, be that a predominant leader or an oligarchic collective decision-making group, would be incentivized to keep in check the coalitions when their policy agendas are seen as clearly contravening the country's priorities.

To gauge the audience costs, I disaggregate the domestic audience that leaders face into three strata, whose capabilities of imposing costs are ranked in order from the highest to the lowest: 1) at the top, the party-state's leadership; 2) below the top, bureaucratic, business, and intellectual elites; and 3) the general public.¹²⁸

¹²⁷ I did not come across much discussion, either among Chinese or non-Chinese observers, on the issue of whether the Chinese political system is becoming cartelized. The only relevant discussion I have pinpointed is in Patricia M. Thornton, "The New Life of the Party: Party-Building and Social Engineering in Greater Shanghai," in Kjeld Erik Brodsgaard, ed., *Critical Readings on the Communist Party of China* (4 vol. set) (Leiden/Boston: Brill, 2017), p. 1114. According to Thornton, a Chinese scholar Liu Yong notes that the CCP more closely approximates a "socialist cartel-type political party" (社会主义的卡特尔型政党) due to the lack of inter-party competition and control over SOEs.

¹²⁸ I draw on the "elite, sub-elites, popular" structure used by Fewsmith and Rosen, as well as the "leadership, winning coalition, selectorate" structure theorized by Mesquita et al. Joe Fewsmith and Stanley Rosen, "The Domestic of Chinese Foreign Policy: Does 'Public Opinion' Matter?" in Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform*, p. 152; Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Silverson, and James D. Morrow, *The Logic of Political Survival* (Cambridge, MA: Massachusetts Institute of Technology Press, 2003).

At the top, a decision to de-escalate would likely incur limited internal criticism and resistance if there is a strong consensus within the leadership prioritizing crisis containment in order to maintain a positive bilateral relationship with the adversary and/or avoid galvanizing third-party counterbalancing. By contrast, the presence of compromise-averse pressure within the leadership means that the consensus is weak if not utterly absent, and a decision to de-escalate may be attacked by the compromise-averse faction as a failure to defend national dignity and security. Under such circumstances, de-escalation would be politically costly and even risky to pursue. Leadership disunity may also open the window for influence from the other two strata to be injected into the decision-making process. As observed by Hermann and Hermann, in political systems where a single group retains the decision-making power, the effectiveness of out-group factors is dependent upon whether or not a prompt in-group consensus can be reached on the issue, because with a consensus in place “members of the group do not look elsewhere for either recommendations or support for their positions.”¹²⁹

Below the top lies the stratum encompassing bureaucratic, business, and intellectual elites. The elite stratum constitutes the bulk and the most active part of compromise-averse coalition in several ways. First, this stratum has seen both a proliferation and a pluralization of participating actors. By “proliferation,” I mean the quantitative increase of actors in this layer; and “pluralization” refers to the diversification of elites and the diffusion of authority and socioeconomic resources among them. In other words, the elite stratum has been “thickening” as bureaucracies, businesses, and intellectuals with a diverse range of interests and policy agendas become actively participating

¹²⁹ Margaret G. Hermann and Charles F. Hermann, “Who Makes Foreign Policy Decision and How: An Empirical Inquiry,” *International Studies Quarterly*, vol. 33, no. 4, Dec. 1989, p. 367. In the context of Chinese foreign policy specifically, Joseph Fewsmith and Stanley Rosen as well as James Reilly similarly argue that the policy-making process is more susceptible to influence by pressures from below when there the leadership is divided. Fewsmith and Rosen, “The Domestic of Chinese Foreign Policy,” pp. 151-187; Reilly, *Strong Society, Smart State*.

in the foreign policy process.¹³⁰ This also provides the basis for an increasingly cartelized political system in which parochial interests are motivated to coalesce and logroll to advance their own interests.

Second, leadership's growing reliance on expert knowledge and the resulting increased specialization on foreign policy issues, though a sign of a higher level of professionalization, implies an increased level of information monopolies and greater issue framing power wielded by the elites. Interest groups with specialized knowledge can conveniently utilize their reputation for expert knowledge to frame and justify their policy preferences in terms of national interests.¹³¹ The fact that elite stratum is far better informed about foreign policy issues than the public and probably even the top leadership also makes the elites less susceptible to information maneuvering tactics that leaders tend to employ to mitigate domestic costs of backing down.¹³² In other words, the costs imposed by this stratum are exogenous in large measure.

Moreover, the elites' issue framing power might be magnified when it comes to territorial issues specifically. As Gibler and Hutchison argue, the symbolic importance of territory invites intense attention from the population socialized "with myths and legends, signs and symbols, education, and religion" that equate particular territory with ethnic and national groups. This process of "group socialization" not only "reaffirms that threats to territory will be equated with threats to the population" but also constrains opposing voices because "to do otherwise would

¹³⁰ David M. Lampton, "China's Foreign and National Security Policy-Making Process: Is It Changing, and Does It Matter?" in Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform*, p. 4.

¹³¹ Snyder, *Myth of Empire*, p. 35.

¹³² For studies on domestic costs mitigation tactics that can be employed by leaders in pursuing de-escalation, see, Quek and Johnston, "Can China Back Down?;" Joshua D. Kertzer and Thomas Zeitoff, "A Bottom-Up Theory of Public Opinion about Foreign Policy," *American Journal of Political Science*, vol. 61, no. 3, Jul. 2017, pp. 543-558; Weiss and Dafoe, "Authoritarian Audiences, Rhetoric, and Propaganda in International Crises;" Matthew S. Levendusky and Michael C. Horowitz, "When Backing Down Is the Right Decision: Partnership, New Information, and Audience Costs," *The Journal of Politics*, Vol. 74, No 2, April 2012, pp. 323-338.

risk...being labeled as traitorous.”¹³³ As a result, issue framing could be particularly powerful by exploiting both information monopolies and the symbolic importance attached to contested territory.

In addition, when there are other contentious issues between the rivaling parties in addition to the contested territory or border, compromise-averse elites could frame these issues in a compelling way to establish what Thomas Schelling calls an “interdependence of commitment,” namely, “we have to react here [the territorial issue] because, if we did not, they would not believe us when we say that we will react there [other salient issues].”¹³⁴ The logic of interdependent commitments or issue linkage is also in line with quantitative evidence. As Mitchell and Thies have shown, rivaling claimants with multiple contentious bilateral issues are more likely to militarize the territorial dispute as “the handling of one issue may lead to further challenges of the status quo on the same issue or other issues.”¹³⁵

Third, elites in this stratum possess a wide range of communication and propaganda tools that enable them to engage in both upward lobbying that targets the top leadership and downward opinion shaping that targets the general public. As the top leadership increasingly relies on expert inputs for formulating foreign policies and strategy, elites have both institutionalized channels of influence, such as policy briefings and analyses, as well as informal channels based on personal relationships and patronage, to conduct upward lobby.¹³⁶ On the other hand, the sought-after expert analysis on hot-button foreign policy issues also gives the elites great advantage in utilizing media of mass communication to peddle their policy agendas and influence the popular opinion.

¹³³ Douglas M. Gibling and Marc L. Hutchison, “Territorial Issues, Audience Costs, and the Democratic Peace: The Importance of Issue Salience,” *Journal of Politics*, vol. 75, no. 4, 2013, p. 883.

¹³⁴ Thomas C. Schelling, *Arms and Influence* (New Haven and London: Yale University Press, 1966), p. 55.

¹³⁵ Sara McLaughlin Mitchell and Cameron G. Thies, “Issue Rivalries,” *Conflict Management and Peace Science*, 2011, Vol. 28 (3), pp. 241-242.

¹³⁶ Jakobson and Knox, *New Foreign Policy Actors in China*, p. 19.

As within the leadership, not all elites necessarily share the same priorities or policy preferences. Some may prefer de-escalation while others may argue for escalation, which means that the compromise-averse elites may need to outcompete rivaling interests to pull the policy in their desired direction. As Graham Allison puts it, “the chess pieces are moved...according to the power and performance of proponents and opponents of the action in question.”¹³⁷ Therefore, when elite interests widely diverge on whether to escalate, the compromise-averse pressure might be balanced or even neutralized by competing interests, reducing the potential political costs should leaders choose to de-escalate. Conversely, when elite interests converge against compromise, de-escalation would likely be costlier to pursue and harder to follow through.

The third layer is the general public. While conventional wisdom refers to nationalism as a powerful force shaping public opinion on interstate disputes and subsequent responses, a largely ignored question is: nationalism defined in reference to whom? In other words, who is the outgroup? To the extent that countries distinguish friends from foes, the type of nationalistic sentiments associated with a specific outgroup can play a critical role coloring the popular perception and interpretation of that party’s behavior during a conflict. In this regard, the typology developed by Whiting on nationalism is useful both for conceptualization and operationalization purposes. On one end of the spectrum is affirmative nationalism that “centers exclusively on ‘us’ as a positive ingroup referent with pride in attributes and achievements,” fostering healthy patriotism and having minimal implications for diplomacy. On the other end is aggressive nationalism which “identifies a specific foreign enemy as a serious threat that requires action to defend vital interests, arouses anger and mobilizes behavior,” with potentially significant foreign policy implications. Between the two extremes is assertive nationalism that perceives “a negative out-group who

¹³⁷ Allison and Zelikow, *Essence of Decision*, p. 256.

challenges the in-group's interests and possibly its identity," and its impacts on foreign policy can become significant to the degree that it resembles aggressive nationalism.¹³⁸ Conversely, these differing strands of nationalism vary in their potential of mobilizing the public, generating varying levels of domestic pressures on decision makers. Other things being equal, aggressive nationalism is the costliest for leaders to go against. Decision makers may have the desire to curtail public costs of backing down. A strong leadership consensus prioritizing crisis containment can empower decision makers to steer the public discourse and perceptions, thereby limiting the impacts of popular pressure.¹³⁹

In measuring the costs, I assign binary values to leadership consensus on the priority of crisis containment (strong or weak), and elite interests against compromise (converge or diverge). For grassroots nationalism, I assign three values (affirmative, assertive, and aggressive). The level of domestic audience costs is the *net* outcome between those that want to escalate and those that do not (Table 2.1).

International Audience Costs and Operationalization

Whereas domestic audience costs capture the potential costs that leaders would incur for a decision to de-escalate, international audience costs reflect the potential costs a state would incur for a decision to escalate. I develop the concept of international audience costs by extending a variant of audience cost theory – the costs for fighting after promising not to. In a recent study, Jack Levy et al. suggest that domestic constituents tend to punish their leaders “for backing into military conflicts after publicly promising to stay out as well as for backing out of prior military threats.”¹⁴⁰

¹³⁸ Whiting, “Chinese Nationalism and Foreign Policy after Deng,” pp. 295-296.

¹³⁹ Fewsmith and Rosen, “The Domestic Context of Chinese Foreign Policy,” p. 174; James Reilly, *Strong Society, Smart State: The Rise of Public Opinion in China's Japan Policy* (New York: Columbia University Press, 2011).

¹⁴⁰ Jack S. Levy, et al., “Backing Out or Backing In? Commitment and Consistency in Audience Costs Theory,” *American Journal of Political Science*, vol. 59, issue 4, 2015, pp. 988-1001.

Table 2.1 A Summary of Measurement of Domestic Audience Costs

Leadership Consensus	Elite Interests against Compromise	Grassroots Nationalism	Domestic Audience Costs
Strong	Diverge	Affirmative	<i>Low</i>
Strong	Diverge	Assertive	<i>Low</i>
Strong	Diverge	Aggressive	<i>Low</i>
Strong	Converge	Affirmative	<i>Medium</i>
Strong	Converge	Assertive	<i>Medium</i>
Strong	Converge	Aggressive	<i>Medium</i>
Weak	Diverge	Affirmative	<i>Medium High</i>
Weak	Diverge	Assertive	<i>Medium High</i>
Weak	Diverge	Aggressive	<i>Medium High</i>
Weak	Converge	Affirmative	<i>High</i>
Weak	Converge	Assertive	<i>High</i>
Weak	Converge	Aggressive	<i>High</i>

Kai Quek likewise argues that leaders face “Type II audience costs” – contrasting the traditional “Type I audience costs” as defined by Fearon – should they renege on a prior commitment to nonbelligerency.¹⁴¹ Extending Levy and Quek’s work, I argue that when a state’s territory and border are at stake, the domestic audience is unlikely to punish the leaders for fighting; rather, the costs for belligerency are more likely to be imposed by the international audience.

International audience costs stem from two sources. The first source derives from the bilateral relationship of the rivaling disputants. An escalatory posture can disrupt the flow of bilateral diplomacy, foster mistrust, and hamper ongoing cooperation on other bilateral issues, thereby creating costs that a state must be willing and able to bear. However, a state may have major stakes in maintaining a positive relationship with the adversary. Such stakes can involve security interests if a state is grappling with internal or external threats posed to its survival, as Fravel has argued.¹⁴² Security stakes can also involve a state’s other vital interests though not necessarily as fundamental as its survival. A country may need the adversary’s collaboration in forging a regional response to

¹⁴¹ Kai Quek, “Type II Audience Costs,” *Journal of Politics*, Aug. 2017, vol. 79, no. 4, pp.1438-1443.

¹⁴² Fravel, *Strong Borders, Secure Nation*.

security challenges deemed as critical to the former's security interests. A state may have high political stakes in the relationship if it needs the adversary's diplomatic support on international issues that the former attaches great importance to, if the other party is an ideological ally whose survival represents an important source of legitimacy for the state, or if the state's leadership have invested substantial political capital in building the bilateral ties. Economic stakes may also incentivize a state to adopt a conciliatory posture. Insofar as a state is unwilling or cannot afford to forego such stakes, the importance of maintaining the bilateral relationship makes de-escalation more attractive than escalation.

The second source lies in the perception of a state's intentions by third-party countries. As Stephen Walt argues, states tend to balance against threats rather than against power alone.¹⁴³ This seems particularly true for rising powers whose growing aggregate power might unsettle neighboring countries as well as the established powers and galvanize counterbalancing coalitions. The need to establish an image and reputation for nonbelligerency thus drives rising powers' formulation of geo-strategies. Wilhelmine Germany under Chancellor Otto von Bismarck is an illustrative case in this regard.¹⁴⁴

In measuring international audience costs, I assign binary values to the status of bilateral relationship (high stake or low stake) and the probability of third-party counterbalancing (high or low). The level of international audience costs is the *net* outcome of the two dimensions (Table 2.2).

Two clarifications are necessary before proceeding. First, the concept of international audience costs deals with the second order issue of what the state subjectively thinks other regional

¹⁴³ Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), p. 5.

¹⁴⁴ Steven Ward, *Status and the Challenge of Rising Powers* (New York, NY: Cambridge University Press, 2017), pp. 70 -99.

Table 2.2 A Summary of Measurement of International Audience Costs

Bilateral Relations	Probability of Third -Party Counterbalancing	International Audience Costs
High stake	High	<i>High</i>
High stake	Low	<i>Medium High</i>
Low stake	High	<i>Medium</i>
Low stake	Low	<i>Low</i>

stakeholders would think about its response, rather than the first order question of what inference other stakeholders would draw from the state’s response to the incident. The subjective belief about the justice of defending one’s own territories might lead the state to believe in the righteousness of its own actions, therefore underestimating the impact of a strong response on other stakeholders’ threat perception. This perceptual gap and the associated danger of miscalculation is famously captured by Robert Jervis: “[A]ctions that one believes to be only the natural consequence of defending one’s vital interests can appear to others as directed against them... when an actor believes he is not a threat to another, he usually assumes that the other knows he is not hostile.”¹⁴⁵

Second, by underscoring a state’s concerns about its international reputation for nonbelligerency, I am not arguing that countries do not pay attention to another dimension of reputation: reputation for resolve. Statesmen indeed take pains to establish such a reputation.¹⁴⁶ However, the field of security studies traditionally tends to overemphasize the “hawkish” dimension of reputation while underappreciating how the “dovish” dimension has shaped states’ crisis behavior. As Brutger and Kertzer have noted, the concept of reputation is widely understood in fundamentally different ways, “with hawks concerned about the negative reputational

¹⁴⁵ Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976), pp. 354-355.

¹⁴⁶ Thomas C. Shelling, *Arms and Influence* (New Haven, CT: Yale University Press, 2008); Keren Yarhi-Milo, *Who Fights for Reputation: The Psychology of Leaders in International Conflict* (Princeton, NJ: Princeton university Press, 2018); Oriana Skyler Mastro, *The Costs of Conversation: Obstacles to peace Talks in Wartime* (Ithaca, NY: Cornell University Press, 2019); Danielle L. Lupton, *Reputation for Resolve: How Leaders Signal Determination in International Politics* (Ithaca, NY: Cornell University Press, 2020).

consequences of inconsistencies, and doves equally concerned with the negative reputational consequences of belligerence and interventionism;” and as such, reputations are multidimensional in the sense that “actors can have reputations for multiple traits simultaneously,” as opposed to canonical models of reputation costs in bargaining literature which treat reputation “as synonymous with reputation for resolve.”¹⁴⁷ In the same vein, Jervis et al., note in a recent study that scholarship in security studies remains “almost myopically focused on resolves” and still “refers to reputation and credibility as single entities” rather than specifying in the first place “credibility and reputation for what.”¹⁴⁸ Moreover, Jervis et al. underscore the prospect of trade-off dynamics involved in the pursuit of reputation, as “different types of reputation can cut in different directions under some circumstances” and “raises a broader question about when these kinds of trade-offs emerge and how policymakers analyze them.” In addition, trade-offs may also arise “with respect to the audience for different types of reputation.”¹⁴⁹ By incorporating the understudied “dovish” dimension of reputation into the study of rising powers and addressing the trade-off dynamic that ensues, my theoretical framework redresses the imbalance in the security studies literature.

When DAC meet IAC

A decision to escalate or de-escalate a local incident is a result of the tradeoff between two types of competing audience costs: domestic audience costs, which reflects the potential costs for a decision to de-escalate a local incident, and international audience costs, which captures the potential costs for a decision to escalate.

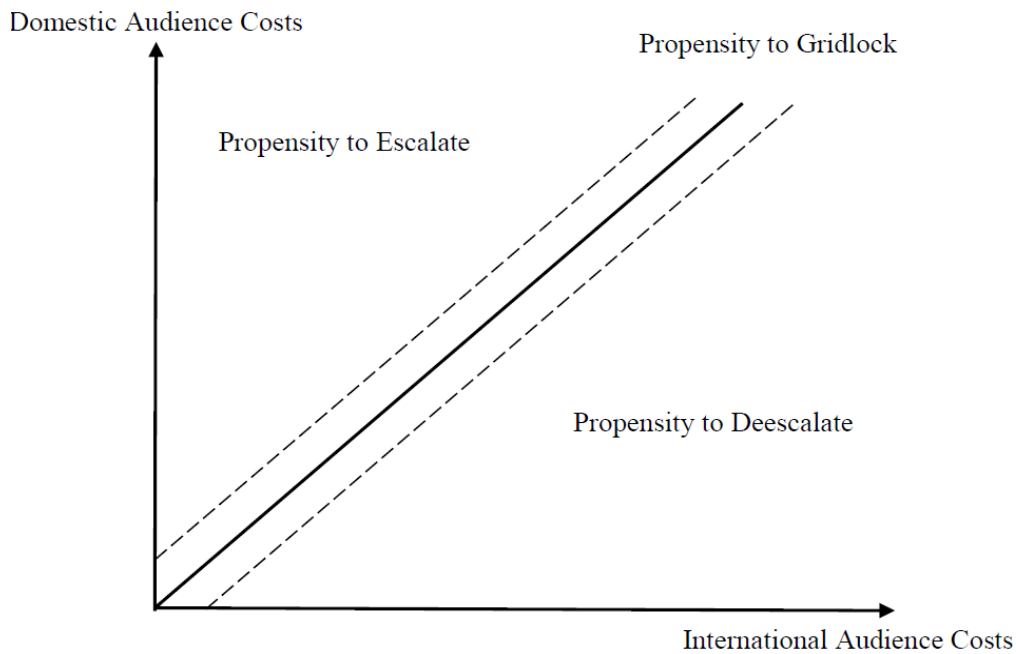
¹⁴⁷ Ryan Brutger and Joshuar D. Kertzer, “A Dispositional Theory of Reputation Costs,” *International Organization*, vol. 72, no. 2, summer 2018, p. 694.

¹⁴⁸ Robert Jervis, Keren Yarhi-Milo, and Don Casler, “Redefining the Debate over Reputation and Credibility in International Security: Promises and Limits of New Scholarship,” *World Politics, World Politics*, vol. 73, no. 1, 2021, pp. 167-203.

¹⁴⁹ *Ibid.*, pp. 28-29.

Bringing together the two components, the audience costs trade-off thesis posits that: 1) when the anticipated domestic audience costs outweigh the potential international audience costs, leaders would be tempted to launch an escalation to avoid domestic backlash; 2) when the potential international costs exceed the anticipated domestic costs, leaders are likely to de-escalate to preserve a positive relationship with the adversary and/or to forestall third-party counterbalancing; 3) when the trade-off is not immediately obvious, there might be a period of gridlock before subsequent developments render the trade-off clearer (Figure 2.1).

Figure 2.1 Audience Costs Tradeoff Calculation Model



Crisis Management: Explaining Escalation Patterns through the Logic of Loss Aversion

Should a state decide to escalate, it needs to calibrate escalatory measures both in terms of nature (military or nonmilitary) and strength (forceful or restrained). In selecting escalatory measures and determining how forceful the escalation should be, a state is simultaneously pursuing two mutually

opposing goals – signaling its resolve to protect its interests at stake while avoiding unwanted consequences.¹⁵⁰

Traditional crisis bargaining and escalation literature view means of escalation as unidimensional, namely, in the military dimension. Herman Kahn's classic "escalation ladder" model conceives a 44-rung escalation ladder, ranging from "ostensible crisis" at the bottom to all-out "spasm or insensate war" at the top.¹⁵¹ Although the escalation ladder captures a number of possible graduated increases in the level of pressures that leaders can exert on the other party without precipitating an unwanted rapid escalation, the shortcoming of this model is apparent. It is "limited to nuclear or potential nuclear crises," "overly refined," and "not comprehensive enough to be applicable to other kinds of crises."¹⁵² In the same vein, Morgan, Mueller and Medeiros developed the concepts of "vertical escalation," which refers to "an increase in the intensity of armed conflict or confrontation," and "horizontal escalation," which refers to "expanding the geographic scope of a conflict."¹⁵³ These terms, despite their new wording and simplified escalation patterns, are in essence still within the scope of traditional military crisis escalation.

Escalation can be and has been undertaken along both military and nonmilitary dimensions. According to Zartman and Faure, conflict can be escalated by expanding and increasing means, ends, space, parties, risk, costs, commitment, etc.¹⁵⁴ Yung and McNulty summarized coercive

¹⁵⁰ Alexander L. George, "A Provisional Theory of Crisis Management," Alexander L. George, ed., *Avoiding War: Problems of Crisis Management* (Boulder, CO: Westview Press, 1991), p. 23.

¹⁵¹ Kahn, *On Escalation*, pp. 39-43.

¹⁵² James A. Robinson, "Crisis: An Appraisal of Concepts and Theories," in Charles F. Hermann, ed., *International Crises: Insights from Behavioral Research* (New York: The Free Press, 1972), p. 20

¹⁵³ In addition to vertical and horizontal escalations, the authors also mentioned a third pattern, namely, "political escalation" as an umbrella term for fuzzy cases that "occur along lines that do not easily into either [vertical or horizontal] category." Morgan, et al., *Dangerous Thresholds*, p.18.

¹⁵⁴ William Zartman and Guy Olivier Faure, eds., *Escalation and Negotiation in International Conflicts* (Cambridge, UK: Cambridge 2005), pp. 7-8.

tactics into nine broad categories: paramilitary actions, military actions, economic actions, coalition diplomacy, negotiation action, dispute management, legal actions, informational actions, and administrative actions. But Yung and McNulty's typology does not exclude positive inducement such as joint development deals and confidence building measures.¹⁵⁵ More recently, Zhang develops a spectrum of coercive countermeasures ranging from diplomatic sanctions, economic sanctions, gray-zone coercion to military coercion, arguing that whether a state uses military or nonmilitary coercion is predicated on the level of regional backlash against its decision to use coercion.¹⁵⁶ But Zhang's military-nonmilitary dichotomy does not capture the more oft-seen situations in which nonmilitary and military measures are employed in combination. Also, it is too static to explain real world crises where states often keep adjusting the type(s) and strength of escalatory measures as crisis evolves. Building on Zhang's work, Chubb develops a typology that groups assertive actions in maritime and territorial disputes into four categories: declarative assertiveness, demonstrative assertiveness, coercive assertiveness, and use of force.¹⁵⁷ But like Zhang, Chubb's typology does not explain how nonmilitary and military measures of different strengths are combined and employed.

Building on prospect theory, I argue that a state's escalation strategy is a function of whether it thinks it is likely to be presented with a *fait accompli*, or, should it already be presented with one during the course of crisis, whether the *fait accompli* can be reversed through negotiations.

¹⁵⁵ Christopher D. Yung and Patrick McNulty, "An Empirical Analysis of Claimant Tactics in the South China Sea," *Strategic Forum*, no. 289, Aug. 2015, p. 2.

¹⁵⁶ Zhang, "Cautious Bully," pp. 121-122.

¹⁵⁷ Chubb, "PRC Assertiveness in the South China Sea," p. 88.

Prospect Theory and Loss Aversion

Derived from psychological models, prospect theory posits that people tend to be risk averse when facing sure gains but risk acceptant when facing sure losses.¹⁵⁸ Specifically, prospect theory has several crucial implications for human behavior. First, people tend to measure gains or losses in terms of the change relative to some neutral reference point rather than in terms of the final absolute asset. In other words, how people frame losses and gains is contingent on how they pick their “reference point.”¹⁵⁹ Second, people often – although not necessarily always – pick the status quo as their “reference point” and it creates a bias toward the status quo.¹⁶⁰ When facing a change in the status quo, people accommodate more quickly to the new status quo caused by gains than the one caused by losses.¹⁶¹ Third, people are more sensitive to losses. The pain of losing something they have is greater than the pleasure generated by gaining a comparable thing that they do not possess.¹⁶²

Decision makers are no exception to the tendency of loss aversion and status quo bias.¹⁶³ The propositions derived from prospect theory have been employed to explain instances of risk-taking crisis decisions such as the Iran hostage crisis and counterproductive military interventions in

¹⁵⁸ Daniel Kahneman and Amos Tversky, “Prospect Theory: An Analysis of Decision Under Risk,” *Econometrica*, vol. 46, no. 2, March 1979, pp. 263-292; Daniel Kahneman and Amos Tversky, “The Psychology of Preferences,” *Scientific American*, 1981, pp. 160-173; Daniel Kahneman and Amos Tversky, “Choices, Values, and Frames,” *American Psychologist*, April 1984, pp. 341-350. A good summary of the prospect theory and its implications for international relations can be found in Levy, “Introduction to Prospect Theory,” pp. 171-186.

¹⁵⁹ Kahneman and Amos Tversky, “Prospect Theory,” p. 274-279.

¹⁶⁰ The status quo bias was first observed and supported by evidence found in consumer and investment behavior. William Samuelson and Richard Zeckhauser, “Status Quo Bias in Decision Making,” *Journal of Risk and Uncertainty*, vol. 1, no. 1, 1988, pp. 7-59; Jack L. Knetsch and J.A. Sinden, “Willingness to Pay and Compensation Demanded: Experimental Evidence of an Unexpected Display in Measures of Value,” *Quarterly Journal of Economics*, vol. 99, no. 3, 1984, pp. 507-521; Amos Tversky and Daniel Kahneman, “Loss Aversion in Riskless Choice: A Reference-Dependent Model,” *Quarterly Journal of Economics*, vol. 106, no. 4, 1991, p. 1046.

¹⁶¹ Daniel Kahneman, Jack L. Knetsch and Richard H. Thaler, “Experimental Tests of the Endowment Effect and the Coase Theorem,” *Journal of Political Economy*, vol. 98, no. 6, 1990, pp. 1325-1348;

¹⁶² Kahneman and Amos Tversky, “Prospect Theory,” p. 274-279; Richard Thaler, “Toward a Positive Theory of Consumer Choice,” *Journal of Economic Behavior and Organization*, vol. 1, no. 1, 1980, pp. 39-60.

¹⁶³ Robert Jervis, “Political Implications of Loss Aversion,” in Barbara Farnham, ed. *Avoiding Losses/Taking Risks: Prospect Theory and International Conflict* (Ann Harbor: University of Michigan Press, 1994), p. 39.

peripheral regions by great powers such as the Korean War, which cannot be satisfactorily explained by rational choice theory.¹⁶⁴

Importantly, in interstate conflict and bargaining, the mentality of loss aversion and status quo bias implies that it is usually more difficult for a state to compel the adversary to *reverse* a fait accompli that is already done (which is likely to be construed as a loss) than to *deter* the adversary from creating one (which is to deny the adversary a prospective gain).¹⁶⁵ When one party opts for a fait accompli tactic and signals that what is done cannot be undone through negotiation, then reversing the fait accompli becomes not only difficult but also highly risky because both sides are simultaneously driven by loss aversion when facing the new status quo. As Jervis notes, a fait accompli creates different reference points that the parties use to define what the status quo is. The party that gains from the fait accompli will quickly accommodate to the new status quo and stand firm to maintain it, whereas the other side seeks to restore the status quo ante and recoup its loss. Thus, each side will be strongly incentivized not to yield but to compel the other side to retreat,¹⁶⁶ resulting in a classical competition in resolve and risk-taking.

Fait Accompli: An Expanded Definition

In this study, I define a fait accompli as a unilateral action taken by a claimant to alter the status quo physically, politically, and/or legally in its favor and put the other party in the situation of

¹⁶⁴ Rose McDermott, *Risk-Taking in International Politics: Prospect Theory in American Foreign Policy* (Ann Arbor: University of Michigan Press, 2001); Jeffrey W. Taliaferro, *Balancing Risks: Great Power Intervention in the Periphery* (Ithaca and London: Cornell University Press, 2004). For other scholarly work on the application of prospect theory to the IR field, see, Farnham, ed. *Avoiding Losses/Taking Risks*; Janice Gross Stein, "Facing Impediments: Prospecting," in I. William Zartman, ed., *How Negotiations End: Negotiating Behavior in the Endgame* (New York, NY: Cambridge University Press, 2019), pp. 221-237. On China, see, He Kai, *China's Crisis Behavior*.

¹⁶⁵ Jack Levy, "Loss Aversion, Framing, and Bargaining: The Implications of Prospect Theory for International Conflict," *International Political Science Review*, vol. 17, no. 2, 1996, p. 191. A similar analysis of the logic and measures of deterrence and compellence can be found in Thomas C. Schelling, *Arms and Influence* (New Haven and London: Yale University Press, 2008), pp. 69-91.

¹⁶⁶ Robert Jervis, *The Meaning of the Nuclear Revolution: Statecraft and the Prospect of Armageddon* (Ithaca and London: Cornell University press, 1989), p. 171.

either accepting the new status quo or undertaking an escalatory retaliation to resist the perceived loss.¹⁶⁷ In territorial and border disputes, states are often tempted to engage in fait accompli tactics to strengthen their positions.¹⁶⁸ Traditionally, a fait accompli is created through the physical loss or gain of contested territories and changes in the local military balance, as Taylor Fravel argues.¹⁶⁹ While the traditional definition certainly remains relevant for analyses of contemporary maritime disputes, it does not capture scenarios that disputants may perceive as creating faits accomplis but entail little physical changes to the contested area. Since contemporary international law requires states to actively assert their claims,¹⁷⁰ disputants tend to legitimate their claims through the employment of nonphysical means in addition to consolidating their claims through physical means. For example, states can demonstrate their exercise of sovereign rights by enforcing domestic laws in disputed areas, transferring the property ownership of the contested territories, granting rights to develop natural resources in the disputed areas, and establishing administrative units that encompass contested areas. These actions, albeit entailing no immediate physical changes, can be viewed by the rivaling claimant(s) as creating faits accomplis in favor of the initiator in a legal or political sense and paving the way for physical changes. Therefore, I expand the fait accompli concept to incorporate the non-physical dimension.

Two defining characteristics of faits accomplis are the alteration of the status quo, which means the action leads to what the rivaling claimant(s) can claim as a change to the existing state of the

¹⁶⁷ My definition draws on several recent scholarly writings theorizing this concept. Dan Altman, "The Evolution of Territorial Conquest After 1945 and the Limits of the Territorial Integrity Norms," *International Organization* 74, Summer 2020, pp. 490-522; Dan Altman, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," *International Studies Quarterly* (2017) 61, pp. 881-891; Ahmer Tarar, "A Strategic Logic of the Military Fait Accompli," *International Studies Quarterly* (2016) 60, pp. 742-752.

¹⁶⁸ Daniel W. Altman, *Red Lines and Faits Accomplis in Interstate Coercion and Crisis* (Cambridge, MA: PhD diss. Massachusetts Institute of Technology, 2015), p. 61; Altman, "The Evolution of Territorial Conquest After 1945," pp. 510-511.

¹⁶⁹ Fravel, *Strong Borders, Secure Nation*, pp. 28-31.

¹⁷⁰ Fravel, "Things Fall Apart," p. 209.

dispute, and the unilateral nature of the action, which means that the alteration of the status quo is imposed on the other party.¹⁷¹ Therefore, exchanges of diplomatic protests, verbal iterations of claims, confrontations and clashes between rivaling claimants without resulting in a physical, political, and/or legal change to the status quo, are not considered as *faits accomplis* in this study. Moreover, a *fait accompli* can be one of the many small steps designed to incrementally weaken the rivaling party's claims, or a single major move to alter the status quo such as a sudden seizure of the disputed territory.¹⁷² In addition, each party to a dispute can employ a *fait accompli* tactic during the action-reaction process and thus be the initiator and the defender simultaneously.

Existing scholarly work notes that whether a *fait accompli* tactic would be successful is a function of the level of loss that the adversary would accept,¹⁷³ but the question of where the acceptable level of loss sits is left unspecified. Indeed, unless lacking the necessary means to resist the much stronger rival,¹⁷⁴ a state especially a great power is unlikely to just swallow the loss without resistance, as prospect theory suggests. Presented with a *fait accompli* and the resulting loss that cannot possibly be reversed through negotiation, a state tends to be risk acceptant and undertake forceful escalatory measures with the objectives of compelling for a return to the status quo ante, recovering its loss, and deterring the adversary from making further advancement. Accordingly, measures employed tend to be highly confrontational, risky, and sometimes militarized. A strong military escalation may ensue along two separate pathways. First, the state may outright resort to force to restore the status quo ante – using force to retake the lost area is perhaps most effective in achieving these goals. The Britain-Argentina Falklands War and the

¹⁷¹ Altman, *Red Lines and Faits Accomplis in Interstate Coercion and Crisis*, p. 21.

¹⁷² Van Jackson, "Tactics of Strategic Operation: Gray Zones, Redlines, and Conflicts before War," *Naval War College Review*, Vol. 70, No. 30 (Summer 2017), pp. 44-45.

¹⁷³ Altman, "By *Fait Accompli*, Not Coercion," p. 882.

¹⁷⁴ Paul K. Huth, *Standing Your Ground: Territorial Disputes and International Conflict* (Ann Arbor: University of Michigan Press, 1996), p. 114.

India-Pakistan Kargil War are both telling cases in this regard.¹⁷⁵ Second, the state can undertake militarized actions below the threshold of war to signal resolve to defend its interests, such as increasing and/or regularizing its military presence near the contested area, declaring a more assertive military strategy encompassing the area, raising the level of combat readiness of its troops on the frontline, and/or explicitly drawing a redline against further unilateral actions by the adversary.

While undertaking a strong military escalation, the state can choose to supplement it with forceful countermeasures in nonmilitary dimensions to strengthen its position in the dispute, inflict extra pain on the adversary, and to garner international support for the country's position while de-legitimizing that of the opposing party. For example, following Argentina's invasion of the Falkland Islands, Britain undertook a laundry list of strong nonmilitary countermeasures against Argentina along with a military response, among which are a complete trade and arms sale embargo, freezing of all Argentine financial assets in Britain, severance of diplomatic ties with Argentina, and rallying international support through multilateral platforms especially the European Economic Community to support and match Britain's sanctions.¹⁷⁶

But some *faits accomplis* can be reversed through negotiations – either directly between the rivaling parties or with third-party interventions. A *fait accompli* may be created and used as a bargaining chip, and its negotiability can be signaled through an offer to open or continue talks over the dispute, as the willingness to talk can signal conciliatory intentions whereas refusal to

¹⁷⁵ On the Falklands War, see, Lawrence Freedman, *The Official History of the Falklands Campaign: War and Diplomacy* (New York and Oxon: Routledge, 2004), vol. 1&2. On the Kargil War, see, for example, Ashley J. Tellis, C. Christine Fair and Jamison Jo. Medby, *Limited Conflict Under the Nuclear Umbrella: Indian and Pakistani Lessons from the Kargil Crisis* (Santa Monica, CA: RAND Corporation, 2001), https://www.rand.org/pubs/monograph_reports/MR1450.html, accessed Jan. 20, 2020.

¹⁷⁶ Lisa Martin, "Institutions and Cooperation: Sanctions During the Falkland Islands Conflict," *International Security*, vol. 16, no. 4, spring 1992, pp. 143-178; Freedman, *The Official History of the Falklands Campaign*, vol. 2, pp. 90-102.

engage in communication conveys a contentious approach.¹⁷⁷ For example, during the 1962 Sino-Indian war, after launching the first phase of offense, China offered to pull back provided that India agreed to return to the negotiating table to settle the two countries' border disputes.¹⁷⁸ When negotiating for a reversal, a state needs to bargain hard and even engage in coercive diplomacy, which combines warnings with political-diplomatic moves and/or "symbolic use of limited military action" to signal threats of punishment in the event of noncompliance.¹⁷⁹ The U.S. push for Israel's withdrawal from the Sinai Peninsula after the 1956 Suez Crisis through a combination of diplomatic condemnation, threats to cut off aids and impose economic sanctions, and a campaign for UN action may be considered as an instance of successful reversal through negotiations.¹⁸⁰ As such, should a state seek to reverse a *fait accompli* through negotiations, it may employ strong nonmilitary measures in combination with restrained military moves to push the adversary to undo its action without breaking off the talks.

When not presented with a *fait accompli*, a state may seek to deter the adversary from attempting one, especially if the latter threatens to engage in such a tactic. While a state may find military actions necessary to preempt or prevent the adversary from physically altering the status quo, the broadened definition of *fait accompli* that incorporates nonphysical actions now introduces a need for commensurate responses. When the adversary threatens with a political or legal *fait accompli*, for example, by enforcing domestic law in disputed areas, even a restrained military response would be disproportionate at best and aggressive at worst. Under such

¹⁷⁷ Mastro, *The Costs of Conversation*, p. 4.

¹⁷⁸ Neville Maxwell, *India's China War* (New York, NY: Random House, 1970), pp. 372-375.

¹⁷⁹ Alexander L. George, "Coercive Diplomacy: Definition and Characteristics," in Alexander L. George and William E. Simons, ed., *The Limits of Coercive Diplomacy* (Boulder, CO: Westview Press, 1994), second edition, pp. 10-11.

¹⁸⁰ Warren Bass, *A Surprise Out of Zion? Case Studies in Israel's Decisions on Whether to Alert the United States to Preemptive and Preventive Strikes, from Suez to the Syrian Nuclear Reactor* (Santa Monica, CA: RAND Corporation, 201), pp.5-13.

circumstances, a state may opt for a strong, exclusively nonmilitary escalation to demonstrate resolve and generate a credible deterrence.

Lastly, when the adversary indicates its willingness to contain the crisis and refrains from actions and remarks that suggest a tendency to create a *fait accompli*, a state may conclude that the possibility of being presented with a *fait accompli* is relatively low. As such, the state may employ more restrained, symbolic nonmilitary measures to simply convey its dissatisfaction.

Table 2.3 summarizes four ideal types of predicted escalatory patterns.

Table 2.3 *Fait Accompli* and Escalatory Measures Calibration

	Low	High
Probability of being presented with a <i>fait accompli</i>	Restrained Nonmilitary Escalation	Forceful Nonmilitary Escalation
Probability of reversing a <i>fait accompli</i>	Forceful Nonmilitary Escalation + Forceful Military Escalation	Forceful Nonmilitary Escalation + Restrained Military Escalation

Note: Red arrows indicate relationships: a right-pointing arrow from Low to High in the first row, a downward-pointing arrow from High in the first row to High in the second row, and a left-pointing arrow from High to Low in the second row.

A Taxology of Escalatory Measures

To measure the strength of escalation, I develop a typology of countermeasures which fall under seven broad categories.

1. Escalatory measures in the *diplomatic* dimension, or “diplomatic sanctions” as some scholars refer to them.¹⁸¹ Diplomacy represents the central channel of communication in most interstate frictions and crises. Escalation in this dimension can signal various levels of pressuring by controlling the scope and duration of diplomatic disengagement and the level at which diplomatic protests are made. A state may also engage in “hostage diplomacy” by arbitrarily detaining and using the adversary’s citizens as bargaining chips.

¹⁸¹ Tara Mauller, “Diplomacy Derailed: The Consequences of Diplomatic Sanctions,” *The Washington Quarterly*, Vol. 33, Issue3, 2010, pp. 61-79.

2. Escalatory measures in the *economic* dimension. Contrary to some scholars' belief that economic sanctions minimize the risk of escalation because they are strictly nonmilitary,¹⁸² economic sanctions targeting essential communities or industries can have strategic implications and even provoke a major escalation. The fact that the de facto U.S. oil and gasoline embargo against Japan triggered the Pearl Harbor attack is a telling case. Therefore, as diplomatic sanctions, escalatory measures in the economic dimension can signal various levels of pressuring by selecting the targeted commodities or industries.
3. Escalation through *public mobilization*. A state can demonstrate its resolve and tie its hands by adopting a permissive approach toward antiforeign protests, petitions, media propaganda, and nationalist activism.¹⁸³
4. Escalation in the *administrative* dimension entails domestic bureaucratic and institutional arrangements a state makes to demonstrate its effective control and administration of the contested area.
5. Escalation in the *law enforcement* dimension refers to the use of maritime law enforcement or domestic law enforcement agencies to bolster a state's bargaining position in disputes. States can employ maritime law enforcement or other paramilitary agencies to police the contested areas as a way of consolidating control.
6. Escalation in the *legal* dimension refers to actions that a state takes to legitimize its claims under international or domestic law.

¹⁸² Zhang, "Cautious Bully," p. 121.

¹⁸³ James D. Fearon, "Signaling Foreign Policy Interests: Tying Hands versus Sinking Costs," *Journal of Conflict Resolution*, Vol. 41, No. 1, February 1997, pp. 68-90; Keren Yarhi-Milo, Joshua D. Kertzer, and Jonathan Renshon, "Tying Hands, Sinking Costs, and Leader Attributes," *Journal of Conflict Resolution*, Vol. 62, No. 10, pp. 2150-2179.

7. Escalation in the *military* dimension refers to the use of military means to back a state's claim. Actions can range from a show of force and deploying military assets in the contested area to the use of force.

Table 2.4 provides a taxonomy of escalatory measures.

Post-Crisis Learning: Explaining Reoccurrence of Crisis

Leaders learn from past events, for better or worse.¹⁸⁴ In protracted conflict such as territorial disputes, a preceding crisis is often a building block and sets the context for a subsequent crisis.¹⁸⁵

The way policy makers internalize and institutionalize their crisis learning can critically shape how the next crisis starts and will be handled. Russell Leng's "realpolitik experiential learning" (REL) model predicts that recurrence of crises may contribute to a learning process conducive to hardening perception and eventually a greater chance of conflict. According to Leng, realpolitik thinking leaders who suffered a diplomatic defeat in a prior crisis tend to attribute the result to inadequate demonstration of resolve and would be tempted to resort to a more coercive posture in a subsequent crisis; decision makers who achieve a diplomatic victory in a preceding crisis tend to repeat the same strategy in the next round of confrontation. The combined effect is to make each successive encounter more contentious and to increase the likelihood of military conflict.¹⁸⁶

¹⁸⁴ For examples of scholarly works on learning process, see, Stanley Hoffmann, *Gulliver's Troubles, or Setting of American Foreign Policy* (New York: McGraw-Hill, 1968); Ernest R. May, "*Lessons of the Past: the Use and Misuse of History in American Foreign Policy*" (New York: Oxford University Press, 1973); Jervis, *Perception and Misperception*; Richard E. Neustadt, Ernest R. May, *Thinking in Time: the Uses of History for Decision-makers* (New York: Free Press, 1986); Yuen Foong Khong, *Analogies at War: Korea, Munich, Dien Bien Phu, and the Vietnam Decisions of 1965* (Princeton, NJ : Princeton University Press, 1992).

¹⁸⁵ Ja Ian Chong and Todd H. Hall, "One Thing Leads to Another: Making Sense of East Asia's Repeated Tensions," *Asian Security*, Vol. 13, No. 1, pp. 20-40.

¹⁸⁶ Russell J. Leng, "When will They Ever Learn? Coercive Bargaining in Recurring Crisis," *Journal of Conflict Resolution*, vol. 27 (Sep. 1983), 379-419; Russell J. Leng, *Bargaining and Learning in Recurring Crisis: The Soviet-American, Egyptian-Israeli, and Indo-Pakistan Rivalries* (Ann Arbor, MI: University of Michigan Press, 2000), pp. 4-37.

Table 2.4 A Taxology of Escalatory Measures

	Category	Countermeasures
<i>Restrained Nonmilitary Escalation</i>	Diplomatic	<ul style="list-style-type: none"> • Making working-level (below the FM) protests and presentations • Issuing diplomatic statements, press release • Summoning of the opposing state's diplomatic representatives • Selective, temporary suspension of diplomatic contact and exchanges
	Economic	<ul style="list-style-type: none"> • Sanctions targeting non-essential goods and/or industries
	Public mobilization	<ul style="list-style-type: none"> • Small-scale, sporadic anti-foreign street protests • Relaxation of grassroots activism • Relaxation of mass media coverage and social media censorship on the dispute(s) • Popular boycott
<i>Forceful Nonmilitary Escalation</i>	Diplomatic	<ul style="list-style-type: none"> • Making high-level (FM or above) protests and presentations • Issuing formal state documents such as white papers • Indiscriminate freezing of diplomatic contact and exchanges • Engage in hostage diplomacy • Recalling ambassador, downgrading diplomatic ties, closing consulate/embassy
	Economic	<ul style="list-style-type: none"> • Sanctions targeting essential commodities and/or industries • Entering third-party deals to exercise sovereign rights in the disputed area(s)
	Administrative	<ul style="list-style-type: none"> • Passing legislation germane to claims • Designating administrative units incorporating the contested area(s) • Holding elections in the contested area(s)
	Law Enforcement	<ul style="list-style-type: none"> • Policing the contested area(s) in a regularized, intrusive (into the territorial sea of the contested territory) manner • Subjecting the rivaling party's nationals detained in contested areas to domestic law
	Legal Measures	<ul style="list-style-type: none"> • Initiating a legal proceeding on the contested area(s) • Obfuscating a legal proceeding initiated by the adversary • Submitting competing claims to the UN
	Public mobilization	<ul style="list-style-type: none"> • Large-scale, lasting, widespread antforeign street protests • Relaxation of grassroots activism • Popular boycott
<i>Restrained Military Escalation</i>	Military	<ul style="list-style-type: none"> • Temporary deployment of military assets near but not specifically targeting the contested area(s) to allow plausible deniability • Securing alliance commitment to the defense of the contested area(s)
<i>Forceful Military Escalation</i>	Military	<ul style="list-style-type: none"> • Military exercises specifically targeting the contested area(s) • Institutionalizing a permanent military presence covering the contested area • Use of force

As compelling as it might sound, Leng's model is incomplete. An immediate diplomatic victory in a crisis may generate long-term implications and alter the state's security environment in a way that renders the same strategy too costly to pursue in a subsequent crisis. Likewise, a diplomatic defeat in a prior crisis may not justify a more coercive posture in a subsequent crisis if other interests at stake dictate a different approach. As such, not all protracted conflicts resemble an upward spiral of confrontation as predicted by Leng's model. Moreover, crises, even those arising from protracted conflict, are often unintentionally triggered – unexpected in occurrence, disruptive in nature, unpredictable in the process of management, and carry the potential for inadvertent military conflict.¹⁸⁷ Unintentional crises are more likely to prompt post-crisis policy reassessment that tends to put more emphasis on preventing recurrence rather than on “winning” the crises.

Whatever lessons a state learns from a crisis must be institutionalized in “organizational routines and procedures” in the first place to formulate and implement the prescriptive policies in future.¹⁸⁸ Leadership's support is indispensable for creating a political environment to channel learning into policy making and implementation. “Changes in political conditions that facilitate the implementation of policies based on learning,” as Jack Levy notes, “are not exogenous;” on the contrary, leaders may need to “actively promote their ideas among key governmental elites and social groups to create a coalition around those ideas.”¹⁸⁹ With institutionalized learning in place, political will is necessary to implement it for both confidence rebuilding and prevention of recurrence.

¹⁸⁷ Richard Ned Lebow divides crises into two broad categories: those intentionally started and those triggered by accident. Under the former category, there are three types of crises: brinkmanship, justification of hostility crises, and spinoff crises. Richard Ned Lebow, *Between Peace and War: The Nature of International Crisis* (Baltimore, MD: Johns Hopkins University Press, 1981).

¹⁸⁸ Jack Levy, “Learning and Foreign Policy: Sweeping a Conceptual Minefield,” *International Organization*, vol. 48, no. 2, (Spring 1994), p. 311.

¹⁸⁹ *Ibid.*, p. 300.

Conversely, the institutionalization and implementation of post-crisis learning may stall as a result of faltering leadership support or insufficient political will. Even with leadership support and political will, the compromise-averse coalition may still muster sufficient political clout in the post-crisis phase to block the implementation. The compromise-averse coalition may be strengthened inadvertently by the hardliner rhetoric of the rivaling state's leadership when communicating with their own constituents. As Mayer has cautioned, leaders need to be careful in resorting to hardliner rhetoric when seeking to sell an interstate deal to their domestic hardliners – “factions abroad may also be listening.”¹⁹⁰

Scope Condition

My framework has an important scope condition: it has limited explanatory power when the core issue of the unsettled territory in question is essentially political and legal. For instance, the core of the Taiwan issue is the island's pursuit of a status as de jure independent state. Beijing has left no doubt that it will resort to force should Taiwan create a fait accompli to cross the redline toward de jure independence.

Draw together Theories

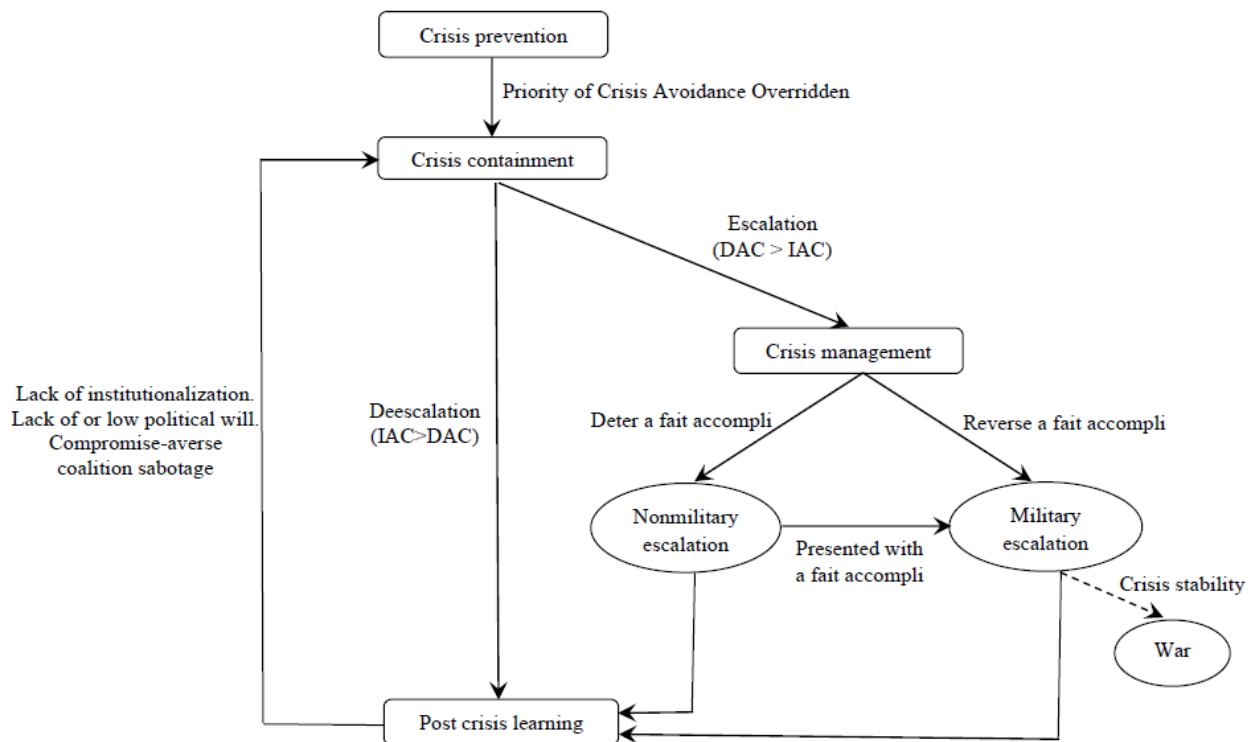
The preceding section discussed the micro-foundations for each stage of a crisis. Figure 2.2 is a stylized model of the four stages. A number of hypotheses and observable implications can be derived from each stage.

H1 (Crisis Prevention): A local incident is likely to be precipitated if actors take unauthorized impulsive actions, interagency coordination is poor, or if actors pursue parochial interests in ignorance of the risk of crisis.

¹⁹⁰ Frederick W. Mayer, “Managing Domestic Differences in International Negotiations: The Strategic Use of Internal Side-payment,” *International Organization*, vol. 46, autumn 1992, p. 817.

- a) Elites express concerns about the difficulty of curbing impulsive, unauthorized, or parochial interest-driven actions.
- b) Local actors acknowledge actions without authorization or with only vague authorization.
- c) Foreign states express concerns about dangers posed by impulsive, unauthorized, or parochial interest-driven actions.

Figure 2.2 Four Stages of a Crisis



H2-A (Crisis Containment): A state tends to contain an incident if its anticipated international audience costs is greater than the potential domestic audience costs.

- a) The leadership consistently consider the importance of containing potential fallout from an incident.

- b) Elites reject the necessity and strategic value of a firm response. Concerns that an escalation will profoundly jeopardize bilateral relations with the adversary and/or precipitate third-party counterbalancing are expressed in discourses.
- c) Popular reaction is moderate and demonstrates minimal mobilization power.
- d) Bilateral relations with the adversary involve what the state views as high-stake issue areas.
- e) International stakeholders make a collective pushback against the state.

H2-B (Crisis Containment): A state tends to escalate an incident if its expected domestic audience costs is higher than the anticipated international audience costs.

- a) The leadership does not prioritize crisis containment because they either are divided with respect to the priority of maintaining positive relations with the adversary or prioritize other policy objectives over crisis containment.
- b) Elites concur on the necessity and strategic value of escalation. Concerns that a de-escalation may be interpreted as a sign of weakness and/or jeopardize the state's claims in the long run are expressed in discourses.
- c) Popular reaction is intensely hostile and demonstrates strong mobilization power.
- d) Bilateral relations with the adversary involve multiple contentious issues.
- e) International stakeholders fail to make a collective pushback against the state.

H2-C (Crisis Containment): Should a state not see a clear cost tradeoff immediately following the occurrence of an incident, it may allow a standoff on the front line and a diplomatic gridlock until developments of the situation render a clearer tradeoff to determine its response accordingly.

- a) Leaders are initially ambivalent on whether to prioritize crisis containment or to stand up to the perceived foreign challenge.
- b) Elites diverge and debate on the necessity and strategic value of a firm response.
- c) Popular reaction is assertive and demonstrates some mobilization power.
- d) Bilateral relations with the adversary lack both high-stake and contentious issue areas.
- e) International stakeholders demonstrate ambivalence toward the state's behavior.

H3-A (Crisis Management): When a state is presented with a fait accompli that cannot be reversed through negotiation with the adversary, it tends to launch a forceful escalation in both military and nonmilitary dimensions.

- a) The state demands a reversal of the fait accompli.
- b) The adversary refuses to undo the done deal.
- c) The issue of reversing the fait accompli is not open to negotiation.

H3-B (Crisis Management): When a state is presented with a fait accompli that it sees as being reversible through negotiation, it tends to undertake an escalation that is strong in nonmilitary dimensions but restrained in the military dimension.

- a) The state demands a reversal of the fait accompli.
- b) The adversary does not explicitly refuse to consider a reversal.
- c) Bilateral negotiations take place in which the issue of reversing the fait accompli is part of the negotiation agenda.

H3-C (Crisis Management): When a state is not presented with a fait accompli but perceives such a probability, it tends to launch a forceful nonmilitary when the probability is high and a restrained one when the probability is low.

- a) A state warns against the prospect of being presented with a fait accompli.

- b) The adversary takes moves that are interpreted as indicating a tendency to engage in a fait accompli tactic.

H4 (Post-Crisis Learning): Institutionalization and implementation of post-crisis learning is more likely to be ineffective when leadership support falters, political will is insufficient, and/or a broad-based compromise-averse coalition resists the implementation.

- a) Post-crisis institutionalization is interpreted as a compromise
- b) Leaders incur domestic backlash for making the compromise.
- c) Compromise-averse elites refuse, tacitly or otherwise, to support post-crisis institutionalization.
- d) The adversary expresses concerns about the lack of follow-through.

METHODOLOGY, DATA SOURCES, AND COMPETING EXPLANATIONS

To test my propositions, I adopt a case study approach using process tracing. A case study approach is suitable for this project, as this method is often “the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context.”¹⁹¹ Process tracing enables the researcher to trace the causal chain(s) between an independent variable(s) and the dependent variable(s).¹⁹²

I select five cases from the East China Sea dispute: the 2002-2004 Diaoyu/Senkaku lease and Baodiao landing, 2004-2008 Chunxiao/Shirakaba offshore gas field dispute, the 2008 CMS patrol inside the Diaoyu/Senkaku territorial sea, the 2010 fishing trawler collision, and the 2012-2013 Diaoyu/Senkaku nationalization and declaration of the East China Sea Air Defense Identification

¹⁹¹ Robert K. Yin, *Case Studies Research: Design and Methods* (Thousand Oaks, CA: Sage Publications, 1994), 2nd edition, p. 1.

¹⁹² Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005), *Case Studies and Theory Development in the Social Sciences*, p. 206.

Zone (ADIZ). I select seven cases from the South China Sea dispute: the 2004 Vietnamese tourism cruise to the Spratlys, the 2005 Sino-Vietnamese fatal clash in the Tonkin Gulf, the 2007 Sansha city episode, the 2012 Scarborough Shoal standoff, the 2014 HD-981 incident, 2015 China-Malaysian standoff in the Luconia Shoal, and the 2016 China-Indonesian fishing clash in the Natuna. I survey all fatal clashes between China and South Korea in the Yellow Sea in the past two decades. These cases reflect wide variation in China's escalation/de-escalation decisions and escalation strategies, enabling within-case comparisons and cross-case analysis to pinpoint factors shaping China's decisions.

I focus on the past two decades in this study for two reasons. First, by limiting the time span to a twenty-year window, it controls for the potential confounding variable created by fundamental changes in a state's policy toolkit over a longer span of time. Comparing cases in which a state did not employ a specific policy tool simply because it did not have it, with cases in which the state has the tool but refrains from using it, is comparing apples with oranges. Second, it controls the external circumstance by factoring in key inter-state arrangements and international ocean governance mechanisms which critically shape how China and its neighbors handle their maritime disputes in the 21st century: the 1982 UN Convention on the Law of the Sea (UNCLOS) came into force in the mid-1990s, the DOC was signed in 2002, and the PRC's three existing bilateral fishery agreements with Japan, South Korea and Vietnam were all concluded around 2000.

Audience costs are difficult to measure in a large part because they involve subjective judgments that leaders make about 1) the domestic backlash they will face in the event of a de-escalation, and 2) the likelihood that an escalation will profoundly alter other states' threat perception of the country. As records of China's decision-making process in these incidents remain unavailable to outside observers, I utilize a combination of both Chinese and non-Chinese

language primary sources to trace how China evaluates and responds to incidents and challenges arising from maritime disputes.

Several groups of Chinese-language materials are utilized. The first group is China's central government documents, including remarks by leaders and senior officials, official memoirs, statements and white papers released by the Chinese Foreign Ministry (MFA), and the biannual defense white papers. These materials have a high level of authoritativeness and thus can serve as reasonable proxies for the beliefs of decision makers. The second group includes quasi-authoritative sources, including the *People's Daily*, the *PLA Daily*, as well as analyses produced by the central government-affiliated think tanks such as the Chinese Academy of Social Sciences (CASS), the China Institutes of Contemporary International Relations (CICIR) under the auspice of the Ministry of State Security, China Institute of International Studies (CIIS) under the Chinese Foreign Ministry, and by institutions affiliated with the People's Liberation Army (PLA) including the National Defense University (NDU) and Academy of Military Science (AMS). These materials supplement the first group as credible reflections of Chinese assessment of its external security environment. The third group includes publications by various domestic stakeholders, such as newspapers, professional journals, gazetteers, and yearbooks published by line agencies, local authorities, and businesses. Materials in this group are key to examining the variety of policy agendas promoted by parochial interests. The last group includes popular media reports and polling data to fathom the Chinese public's perceptions and attitudes.

In addition to the four groups of Chinese-language sources, I use two methods to mitigate potential systematic bias. First, I supplement the Chinese sources with non-Chinese language materials from other regional stakeholders, including government statements and reports, personal memoirs, policy analyses and scholarly writings, and media reports. Second, I draw on semi-

structured interviews conducted in China, Japan, Singapore, and the United States with government and military officials, former and current, policy analysts, and scholars to mitigate potential bias introduced by missing data.

Alternative Explanations

In this section, I examine competing explanations for the varied Chinese behavior in maritime disputes, and explain why these theoretical perspectives, albeit important and insightful, do not provide satisfactory explanations to wide variation in China's escalation/de-escalation decisions or escalation strategies.

Offensive Realism and Strategic Culture

Offensive realism posits that as a state's power grows, its propensity for using force in interstate conflict increases accordingly.¹⁹³ The school of strategic culture arguments similarly contends that the Chinese strategic culture is dominated by realpolitik thinking and tends to see interstate competition as a zero-sum game. This line of argument predicts that China's tendency to use force grows as its capabilities improve, and thus a stronger China will demonstrate a greater propensity to act in a more conflictual manner when in a crisis.¹⁹⁴ According to this school, the influence of hard realpolitik thinking has an impact on China's crisis behavior in territorial disputes. Among the eleven foreign-policy crises between 1949 and 1985, territorial disputes were "crucial drivers" in many of them and China resorted to violence in eight of these crises; moreover, in those crises primarily related to territory or territorial security, Beijing used force in 80 percent of the cases as a "key conflict-management technique."¹⁹⁵

¹⁹³ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001)

¹⁹⁴ Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton, NJ: Princeton University Press, 1995).

¹⁹⁵ *Ibid.*, p. 256.

A major shortcoming of offensive realism and the strategic culture school is that it suggests a positive correlation between growth of power and increase in the propensity for using force in a crisis. This is not supported by quantitative data in the first place. Sampling 707 militarized interstate disputes from 1816 to 1970, Mesquita et al. have shown that “there is not a simple linear or even monotonic relationship between power distributions and the likelihood of war, or negotiated disputes resolution” in a crisis.¹⁹⁶

Moreover, even within the realm of realism, the impact of the power variable on a state’s tendency to use force remains indeterminate. Some empirical evidence, in line with the logic of power transition theory and hegemonic war theory,¹⁹⁷ suggests a significant power disparity between the rivaling parties in sovereignty disputes would likely lower the probability of the much stronger side using force, because the much weaker adversary does not pose a threat and the control over disputed area is only of minimal strategic importance.¹⁹⁸

In addition, the offensive realism approach seems to discount the prospect that a state’s growing power can diversify its policy instruments. While some of newly added tools can be coercive in nature and create an escalation when employed, growing power also means that the state has more resources for inducements. Leaders and elites of the rivaling claimant might be bought off and physical frictions between the rivaling parties can be reduced or quietly defused before escalating into interstate crises.

¹⁹⁶ Bruce Bueno de Mesquita, James D. Morrow and Ethan R. Zorick, “Capabilities, Perception, and Escalation” *American Political Science Review*, vol. 91, no. 1, Mar. 1997, pp. 15-27.

¹⁹⁷ A. F. K. Organski, *World Politics* (New York: Knopf, 1985); Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).

¹⁹⁸ Paul K. Huth, *Standing Your Ground: Territorial Disputes and International Conflict* (Ann Arbor: University of Michigan Press, 1996), p. 114; Paul R. Hensel and Sara McLaughlin Mitchell, ‘Issue Indivisibility and Territorial Claims,’ *GeoJournal* 64, (2005), 282.

Diversionsary Conflict

Diversionsary conflict arguments claim that leaders confronted with domestic dissatisfaction tend to adopt aggressive foreign policy or even enter a conflict with another state. Scapegoating an out-group for domestic problems not only diverts internal discontent but also mobilizes support for the leadership by creating “rally around the flag” effects.¹⁹⁹

However, this school of theory is flawed in two ways. First, from the short-term perspective, after popular emotions are mobilized, there is an equal risk that the public may turn against the state if it is unable to deliver a diplomatic victory.²⁰⁰ In other words, it is a flawed assumption that leaders must believe – and have the ability to ensure – that an external conflict can mitigate internal discontent rather than aggravating it. Second, this line of argument has difficulty in predicting which adversary/adversaries a state would choose to pick a fight with. For example, should the choice be based on the history of hostility and militarized conflict, then we may expect China tends to escalate incidents involving Japan or Vietnam, with whom China has fought protracted bloody wars. Should the choice be based on the adversary’s relations with the United States, we would expect to observe much similarity in China’s handling of disputes with Japan, the Philippines, and South Korea. But empirically China has employed clearly differing escalation/de-escalation strategies toward the three rivaling claimants.

Issue Saliency

Some scholarly work suggests that states are more likely to escalate a dispute if the contested territory is an issue of high saliency measured in terms of strategic, economic, demographic, or

¹⁹⁹ Lewis A. Coser, *The Functions of Social Conflict* (Glencoe, IL: Free Press, 1956); Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict 1947-1958* (Princeton, N.J.: Princeton University Press, 1996).

²⁰⁰ Weiss, *Powerful Patriots*, pp. 39-40.

symbolic importance.²⁰¹ I agree that issue salience can play a role. For example, the East China Sea disputes involve symbolic values that China's other maritime disputes arguably do not carry. However, issue salience does not provide a satisfactory explanation for variation in a country's behavior in a particular dispute, because in protracted conflict over territories and boundaries factors affecting issue salience are likely to remain constant for a relatively substantial period. Thus, issue salience alone cannot satisfactorily explain variation in a country's escalation behavior toward the same adversary in a particular dispute, or variation in a country's escalation strategies when simultaneously dealing with multiple rivaling claimants involved in a single dispute.

Leadership

Leadership is a critical variable in decisions about escalation or de-escalation. All things being equal, a leader incapable of securing a strong consensus within the top leadership that prioritizes crisis containment is politically more constrained in the pursuit of de-escalation. However, as in the variable of issue salience, the leadership variable alone, which usually remains constant for a substantial period, cannot explain variation in a state's crisis behavior during a specific leader's tenure. Moreover, a leader's power position can shift over time, which may in turn affect his or her capabilities of securing a consensus. Simply labeling individual leaders as strong or weak does not capture such temporal shift in a leader's power position. As such, who the leader is matters less than the extent to which a leader is empowered to secure a consensus when an incident takes place.

²⁰¹ Sara McLaughlin Mitchell, "Clashes at Sea: Explaining the Onset, Militarization, and Resolution of Diplomatic Maritime Claims," *Security Studies*, Vol. 29, No. 4, 2020, pp. 637-670; Fravel, *Strong Borders, Secure Nation*, pp. 28-29.

Window of Opportunity

One may argue that a state may escalate a dispute should it see a window of opportunity resulting from a sudden decline in the adversary's material power. The opportunist incentive, according to this thesis, applies only to states in an inferior position.²⁰² Plausible as it appears, the opportunist incentive thesis cannot explain variation in the escalation/de-escalation decisions of a state which is more powerful than most of its rivaling claimants.

Deterrence

Another alternative explanation for a state's avoidance of using force in sovereignty and jurisdiction disputes is deterrence.²⁰³ Yet deterrence, according to Schelling,²⁰⁴ is in essence a passive strategy, meaning that the deterrer waits after "triggering the tripwire" while the choice of whether to take overt hostile action is left to the opponent.²⁰⁴ In this sense, deterrence is static as well as a constant which cannot explain variation in a state's escalation patterns below the threshold of war.

Tit-for-Tat

Lastly, one may argue that a state's decision of escalation or not can simply be explained as a process of reciprocity to the adversary's action. That is, a state escalates the dispute when the adversary behaves aggressively and de-escalates accordingly when the adversary signals intentions for cooperation. This "reactive assertiveness/cooperation" thesis, albeit theoretically robust and sound as a strategy in a repeated game,²⁰⁵ has two shortcomings when it comes to explaining real world crises. First, it cannot explain cases where a state unilaterally de-escalates even as the adversary remains unyielding or cases where a state takes advantage of the adversary's cooperative

²⁰² Fravel, *Strong Borders, Secure Nation*, pp. 33-34.

²⁰³ Taylor Fravel, "Explaining China's Escalation over the Senkaku (Diaoyu) Islands," *Global Summitry*, vol. 2, no. 1, 2016, p. 26.

²⁰⁴ Schelling, *Arms and Influence*, pp. 70-72.

²⁰⁵ Robert Axelrod, *The Evolution of Cooperation* (New York, NY: Basic Books, 1984).

posture and escalates the dispute. Second, this thesis cannot predict the conditions under which either or both of the parties would probably change tack instead of allowing the tit-for-tat spiral to continue.

CONCLUSION

This chapter outlines a two-step framework to explain when, why, and how states escalate local incidents arising from maritime territorial and boundary disputes. I argue that leaders make a tradeoff between their perceived domestic and international audience costs when deciding whether to escalate or de-escalate. In cases where decision makers opt for escalation, their assessment of the likelihood of being presented with a *fait accompli* during the crisis, or the probability of reversing a *fait accompli* through negotiation, explains the nature (military or nonmilitary) and strength (restrained or forceful) of escalatory measures they would employ. In the chapters that follow, I test the framework by tracing the process of how decisions to escalate or de-escalate were made and comparing the selection of escalatory measures both within and across cases in which escalation took place.

3. China's Maritime Disputes, Defense Strategy, and the Maritime Security Actors

This chapter lays out the historical and institutional context of China's maritime disputes. The first section presents an overview of the disputes. The second part examines China's evolving maritime defense strategy and the role of the Chinese military in these disputes. The third part surveys the various nonmilitary actors involved in these maritime disputes, as well as mechanisms that Beijing has set up or revamped to facilitate interagency coordination.

MARITIME DISPUTES: ORIGINS AND HISTORICAL DEVELOPMENTS

China has a length of over 18,000-km mainland coast, more than 5,000 islands in the Chinese territorial waters, and a combined length of 14,000-km island coasts. Except for the Tonkin Gulf and White Dragon Tail Island (both with Vietnam), none of China's maritime disputes has been solved, leaving Beijing an oceanic periphery replete with geopolitical flashpoints.²⁰⁶ The East and South China Seas entail both disputes over the ownership of offshore land features and controversies over maritime boundary delimitation, whereas the Yellow Sea involves only issues on maritime boundary delimitation. It is noteworthy that disputes on offshore islands and those on maritime boundary delimitation are conceptually distinct but practically related issues.

The East China Sea

The East China Sea involves two types of maritime disputes: the Sino-Japanese dispute on sovereignty over the Diaoyu/Senkaku Islands, and the controversies over maritime boundaries involving China and Japan.²⁰⁷ As a result of the rivaling claimants' historical narratives and

²⁰⁶ Information Office of the State Council of PRC, *The Development of China's Marine Programs*, July 1998, <http://www.china.org.cn/e-white/6/index.htm>, accessed June 8, 2018; China Institute for Marine Affairs, State Oceanic Administration [国家海洋局海洋发展战略研究所], *China's Ocean Development Report* [中国海洋发展报告] (Beijing: Hai Yang Chu Ban She, 2007), p. 83.

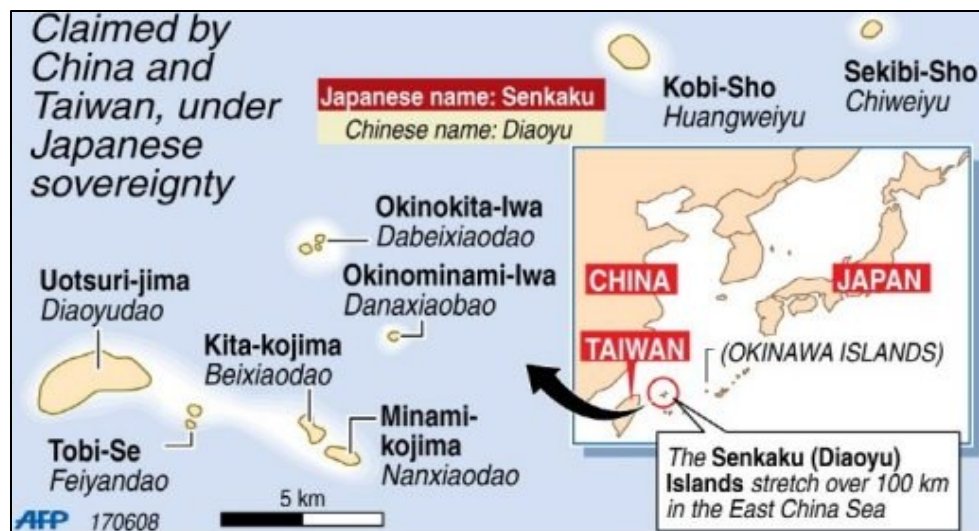
²⁰⁷ Taiwan (ROC) also claims sovereignty over the Diaoyu/Senkaku Islands. South Korea is also in a sense involved in the East China Sea controversies, as a Japan-ROK bilateral agreement signed in 1974 (and ratified in 1978) to conduct joint development in the East China Sea was protested by Beijing for infringing on China's continental shelf. Junnosuke Ofusa, "Japan-South Korea Oil Treaty Ratified," *New York Times*, Jun. 15, 1978,

nationalistic rhetoric, the two types of disputes have now become closely intertwined—and, not infrequently, largely mixed up—with one another.

The Diaoyu/Senkaku Islands

Located 140 kilometers northeast of Taiwan and roughly the same distance from the Ryukyu Islands, the Diaoyu/Senkakus are comprised of eight uninhabited islets (Map 3.1). Both China and Japan stake claims over the islands on the basis of historical ties.²⁰⁸

Map 3.1 The Diaoyu/Senkaku Islands



After the end of World War II, the Diaoyu/Senkaku Islands had not come into dispute between China and Japan until in the 1970s.²⁰⁹ The San Francisco Peace Treaty signed in 1951 included two provisions that are particularly relevant to today’s disputes over the islets. Article 2 of the treaty mandates that Japan renounce all right and claim to Taiwan and the Penghu Islands. Article 3 entitles the United States, which had occupied Japan since its surrender in 1945, to sole

<https://www.nytimes.com/1978/06/15/archives/japansouth-korea-oil-treaty-ratified-oil-presence-confirmed-terms.html>, accessed May 1, 2020.

²⁰⁸ State Council Information Office, the People’s Republic of China, “Diaoyu Dao, an Inherent Territory of China,” September 2012, http://english.gov.cn/archive/white_paper/2014/08/23/content_281474983043212.htm, accessed April 27, 2018; MOFA, “Fact Sheet on the Senkaku Islands,” November 2012, http://www.mofa.go.jp/region/asia-paci/senkaku/fact_sheet.html, accessed April 27, 2018.

²⁰⁹ Austin, *China’s Ocean Frontier*, p. 163.

administrative authority over the Japanese southwestern islands, including the Ryukyu Islands and Daito Islands.²¹⁰ These two articles left unspecified the issue of whether the Diaoyu/Senkaku Islands would be renounced as part of Taiwan or be administered by the U.S. occupation authorities as part of Ryukyus.

Beijing issued a declaration in 1958 on its territorial sea, for the first time specifying its claims to offshore land territories. While explicitly including Taiwan and its surrounding islands, Penghu, the Pratas, Paracels, Macclesfield Bank, and Spratlys, the Declaration did not mention the Diaoyu/Senkakus by name.²¹¹ This notable omission, according to some scholars, is probably because “the PRC did not want to alienate Japan or some Japanese political parties at that time by raising a claim to the islands by name.” By using the vague term “Taiwan and its surrounding islands,” Beijing could make a sound interpretation that it was not excluding the Diaoyu/Senkakus.²¹²

On the other hand, the Ryukyu government under the occupation authorities announced a decision in 1969 to incorporate the Diaoyu/Senkaku Islands into its administrative territories.²¹³ This decision, according to some Japanese scholars, provides Tokyo with “a basis for Japanese sovereignty over the Senkaku Islands.”²¹⁴

The islands first became a prominent sovereignty issue in the early 1970s when the Sino-Japanese normalization and America’s reversion of Okinawa to Japanese administration unfolded

²¹⁰ United Nations, *Treaty of Peace with Japan Signed at San Francisco on September 8 1951*, United Nations—Treaty Series, no. 1832, <https://treaties.un.org/doc/publication/unts/volume%20136/volume-136-i-1832-english.pdf>, accessed April 27, 2018.

²¹¹ Austin, *China’s Ocean Frontier*, pp. 44-48. Ministry of Foreign Affairs of the People’s Republic of China, *Declaration of the Government of the People's Republic of China on China's Territorial Sea [中华人民共和国政府关于领海的声明]*, September 4, 1958, <http://www.fmprc.gov.cn/diaoyudao/chn/flfg/zcfg/t1304542.htm>, accessed May 4, 2018.

²¹² Ibid.

²¹³ Smith, *Intimate Rivals*, p. 108.

²¹⁴ Ryosei Kokubun, Yoshihide Soeya, Akio Takahara and Shin Kawashima, *Japan-China Relations in the Modern Era*, trans. Keith Krulak, (New York: Routledge, 2017, pp. 36-38.

roughly in parallel. In June 1971, the United States and Japan signed the Okinawa Reversion Treaty, which stipulated the return of Ryukyu and the Daito Islands to Japanese administration.²¹⁵ In response to this treaty, Beijing issued a statement in December, claiming territorial sovereignty over the Diaoyu/Senkakus. Specifically, the PRC contended that the islets belonged to Taiwan, and therefore, like Taiwan, were an integral part of the Chinese territories.²¹⁶ In return, Japan's Ministry of Foreign Affairs issued a statement in March 1972 rejecting China's claim.²¹⁷ The dispute and the resulting diplomatic bickering, however, were kept at bay at that time by the desire for normalization in both Beijing and Tokyo.

The sovereignty dispute again became a major point of contention in 1978 when the PRC and Japan were finalizing a peace and friendship treaty. The treaty negotiation almost came to an impasse after Tokyo indicated in March that it saw “no need to discuss their [the Diaoyu/Senkakus] ownership with any other country” and a fleet of approximate 100 Chinese fishing vessels appeared near the islands on April 12. These fishing ships, bearing signs claiming China's sovereignty over the Diaoyu/Senkakus, entered the waters around the islands. A confrontation with Japan's Maritime Safety Agency (renamed Japan Coast Guard in 2000) patrol ships ensued. No shots were fired, although reportedly at least half of the Chinese boats and their crews were

²¹⁵ Mark E. Manyin, “Senkaku (Diaoyu/Diaoyutai) Islands Dispute: US Treaty Obligations,” Congressional Research Service, Jan 22, 2013.

²¹⁶ Ministry of Foreign Affairs of the People's Republic of China, *Declaration of the Ministry of Foreign Affairs of the People's Republic of China* [中华人民共和国外交部声明], Dec. 30, 1971, <http://www.fmprc.gov.cn/diaoyudao/chn/flfg/zcfg/t1304543.htm>, accessed May 4, 2018. Taipei issued a response to Okinawa Reversion Treaty in June 1971, claiming sovereignty over the Diaoyu/Senkaku islands. Ministry of Foreign Affairs, the Republic of China, *A List of the Statements by the Ministry of Foreign Affairs* [外交部歷年來就釣魚臺主權問題之聲明一覽表], https://www.mofa.gov.tw/News_Content.aspx?n=C641B6979A7897C0&sms=60ECE8A8F0DB165D&s=F2FA00BAE6D1EBD5, accessed May 4, 2018.

²¹⁷ Smith, *Intimate Rivals*, p. 109. A summary of Japan's position can be found on MOFA's website, “The Basic View on the Sovereignty over the Senkaku Islands,” http://www.mofa.go.jp/region/asia-paci/senkaku/basic_view.html, accessed May 5, 2018.

armed.²¹⁸ The standoff was quickly defused and kept out of the bilateral negotiation as a result of the shared imperative in both capitals to conclude the treaty.²¹⁹ In October 1978, two months following the conclusion of the treaty, Deng Xiaoping visited Tokyo where he stated that the dispute should be settled by future generations in a way acceptable to both parties – suggesting an attempt to reconcile the different outlooks by agreeing to disagree.²²⁰ Deng’s policy line, later reframed as one of “shelving disputes and pursuing joint development,” formed China’s basic position in handling maritime disputes with its other neighbors in the subsequent decades – until it was challenged in the 2010s by hardliners, which I elaborate in Chapter 6.

The Diaoyu/Senkaku dispute remained a back-burner issue in the broad PRC-Japanese relations in the 1980s and 1990s, with one exception in 1992 when China enacted its Law on the Territorial Sea and Contiguous Zone. In this law, China explicitly includes the Diaoyu/Senkakus as part of its offshore territories.²²¹ In response to this law, Tokyo lodged official protests and openly denied that there had been any bilateral agreement to shelve the issue and even that there was a dispute surrounding the ownership of the Diaoyu/Senkakus.²²²

²¹⁸ Daniel Tretiak, “The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude,” *Asian Survey*, vol. 18, no. 12 (Dec. 1978), p. 1242; Austin, *China’s Ocean Frontier*, p. 78; David G. Muller, Jr., *China as a Maritime Power* (Boulder, CO: Westview Press Inc., 1983), p. 215.

²¹⁹ Tretiak, “The Sino-Japanese Treaty of 1978,” pp. 1236-1239; John Garver, *China’s Quest: The History of the Foreign Relations of the People’s Republic of China* (New York, NY: Oxford University Press, 2016), pp. 362-365.

²²⁰ Liselotte Odgaard, “Maritime Security in East Asia: Peaceful Coexistence and Active Defense in China’s Diaoyu/Senkaku Policy,” *Journal of Contemporary China*, vol. 26, no. 103, 2017, p.130.

²²¹ “Law of the People’s Republic of China on the Territorial Sea and the Contiguous Zone,” Feb. 25, 1992, http://www.npc.gov.cn/englishnpc/Law/2007-12/12/content_1383846.htm, accessed May 5, 2018.

²²² Kazuyoshi Nishikura, “Reexamination of the Process of the Enactment of China’s Territorial Law – Internal Conflict over the Specification of the Senkaku Islands,” translated by the Japan Institute of International Affairs (JIIA), Mar. 2017, https://www2.jiia.or.jp/en/pdf/digital_library/world/170331_nishikura.pdf, accessed May 7, 2018; Reinhard Drifte, “The Japan-China Confrontation over the Senkaku/Diaoyu Islands – Between ‘shelving’ and ‘dispute escalation,’” *The Asia-Pacific Journal | Japan Focus*, vol. 12, issue, 30., no. 3, Jul. 27, 2014, p. 12.

Maritime Boundary Disputes

Both China and Japan ratified UNCLOS in 1996. The two countries' disputes over their maritime boundaries in the East China Sea essentially involve disagreement in three dimensions: EEZ, the continental shelf, and the use of disputed islands as basepoints for such claims.²²³

The first dimension concerns the question where the EEZ boundary should be drawn. China insists a 200-nautical mile EEZ. In 1998, Beijing enacted its Law on the Exclusive Economic Zone and the Continental Shelf, Article 2 of which states that China's EEZ extends to "200 nautical miles from the baselines from which the breadth of the territorial sea is measured."²²⁴ On the other hand, Japan, while claiming 200 nautical miles EEZ, contends that since the width of the East China Sea is less than 400 nautical miles, neither country can claim a full 200-nautical miles EEZ. On this basis, Japan proposed an equidistance line that roughly splits the East China Sea in half.²²⁵

The second dimension of disagreement is on where the continental shelf of the East China Sea ends. China invokes the principle of natural prolongation in determining the boundary of its continental shelf.²²⁶ In its submissions to the UN Commission on the Limits of the Continental Shelf (CLCS), China backs its position with geomorphologic data showing that its continental shelf terminates at the Okinawa Trough.²²⁷ Japan contends that the geographical feature of the

²²³ Mark J. Valencia, "The East China Sea Dispute: Context, Claims, Issues, and Possible Solutions," *Asian Perspective*, vol. 31, no. 1, 2007, pp. 127-167; Mark J. Valencia, "The East China Sea Disputes: History, Status, and Ways Forward," *Asian Perspective* 38 (2014), pp. 183-218. I draw on the two papers when categorizing the dimensions and reviewing relevant documents.

²²⁴ "Law on the Exclusive Economic Zone and the Continental Shelf of the People's Republic of China," June 26, 1998, http://www.npc.gov.cn/englishnpc/Law/2007-12/11/content_1383573.htm, accessed May 5, 2018.

²²⁵ MOFA, "Japan's Legal Position on the Development of Natural Resources in the East China Sea," Aug. 6, 2015, http://www.mofa.go.jp/a_o/c_m1/page3e_000358.html, accessed May 7, 2018; Smith, *Intimate Rivals*, p. 103; Gregory J. Moore, "'In Your Face': Domestic Politics, Nationalism, and 'Face' in the Sino-Japanese Island Dispute," *Asian Perspective*, 38 (2014), pp. 222-223. Valencia, "The East China Sea Dispute: Claims, Issues, and Possible Solutions," p. 142.

²²⁶ "Law on the Exclusive Economic Zone and the Continental Shelf of the People's Republic of China."

²²⁷ "Submission by the People's Republic of China Concerning the Outer Limits of the Continental Shelf beyond 200 Nautical Miles in Part of the East China Sea-Executive Summary" Dec. 14, 2012, http://www.un.org/depts/los/clcs_new/submissions_files/chn63_12/executive%20summary_EN.pdf, accessed May 7, 2018.

Okinawa Trough was only a minor gap of a single sea-bed and thus “cannot be interpreted as having any particular legal implication,”²²⁸ and thus the equidistance line should be used to demarcate the boundary of the continental shelf.²²⁹

Taking these two dimensions together, the complication here is that “the boundaries for the EEZ and continental shelf will not necessarily be the same.”²³⁰ The continental shelf boundary that China insists it possesses extends beyond 200 nautical miles, while its EEZ can be only up to 200 nautical miles. Japan, on the other hand, wants but one line – the equidistance line – for the boundaries of both EEZ and continental shelf.

An additional, less discussed dimension that can further complicate the disputes is the disagreement on baselines. UNCLOS makes offshore islands more attractive because coastal states can use them as basepoints to push maritime boundaries to the maximal extent. Some Japanese scholars argue that as Japanese territory, the Diaoyu/Senkaku Islands entitle Japan to a territorial sea, an EEZ and potentially an extended continental shelf.²³¹ While both China and Japan claim a territorial sea extending from the Diaoyu/Senkakus,²³² Tokyo’s use of the islands as basepoints to claim an EEZ and an extended continental shelf is unacceptable to Beijing.

²²⁸ MOFA, “Japan’s Legal Position on the Development of Natural Resources in the East China Sea.”

²²⁹ Valencia, “The East China Sea Disputes: History, Status, and Ways Forward,” p. 187.

²³⁰ *Ibid.*, p. 188.

²³¹ Masahiro Akiyama, “Geopolitical Considerations of the Senkaku Islands,” *Review of Island Studies*, Aug. 7, 2013, <https://www.spf.org/islandstudies/research/a00007.html>, accessed May 8, 2018, translated from “Senkaku Shoto ni kansuru chiseigaku teki kosatsu,” *Tosho Kenkyu Journal*, vol. 2, no. 1 (Oct. 2012), pp. 28-39, published by the OPRF Center for Island Studies.

²³² In 2012, in response to Japan’s purchase of three of the Diaoyu/Senkakus, Beijing released a list of geographical coordinates defining the baselines of the territorial sea surrounding the islands. *Statement of the Government of the People’s Republic of China on the Baselines of the Territorial Sea of Diaoyu Dao and Its Affiliated Islands*, Sept. 10, 2012, http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/DEPOSIT/chn_mzn89_2012_e.pdf, accessed Oct. 20, 2018.

The South China Sea

Like the East China Sea, the South China Sea entails both disputes on the sovereignty of offshore land features and on maritime boundaries. As part of the San Francisco Peace Treaty, Japan renounced its claims on the Spratlys and Paracels without designating any recipient(s) for the two island groups. This created the root of the disputes.

The Paracels, Spratlys, and Scarborough Shoal

China's first official statement regarding the South China Sea islands came in August 1951, when China's Premier Zhou Enlai issued a statement declaring PRC's sovereignty over the Paracels and Spratlys, as well as the Pratas and Macclesfield Bank.²³³

Both China and Vietnam claim sovereignty over the Paracels, which is located 150 nautical miles southeast of Hainan and 240 nautical miles from Da Nang and has traditionally been frequented by fishermen from both countries (Map 3.2).²³⁴ After the Japanese withdrawal, the PLAN controlled Woody Island in the northeast Amphitrite Group in 1950, which the KMT abandoned after its defeat in the Chinese Civil War. In the western Crescent Group, the French and Vietnamese force occupied Prattle Island by the mid-1950s. Following its 1958 Declaration on China's territorial sea, Beijing established a "Xisha, Nansha, and Zhongsha Islands Office" on Woody Island in March 1959 for the administration of the island groups it claimed in the South China Sea.²³⁵ From 1959, South Vietnam began to challenge the Chinese presence by sending

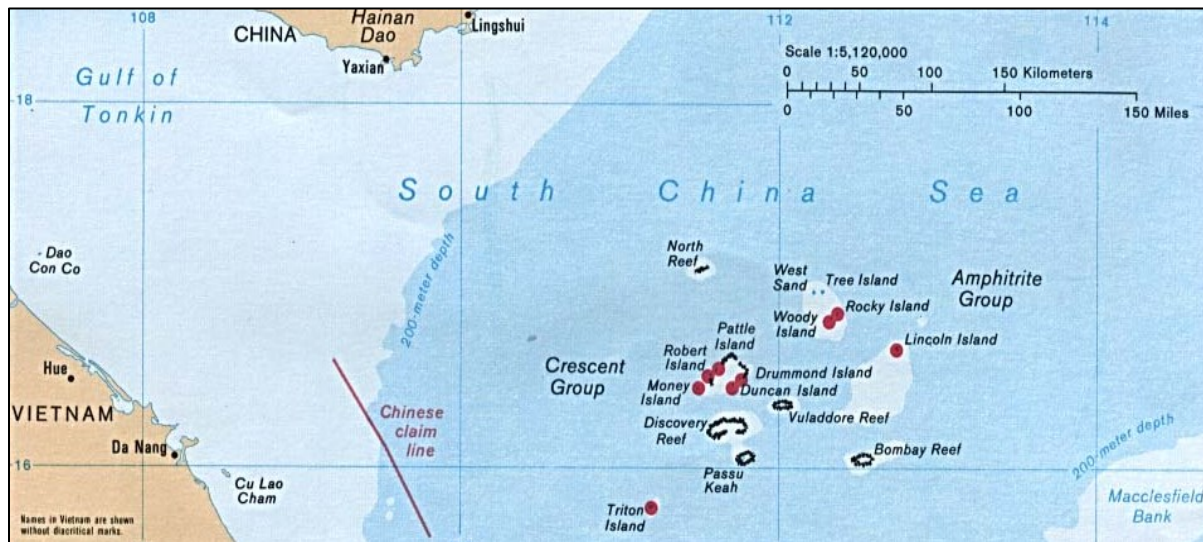
²³³ "On Aug. 15, 1951, Zhou Enlai Reiterated China's Sovereignty over the Spratly Islands" [1951年8月15日周恩来重申中国对南沙的主权], *People's Daily*, <http://cpc.people.com.cn/GB/64162/64165/68640/68655/4700961.html>, accessed June 9, 2018; Lu Ning, *Flashpoint Spratlys!* (Singapore: Dolphin Trade Press Pte Ltd, 1995), p. 28. The claims on the South China Sea by the PRC and Taiwan (ROC) are identical and both made in the name of the state of China.

²³⁴ Vietnam laid its claims to the Spratlys and Paracels in September 1951 at the San Francisco Peace conference. Muller, *China as a Maritime Power*, p. 82; Lu, *Flashpoint*, p. 41.

²³⁵ MFA, "Chinese Foreign Ministry's Memorandum on the Issue of Xisha and Nansha Islands" [中华人民共和国外交部发表关于西沙群岛、南沙群岛问题的备忘录], May 12, 1988, http://www.thesouthchinasea.org.cn/2016-06/28/c_52677.htm, accessed June 11, 2018; Austin, *China's Ocean Frontier*, p. 71.

naval vessels to the Paracels to arrest and evict Chinese fishermen operating in the area.²³⁶ Tensions continued to build throughout the 1960s as competitions for the island groups and maritime resources intensified.²³⁷ The 1974 naval clash in the Paracels resulted in China's control of the entire archipelago, which I elaborate in the next section on the role of the PLA.

Map 3.2 The Paracel Islands



Source: The University of Texas at Austin, Perry-Castaneda Library Map Collection.

Five parties aside from China lay competing claims to the Spratly Archipelago that consists of over 100 land features scattered in an area of approximately 410,000 square km (Map 3.3).²³⁸ Like China, Taiwan and Vietnam claim the Spratlys in their entirety based on historical discovery and usage. The Philippines claims what it calls the Kalayaan Island Group (KIG), which encompasses some notable land features in the Spratly archipelago including the Reed Bank, Mischief Reef, Itu Aba, Second Thomas Shoal, and Fiery Cross Reef.²³⁹ Malaysia also claims part of the features in

²³⁶ Fravel, *Strong Borders, Secure Nation*, p. 274.

²³⁷ Fravel, *Strong Borders, Secure Nation*, pp. 275-279; Lu, *Flashpoint*, pp. 76-78.

²³⁸ Central Intelligence Agency, "East & Southeast Asia: Spratly Islands," *The World Factbook*.

²³⁹ Mark E. Rosen, *Philippine Claims in the South China Sea: A Legal Analysis*, CNA Occasional Paper, Aug. 2014, https://www.cna.org/cna_files/pdf/iop-2014-u-008435.pdf, p. 2. Philippine's initial claim to the KIG came in 1956 as one of private ownership made by Tomas Cloma, a Filipino businessman who sailed to one of these islands and made the claim on the basis of discovery and occupation. Benito O. Lim, "Tempest Over the South China Sea: the Chinese

the southern Spratlys based on the argument that they fall within the Malaysian continental shelf boundary. Brunei stakes its claim on one reef short of occupation. Its extensive claims notwithstanding, the PRC, lacking naval power projection capabilities, could not establish a permanent physical presence in the Spratlys until in the 1980s, when all the islands permanently above the high-tide line were seized by other claimants in a growing competition for hydrocarbon and other marine resources, leaving only semi-submerged land features unoccupied.²⁴⁰

Map 3.3: The Spratly Islands



Source: adapted from Library of Congress, <https://www.loc.gov/item/95685289/>, accessed May 4, 2020.

Perspective of the Spratlys,” *Asian Studies* (36:2), 2000, p. 73; Peter Jaynul V. Vckung, “Planting the Flag in the Islands of Dispute,” National Historical Commission of the Philippines, Sept. 4, 2012, <http://nhcp.gov.ph/planting-the-flag-in-the-islands-of-dispute/>, accessed June 9, 2018.

²⁴⁰ The Chinese decision to establish its permanent physical presence in the Spratly came in 1987. At that time, Vietnam had controlled fifteen features in the Spratlys, the Philippines eight, Malaysia three, and Taiwan one. Taiwan maintained its garrison on Itu Aba (Taiping Island) since the 1950s, the Philippines began its island occupation in 1970, and Vietnam’s presence in the archipelago dated back to 1974. Lu, *Flashpoint*, p. 87; Fravel, *Strong Borders, Secure Nation*, pp. 287-288; Muller, *China as a Maritime Power*, p. 219.

In addition, China and Philippines have contested the sovereignty over Scarborough Shoal, which – along with Macclesfield Ban – is subsumed under what China calls “Zhongsha Islands.” During the first three decades of the Cold War, Scarborough Shoal remained largely below the radar in the South China Sea disputes. In 1983, China renamed the shoal Huangyan Islands. Bilateral tensions began to rise in the 1990s following Philippine’s declaration of its 200 nautical miles EEZ, inside which the Scarborough Shoal is located. The first open friction between Beijing and Manila over the shoal occurred in April 1997 after two Philippine Congressmen planted a Filipino flag on the atoll and Philippine warships blocked Chinese fishermen’s access to the area.²⁴¹

Maritime Boundary Disputes

China and the other five disputants to the Spratlys also claim overlapping EEZs and/or continental shelves in the South China Sea waters. Moreover, Indonesia, though not a claimant to the islands, also claims an EEZ that overlaps with China’s U-shaped dash line north and east of its Natuna Island, an area reportedly rich in fish and hydrocarbon resources.²⁴² For decades, China has been reluctant to officially clarify the legal grounds on which it bases its boundary claims in the South China Sea. In 1947, the KMT government published a map in which the South China Sea was graphed as enclosed by a U-shape dashed line comprised of nine major segments and two minor ones near the Natuna Island.²⁴³ The U-shaped line has thenceforth presented “an unagreed,

²⁴¹ François-Xavier Bonnet, *Geopolitics of Scarborough Shoal* (Bangkok, Thailand: Research Institute on Contemporary Southeast Asia), IRASEC’s Discussion Paper #14, Nov. 2012, pp. 19-20; Republic of the Philippines House of Representatives, “Solon to government: Seek international support for Philippine position on Scarborough shoal,” Oct. 6, 2012, <http://www.congress.gov.ph/press/details.php?pressid=6490>, accessed July 4, 2018; Minxin Pei [裴敏欣], “China-Philippine standoff in the Scarborough Shoal” [中菲黄岩岛对峙], BBC, May 17, 2012, https://www.bbc.com/zhongwen/simp/focus_on_china/2012/05/120514_cr_southchinasea, accessed May 1, 2020.

²⁴² Austin, *China’s Ocean Frontier*, p. 219.

²⁴³ The reduction of the eleven-dash line in the 1947 map to today’s nine-dash line is reported an outcome of PRC’s transfer of the White Dragon Tail Island to Vietnam. Beijing ceded the island and reduced the dash line in a secret bilateral agreement signed in 1957. Wei Pu, “How the Eleven-Dash Line Became a Nine-Dash Line, and Other Stories,” RFA Jul. 16, 2015, <http://www.rfa.org/english/commentaries/line-07162015121333.html>. Information from other

indefinite or uncertain boundary.”²⁴⁴ Specifically, it remains unclear “whether China claims sovereignty to the entire area, above and below sea level, within the historic line or only the islands inside the line.”²⁴⁵

China’s only settled maritime disputes are the sovereignty over the White Dragon Tail Island and the boundary in the Tonkin Gulf, both with Vietnam. China transferred the island to North Vietnam in 1957, reportedly in the purpose of aiding the latter in its conflict with the United States.²⁴⁶ Hanoi broached negotiations on a maritime boundary in the Gulf in 1973, which soon deadlocked on how the division line should be drawn.²⁴⁷ Also at stake in the dispute were the rich fishery resources. Before the talk could make any progress, Vietnam invaded Cambodia in 1978, which led to China’s war with Vietnam in 1979 and disrupted the negotiation.

Negotiations resumed in 1992 after Beijing and Hanoi normalized their relations. The talk was meticulously separated from the more contentious sovereignty disputes on the Spratlys and Paracels to allow the parties to pick the low-hanging fruit first and foster a political atmosphere of good will.²⁴⁸ The two sides reached an agreement in 2000 to delimit their maritime boundary,

sources states that the reduction of eleven-dash line into nine-dash line occurred as a separate event in 1953, other than along with the transfer of the island in 1957. See, for example, “What is the ‘Nine-Dash Line’? It Came into Existence in this way...” [何谓“九段线”，它是这么来的...], *Liberty Times Net* [自由时报], Jul. 12, 2016, <http://news.ltn.com.tw/news/world/breakingnews/1760417>, accessed Dec. 2, 2017.

²⁴⁴ Austin, *China’s Ocean Frontier*, p. 207.

²⁴⁵ Scholars have different interpretations of Beijing’s reluctance to clarify the U-shape line. Some note that it is likely out of the concern that once the PRC specifies its claim, it will have to “defend it in the context of current international law, and that a claim to most of the South China Sea as historic waters will be very difficult to defend.” Other scholars argue that the ambiguity may be used by Beijing as a negotiating strategy. As of the mid-1990s, the observed prevailing interpretation among PRC experts, though short of official endorsement, was that inside the dashed line China should have sovereign rights to exploit and conserve the marine resources as well as sovereignty over all the land features. Mark Valencia, *China and the South China Sea Disputes* (Oxford; New York: Oxford University Press for the International Institute for Strategic Studies, 1995), p. 13; Michael Richardson, *Energy and Geopolitics in the South China Sea: Implications for ASEAN and Its Dialogue Partners* (Singapore: Institute of Southeast Asian Studies, ASEAN Studies Center, 2009), p. 16; Austin, *China’s Ocean Frontier*, pp. 209-210.

²⁴⁶ Fravel, *Strong Borders, Secure Nation*, p. 62.

²⁴⁷ Valencia, *China and the South China Sea Disputes*, p. 34; Austin, *China’s Ocean Frontier*, pp. 216-219.

²⁴⁸ Tang Jiaxuan [唐家璇], *Heavy Storm and Gentle Breeze* [劲雨煦风] (Beijing: Shijie zhishi chubanshe, 2009), pp. 239-242.

following the conclusion of a land border treaty in 1999. According to this agreement, China was entitled to 46.77 percent of the Gulf area and Vietnam to the remainder.²⁴⁹

Yellow Sea

The Yellow Sea is a gulf bounded on the west and northwest by China and on the east and northeast by the Korean Peninsula. Unlike the East and South China Seas, the Yellow Sea involves only an unsettled maritime boundary and related jurisdictions over marine resources.

The distance between China and the Korean Peninsula across the Yellow Sea is less than 400 nautical miles, creating overlapping areas as China and the two Koreas claim their respective EEZs and continental shelves.²⁵⁰ The key disagreement between China and South Korea is the method of how the boundary should be delimited. China insists on the ‘equitable principle’ that factors in the natural prolongation of land territory, while South Korea maintains the equidistance line be a basis for the delimitation.²⁵¹ The overlapping area between China and South Korea also includes a submerged reef, the Socotra (Suyan in Chinese and Ieodo in Korean). Since the reef cannot be claimed as territory under UNCLOS, it does not constitute a territorial dispute between the two countries but one associated with their unsettled boundary.²⁵²

²⁴⁹ Zhu Kang [祝康], “Boundary Delimitation in the Gulf of Tonkin Not Involves Islands Sovereignty, Bailongwei Island Belongs to Vietnam” [北部湾划界不涉及岛屿主权, 白龙尾岛划归越南], *International Herald* [国际先驱导报], <http://news.sina.com.cn/c/2004-08-05/14403937262.shtml>, accessed June 15, 2018.

²⁵⁰ China and North Korea delimited the boundary of their territorial seas in the 1960s but still need to delimit the boundary of their EEZ and continental shelves in the northern part of the Yellow Sea. Huaigao Qi, “Maritime Delimitation Between China and North Korea in the North Yellow Sea,” *Ocean Development & International Law*, issue 51, no. 4, 2020, pp. 358-385.

²⁵¹ Seokwoo Lee and Hee Eun Lee, ‘South Korea,’ in Simon Chesterman, Hisashi Owada and Ben Saul, ed., *Oxford Handbook of International Law in Asia and the Pacific* (New York, NY: Oxford University Press, 2019), p. 358; Suk Kyoon Kim, ‘Maritime Boundary Negotiations between China and Korea: The Factors at Stake,’ *The International Journal of Marine and Coastal Law* 32 (2017), p. 76.

²⁵² Terence Roehrig, ‘South Korea-China maritime disputes: towards a solution,’ East Asia Forum, Nov. 27, 2012, <http://www.eastasiaforum.org/2012/11/27/south-korea-china-maritime-disputes-toward-a-solution/>; ‘Why China Would Compromise in the Yellow Sea,’ *Stratfor Analysis*, Dec. 2015.

Although the maritime dispute between China and South Korea is in essence minor in comparison with the East and South China Sea, fishery disputes and violent clashes between Chinese fishermen and South Korea's Coast Guard have become a pronounced problem between the two countries since the implementation of the PRC-ROC fishery agreement.²⁵³

CHINA'S MARITIME DEFENSE STRATEGY AND THE ROLE OF THE PLA IN THE DISPUTES

With a maritime periphery replete with unresolved disputes, near-seas defense has been and will remain a top priority in China's maritime security strategy. Meanwhile, China has incrementally moved away from a relatively navy-centric approach toward a multi-agent, division-of-labor method in safeguarding its maritime sovereignty and interests. While it used to be the major fighting force in those disputes in the 20th century, the PLA in the 21st century has been increasingly conceived as the backup force in China's "military-law enforcement-civilian joint defense" concept that puts nonmilitary actors on the first line. This section examines China's evolving maritime defense strategy and the role of the PLA.

From Coastal Defense to Near-Seas Defense: The PLA as the Major Fighting Force

"Coast defense" remained China's maritime security strategy since 1949 till the early 1980s.²⁵⁴ During this period, aside from fending off small-scale harassment of the coastal areas by the Taiwan-based Kuomintang (KMT) forces, the Chinese navy was almost put on the backseat in the national defense strategy as China saw its gravest security threat come from Soviet Union. Even in the early 1980s when more resources were invested in building naval capabilities, the central

²⁵³ The unsettled maritime boundary is also a source of fishery frictions between China and North Korea since the 1990s, although nearly all publicized fishery frictions are nonfatal. Such frictions typically involve the detention of Chinese fishermen by armed North Korean personnel demanding payments for release. A China-DPRK fishery agreement was signed in 1959 but not renewed after expiration in 1977. Qi, "Maritime Delimitation Between China and North Korea in the North Yellow Sea," p. 362.

²⁵⁴ The coast defense strategy is defined as "the defense of up to a dozen or so nautical miles (nm) of waters that extend seaward from China's coastline and the land territory of about 300 kilometers (km) that stretches inland from the coastline." Li Nan, "The Evolution of China's Naval Strategy and Capabilities: from 'Near Coast' and 'Near Seas' to 'Far Seas,'" *Asian Security*, 5:2, 2009, p. 146.

aim was to counter a potential Soviet amphibious invasion from China's coastal waters. Consequently, the navy maintained a miniscule capability, comprised of mostly small, ill-equipped naval vessels with "a limited radius of operations and poor sustainability."²⁵⁵

That said, the PLA Navy (PLAN) was arguably the major, if not the sole, fighting force that Beijing could employ in this period to assert its maritime claims. The 1974 naval clash in the Paracels, initiated in November 1973 when a patrol vessel from South Vietnam (RVN) rammed a Chinese fishing boat and took the Chinese fishermen into custody in Da Nang, resulted in China's control of the entire archipelago.²⁵⁶ China initially protested in January 1974 and warned against further RVN infringement. Saigon responded by sending a destroyer escort ship to the Paracels, shelling the Chinese fishing vessels while attempting to regain control of the islands in the Crescent Group.²⁵⁷ China then dispatched two antisubmarine chasers on January 16. Both sides continued to send reinforcements into the Paracels. The PLA flotilla was much smaller and overpowered by the RVN vessels, and was under a clear order from Beijing to adhere to "persuasion," and not to "fire the first shot" but to "only return fire if attacked." The first clash erupted on January 19 after the RVN vessels launched an assault on the Chinese ships in an attempt to eject the latter from the Crescent Group. The PLAN returned fire, sinking one RVN minesweeper and seriously damaging

²⁵⁵ Ibid., pp.146-149.

²⁵⁶ There is a rich body of scholarly studies examining this battle in detail. See, for example, Toshi Yoshihara, "The 1974 Paracel Sea Battle: A Campaign Appraisal," *Naval War College Review*, vol. 6, no. 2, Spring 2016, pp. 41-65; Fravel, *Strong Borders, Secure Nation*, pp. 272-287; Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (New Haven, CT: Yale University Press, 2014), pp. 70-78; Lu, *Flashpoint*, pp. 74-86; Marwyn S.amuels, *Contest for the South China Sea* (New York, Ny: Methuen, 1982), pp.98-117; Chi-kin Lo, *China's Policy towards Territorial Disputes – The Case of the South China Sea Islands* (London, UK: Routledge, 1988), pp. 53-83.

²⁵⁷ Fravel, *Strong Borders, Secure Nation*, p. 280; Lu, *Flashpoint*, pp. 77.

several Vietnamese ships.²⁵⁸ After this engagement, Beijing decided to take advantage of the momentum created by the victory to drive the remaining RVN forces out of the Crescent Group.²⁵⁹

As China saw its continental frontier increasingly stabilized and the security threat from the Soviet Union declined in the 1980s, the “main strategic direction” of the PLA’s planning and modernization gradually shifted to preparing for fighting limited, local wars on the country’s maritime periphery.²⁶⁰ Marking a fundamental departure from Mao’s coastal defense strategy, Deng Xiaoping and his followers in the military began to articulate in the late 1970s the concept of “near-seas defense.”²⁶¹ Near seas are defined by senior PLA leaders as encompassing the first island chain stretching from Kurile Islands through the Islands of Japan, Ryukyu Archipelago, Taiwan, the Philippines to Borneo Island, the Yellow Sea, the East China Sea, the South China Sea, and waters adjacent to the outer rims of the first island chain and the north Pacific.²⁶² Under this definition, China’s maritime defense perimeter was extended from coastal waters out to between 200 to 400 nautical miles.²⁶³ All the contested offshore land features fall within this

²⁵⁸ Lu, *Flashpoint*, pp. 78-82; Austin, *China’s Ocean Frontier*, pp. 73-74; Fravel, *Strong Borders, Secure Nation*, pp. 281-285.

²⁵⁹ Scholars disagree on whether China fought the battle as a reactive, self-defense move, or as a “strategic set up” to evict the Vietnamese from the Paracels. Fravel and Lu contend that Beijing initially did not intend to capture the entire Paracel Islands but only changed its military objective after the January 19th victory. Some earlier studies posit that the clash is a strategy set up. For example, David Muller argues that the Paracels battle “was in fact an offensive operation designed to round out the Chinese position in the archipelago...with a successful attempt to lure the Vietnamese into initiating military action in the islands.” Fravel, *Strong Borders, Secure Nation*, p. 282; Lu, *Flashpoint*, p. 82; Muller, *China as a Maritime Power*, p. 154.

²⁶⁰ Frank M. Finkelstein, “China’s National Military Strategy: An Overview of the ‘Military Strategic Guidelines,’” Michael McDevitt, “The Strategic and Operational Context Driving PLA Navy Building,” both in Roy Kamphausen and Andrew Scobell, ed., *Rightsizing the People’s Liberation Army: Exploring the Contours of China’s Military* (Carlisle, PA: Strategic Studies Institute U.S. Army War College, 2007), p. 93, pp. 482-488; Paul H. B. Godwin, “From Continent to Periphery: PLA Doctrine, Strategy and Capabilities towards 2000,” in David Shambaugh and Richard H. Yang, ed., *China’s Military in Transition* (New York: Oxford University Press, 1997), pp. 200-223.

²⁶¹ The concept was first proposed by Deng in July 1979 at an expanded conference of the PLAN Party Committee Standing Committee, and in 1980s forcefully advocated and fleshed out by Liu Huaqing, Li, “The Evolution of China’s Naval Strategy and Capabilities,” p. 150; Information Office of the State Council of PRC, “China’s National Defense in 2008” (the White Paper), Jan. 20, 2009; Tai Ming Cheung, *Growth of Chinese Naval Power: Priorities, Goals, Missions, and Regional Implications* (Singapore: Institute of Southeast Asian Studies, 1990), p.5.

²⁶² Liu Huaqing, *Memoirs of Liu Huaqing* [刘华清回忆录] (Beijing: PLA Press, 2004), pp. 434-438.

²⁶³ Godwin, “From Continent to Periphery,” p. 205.

defense boundary, which consequently increased the salience of these disputes in China's maritime security strategy. A survey of authoritative PLA writings from 1987 to 2005 reveals that most analyses of maritime security published by PLAN or PLA sources underscore the prominence of sovereignty disputes over the offshore land features.²⁶⁴

With fundamental changes underway in China's assessment of its maritime interests and defense strategy in the context of the evolving global ocean regime, Beijing started to establish its military presence in the Spratlys – driven by a growing sense of urgency to curtail Vietnamese encroachment and reverse China's disadvantaged position in the disputes. Tensions rose between Beijing and Hanoi when the former decided in 1987 to construct an oceanic observation station on Fiery Cross Reef. The construction, initiated in January 1988, set off a race of land seizure and a series of confrontations between Vietnamese and Chinese warships in the Spratlys. In March, a confrontation on Johns Reef escalated into a naval skirmish. The battle lasted less than one hour and ended with all the Vietnamese vessels being sunk or damaged by the PLAN.²⁶⁵ While it remains unclear who fired the first shot, according to some Chinese sources, the local PLAN force fired on the Vietnamese vessels before obtaining authorization from the General Staff Department (GSD), and for this reason, the Central Military Committee (CMC) – the supreme command of the Chinese military) – rejected a request from the local PLAN unit to launch an assault to seize Vietnam-occupied features following the combat.²⁶⁶ Newly disclosed sources appear to confirm this account. According to a recount by Chen Weiwen, the local PLA commander overseeing this battle, the basic guideline Beijing issued to the PLA regarding the “struggles over the Spratly”

²⁶⁴ M. Taylor Fravel and Alexander Liebman, “Beyond the Moat: The PLAN's Evolving Interests and Potential Influence,” in Phillip C. Saunders, Christopher Yung, Michael Swaine and Andrew Nien-Dzu Yang, ed., *The Chinese Navy: Expanding Capabilities, Evolving Roles* (Washington DC: National Defense University, 2011), p. 44

²⁶⁵ For a detailed account of the 1988 Johnson Reef battle, see, for example, John W. Garver, “China's Push through the South China Sea: The Interaction of Bureaucratic and National Interests,” *China Quarterly*, no. 132, Dec. 1992, pp. 1008-1017; Fravel, *Strong Borders, Secure Nation*, pp. 287-295; Lu, *Flashpoint*, p.87-93.

²⁶⁶ Lu, *The Dynamics of Foreign Policy Decisionmaking in China*, pp. 140-141.

expressly stated: “Don’t provoke. Don’t fire the first shot. Don’t look weak. Don’t suffer loss. Don’t lose face. If the enemy occupies our islands, forcefully repel him.”²⁶⁷ After the battle broke out, Chen received 26 telegraphs from his supervisory units ordering the frontline soldiers to refrain from behavior that could further escalate the situation.²⁶⁸

China’s seizure of Mischief Reef in 1994 came in the context of an intensified competition for offshore hydrocarbon resources in the region.²⁶⁹ It was not until February 1995 that the Philippines became aware of the PLA construction on this reef. Tensions between China and the Philippines over the Mischief Reef were quickly contained before spiraling into a military clash. Although Manila made a military gesture by beefing up its garrison on the KIG, diplomacy was “the only realistic option available to the Philippines.” ASEAN as a group also stepped in by raising the issue with China in April.²⁷⁰ Some scholars suggested that the PLA might have seized the land feature without authorization from the Chinese central government, as the Chinese Foreign Ministry responded to Manila’s protest by stating that Beijing “had learned from local fishing administrative departments” about the facilities set up on Mischief Reef to provide shelter for the Chinese operating in the area.²⁷¹ The Politburo Standing Committee, China’s highest decision-making body, was also reportedly caught off guard by the seizure.²⁷²

²⁶⁷ Chen Weiwen (陈伟文), “Spratly Naval Combat Commander Recounts: Once We Took Action, They Backed Down” [南沙海战指挥官忆：我们一动手，他们就怂了], reprinted on *Takungpao* [大公网], May 16, 2014, <http://news.takungpao.com/history/redu/2014-05/2479913.html>, accessed Sept. 29, 2018.

²⁶⁸ Ren Ran (荏苒), “The 30th Anniversary of the Spratly Battle, China Lost the Best Opportunity to Take Back the Spratlys” [南沙海战 30 周年祭，中国痛失收复南沙最佳机会], DW News [多维新闻], March 16, 2018, <https://www.dwnews.com/%E4%B8%AD%E5%9B%BD/60046389/%E5%8D%97%E6%B2%99%E6%B5%B7%E6%88%9830%E5%91%A8%E5%B9%B4%E7%A5%AD%E4%B8%AD%E5%9B%BD%E7%97%9B%E5%A4%B1%E6%94%B6%E5%A4%8D%E5%8D%97%E6%B2%99%E6%9C%80%E4%BD%B3%E6%9C%BA%E4%B9%A9>, accessed Sept. 29, 2018.

²⁶⁹ Lu, *Flashpoint*, pp. 58-73.

²⁷⁰ *Ibid.*, p. 97.

²⁷¹ Austin, *China’s Ocean Frontier*, p. 88.

²⁷² Fravel, *Strong Borders, Secure Nation*, p. 297.

For much of the Cold War era, the PLAN remained essentially what Geoffrey Till calls a “navy as the coast guard” that is “primarily designed, planned, prepared and constructed to protect and enforce the national rights, as conferred by the 1982 United Nations Law of the Sea Convention, within the 200-mile limit of national [economic] waters.”²⁷³ When UNCLOS came into effect, Chinese naval strategists tended to see it as “increasing the scope of China’s sovereignty and thus the maritime area to be administered and secured from external threats.”²⁷⁴ This circumstance, they argued, required that the PLA now must not only prepare for wartime tasks of defeating foreign aggression from the sea and safeguarding the country’s land territories, but also shoulder peacetime responsibilities of protecting three million square kilometers of “maritime national territory” that incorporates the Chinese EEZ and continental shelf.²⁷⁵ In addition, the PLAN is also expected to protect China’s sea lines of communication (SLOC) and conduct strategic nuclear deterrence.²⁷⁶ These strategic tasks presented an impetus for transforming the Chinese navy into a strategic service that possesses more substantial naval capabilities and can operate independently within a much larger geographical boundary than what was mandated by coastal defense.²⁷⁷

As the PLA put more emphasis on building technology-intensive fighting capabilities and preparing for a Taiwan scenario throughout the 1990s, safeguarding maritime territories and jurisdictional waters in the near seas became gradually conceived as a mission area of shared responsibilities between the PLA and nonmilitary state actors. In its 2000 Defense White Paper, China for the first time explicitly described its frontier defense as being run on “a joint military-

²⁷³ Geoffrey Till, *Seapower: A Guide for the Twenty-First Century* (New York, NY: Routledge, 2009), 2nd edition, p. 317.

²⁷⁴ Fravel and Liebman, “Beyond the Moat,” p. 57.

²⁷⁵ Fravel and Liebman, “Beyond the Moat,” pp. 57-59; Daniel M. Hartnett and Frederic Vellucci, “Toward a Maritime Security Strategy: An Analysis of Chinese Views Since the Early 1990s,” Saunders et al, ed., *The Chinese Navy*, pp. 98-99.

²⁷⁶ Liu, *Memoirs of Liu Huaqing*, p. 438.

²⁷⁷ Li, “The Evolution of China’s Naval Strategy and Capabilities,” p. 150.

civilian land and sea border management system, headed by the military and with a sharing of responsibilities between the military and the civilian authorities.”²⁷⁸ This statement was corroborated by a report released in 2013 by the National Institute for Security Studies (NIDS) under Japan’s Defense Ministry, which noted the shift of maritime law enforcement responsibilities from the PLAN to MLE agencies began in 2001.²⁷⁹

Near-Seas Defense, Far-Seas Protection: The PLA on the Second Line of Maritime Disputes

China’s growing reliance on SLOCs for energy imports and goods exports in the early 2000s created a strong incentive for Beijing to develop naval capabilities to protect its strategic waterways that lie beyond China’s territorial borders.²⁸⁰ Moreover, critical naval chokepoints along China’s major maritime routes including the Hormuz and Malacca Straits highlight further still the country’s strategic vulnerability to a potential disruption of energy supply due to piracy, terrorism, or a blockade by another state such as the US, Japan, or even India.²⁸¹

Concerns over China’s SLOC security and expanding overseas interests stimulated Beijing’s reassessment of the role and missions of the PLA. In a speech delivered at an enlarged meeting of the CMC in 2004, Hu laid out four “new historic missions” that the PLA is expected to shoulder “in the new stage of the new century.” Of the four tasks, the most significant one in terms of operational doctrine and strategic planning is the mandate for the PLA to “provide a powerful strategic support for safeguarding China’s national interest.”²⁸² According to the speech, sea, space, and cyberspace had become important domains of China’s national security as the country’s

²⁷⁸ Information Office of the State Council of PRC, “China’s National Defense in 2000,” Oct. 2000.

²⁷⁹ National Institute for Defense Studies (NIDS), *NIDS China Security Report 2013* (Tokyo: National Institute for Defense Studies, Japan, 2013), p. 31.

²⁸⁰ US Office of Naval Intelligence (ONI), *The PLA Navy: New Capabilities and Missions for the 21st Century*, 2015, p.11.

²⁸¹ Ian Storey, “China’s ‘Malacca Dilemma,’ *China Brief*, vol. 6, issue 8, April 12, 2006, <https://jamestown.org/program/chinas-malacca-dilemma/>, accessed Sept. 26, 2018.

²⁸² David Lai and Roy Kamphausen, “Introduction” in Roy Kamphausen, David Lai and Travis Tanner, ed., *Assessing the People’s Liberation Army in the Hu Jintao Era* (Carlisle, PA: US Army War College, 2014), pp. 2-3.

security interests gradually went beyond the scope of its own territorial land, seas and airspace; therefore, the PLA “must broaden its definition of national security” to include safeguarding China’s interests in these new domains.²⁸³ In the maritime domain specifically, such a transition requires the PLA to make more investment to build blue-water capabilities to conduct low-intensity and noncombatant operations in far-flung regions. Reflecting this shift in its definition of national security interests, China’s 2004 Defense White Paper explicitly prioritized resource allocation to the PLA Navy (along with the Air Force and the Second Artillery).²⁸⁴

As the PLAN aspired to build greater power projection capabilities, sovereignty enforcement responsibilities in the near seas were incrementally spun off to MLE agencies. Since 2005, China “has rarely employed naval vessels as its frontline response to maritime territorial disputes, preferring to keep PLAN force in the background roles,” and in that stead, has employed MLE agencies as the first-response frontline units for maritime disputes and contingencies.²⁸⁵ The 2013 NIDS China Security Report provides a similar observation that since 2005 most interruptions against foreign military activities in China’s EEZ have been conducted by MLE agencies, not the PLAN.²⁸⁶ As I elaborate in Chapter 4, China’s maritime law enforcement forces also successfully capitalized on the Sino-Japanese offshore gas field disputes in the mid-2000s and lobbied the central government to give a greenlight to regularize patrols in the East China Sea. Writings by Chinese scholars at the time also began to float the idea that the civilian law enforcement forces should be designated a greater role in safeguarding the country’s maritime claims, based on the rationale that employing lightly armed, civilian-nature law enforcement ships at the forefront

²⁸³ Cited by Daniel M. Hartnett, “The ‘New Historic Missions:’ Reflections on Hu Jintao’s Military Legacy,” Kamphausen, Lai and Tanner, ed., *Assessing the People’s Liberation Army in the Hu Jintao Era*, pp. 48-49.

²⁸⁴ Information Office of the State Council of PRC, “China’s National Defense in 2004,” Dec. 2004.

²⁸⁵ Alexander Chieh-cheng Huang, “The PLA and Near Seas Maritime Sovereignty Disputes,” in Andrew Scobell, Arthur S. Ding, Phillip C. Saunders, and Scott W. Harold, ed., *The People’s Liberation Army and Contingency Planning in China* (Washington DC: National Defense University Press, 2015), p. 291.

²⁸⁶ NIDS, *NIDS China Security Report 2013*, p. 31.

lowers the risk of a direct confrontation between the PLAN and foreign vessels, thus reducing the risk of escalation and sustaining a stable peripheral environment conducive to China's continuous economic development.²⁸⁷

The trend of moving toward a division of labor between the PLA and MLE agencies became clearer in China's defense documents coming out at the time. Discussing the responsibilities sharing between the military and the local authorities," the 2006 Defense White Paper states,

The PLA is the main force for defending China's borders and coasts...The border public security force is tasked with safeguarding security and maintaining social order in border and coastal areas...Since China launched its reform and opening-up program, the state has consolidated border and coastal law-enforcement functions in organizations responsible for public security, customs, inspection and quarantine, maritime surveillance, fisheries administration, marine affairs and environmental protection.²⁸⁸

The PLAN's move into the open sea is further facilitated by the improvement in the cross-Taiwan Strait relationship as well as the continued vulnerability of China's SLOCs to transnational threats. Following his victory in Taiwan's 2008 presidential election, Ma Ying-jeou, the KMT candidate, took steps to reconcile with Beijing. While maintaining a robust anti-access/area-denial (A2/AD) capability and deterring Taiwan from moving toward de jure independence remain one of the PLA's core missions, the great reduction in cross-strait tensions following Ma's inauguration substantially freed up the PLA's hands to "move beyond Taiwan" and meet the "new but limited requirements for protection of the sea lanes...humanitarian assistance/disaster relief, and expanded naval diplomacy."²⁸⁹ In 2008, the PLAN dispatched its anti-piracy fleet to the Gulf

²⁸⁷ He Zhonglong, et al., *A Study on Establishing China's Coast Guard* [中国海岸警卫队组建研究], Hai Yang Chu Ban She [北京: 海洋出版社], 2007, pp. 65-71.

²⁸⁸ Information Office of the State Council of PRC, "China's National Defense in 2006," Dec. 2006.

²⁸⁹ David Lai and Marc Miller, "Introduction," in Roy Kamphausen, David Lai and Andrew Scobell, ed., *Beyond the Strait: PLA Missions Other Than Taiwan* (Carlisle, PA: Strategic Studies Institute, US Army War College, 2009), pp. 13-14; Andrew S. Erickson, 'Chinese Sea Power in Action: The Counterpiracy Mission in the Gulf of Aden and

of Aden to tackle international piracy that posed a constant threat to Chinese ships in the region, marking the first time in China's modern history when the PLAN forces were "deployed operationally beyond its immediate maritime periphery."²⁹⁰ In its 2008 Defense White Paper released in early 2009, Beijing uttered for the first time a requirement for the PLA to conduct military operations other than war (MOOTW) such as tasks of counter-terrorism, search and rescue, and international peacekeeping.²⁹¹

This trend, as it continues, has led to the recognition among China's leaders that the PLAN must transform its focus from a single point on near-seas defense to a combination that also incorporates far-seas protection. The mandate for naval and overall maritime transformation was made clear in the 2015 Defense White Paper:

[T]he PLA Navy will gradually shift its focus from 'offshore waters defense' to the combination of 'offshore waters defense' with 'open seas protection,' and build a combined, multi-functional and efficient marine combat force structure...The traditional mentality that land outweighs sea must be abandoned...It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests, safeguard its national sovereignty and maritime rights and interests, protect the security of strategic SLOCs and overseas interests, and participate in international maritime cooperation, so as to provide strategic support for building itself into a maritime power.²⁹²

With a broader definition of national interest and the corresponding need for the PLAN to perform a wider range of maritime security functions, the division of labor between the PLAN and

Beyond," Roy Kamphausen, David Lai and Andrew Scobell, ed., *The PLA at Home and Abroad: Assessing the Operational Capabilities of China's Military* (Carlisle, PA: Strategic Studies Institute, US Army War College, 2010), p. 332; Eric A. McVadon, "China's Navy Today: Looking toward Blue Water," in Andrew S. Erickson, Lyle J. Goldstein and Carnes Lord, ed., *China Goes to Sea: Maritime Transformation in Comparative Historical Perspective* (Annapolis, MD: Naval Institute Press, 2009), pp. 375-376.

²⁹⁰ For a detailed analysis on China's counter-piracy operations in the Gulf of Aden and its implications for the PLAN's evolving mission scope, see, Erickson, "Chinese Sea Power in Action," pp. 295-376.

²⁹¹ Ministry of National Defense of PRC, "China's National Defense in 2008," Jan. 2009.

²⁹² Ministry of National Defense of PRC, "China's Military Strategy," May 2015.

the MLE forces also became increasingly clear with respect to “who should be responsible for what,” leading to a greater functional bifurcation between the navy and the MLE agencies.²⁹³ A comparison of how the relations between the PLA and its civilian counterparts are described in the defense white papers is revealing on this score. While the 2010 White Paper still describes the responsibility sharing system featuring “the PLA as the mainstay, the coordination and cooperation of other relevant forces, and the extensive participation of the militia, the reserve forces and the people in the border and coastal areas,”²⁹⁴ the 2013 White Paper unequivocally states that the PLAN is expected to play a supporting role in safeguarding maritime rights and interests in peacetime: “[T]he PLAN provides security support for China’s maritime law enforcement, fisheries, and oil and gas exploitation. It has established mechanisms to coordinate and cooperate with law-enforcement organs of marine surveillance and fishery administration, as well as a joint military-police-civilian defense mechanism.”²⁹⁵

As Beijing adopted the approach of putting “naval forces on the second line, and coast guard on the first line,”²⁹⁶ the PLA’s involvement in maritime disputes became secondary and indirect, conceding the primary and direct role to its MLE partners.²⁹⁷ As Taylor Fravel noted, “China has not sought to actively defend its claims through use of its armed forces, especially the PLAN” but instead used the navy “largely through general displays of presence” to signal resolve and

²⁹³ Lyle J. Goldstein, “Improving Chinese Maritime Enforcement Capabilities: Challenges and Opportunities,” in Andrew S. Erickson, Lyle J. Goldstein, and Nan Li, ed., *China, the United States, and 21st Century Sea Power: Defining a Maritime Security Partnership* (Annapolis, MD: Naval Institute Press, 2010), p. 142. Goldstein draws on Geoffrey Till’s navy-coast guard functional overlap/bifurcation spectrum when analyzing the Chinese case. For Till’s original spectrum and the four models measuring the degree of naval involvement in ocean management, see, Till, *Seapower*, p. 317.

²⁹⁴ Information Office of the State Council of PRC, “China’s National Defense in 2010,” Mar. 2011.

²⁹⁵ Information Office of the State Council of PRC, “The Diversified Employment of China’s Armed Force,” Apr. 2013.

²⁹⁶ This line is summarized by Xu Yan, a PLA historian, in an article published in 2012 on *Study Times*. Cited by M. Taylor Fravel in “The PLA and National Security Decisionmaking: Insights from China’s Territorial and Maritime Disputes,” Saunders and Scobell, ed. *PLA Influence on China’s National Security Policymaking*, p. 262.

²⁹⁷ US Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2018*, May 16, 2018, p.71.

“underscore China’s ability to defend its claims by force, if necessary.”²⁹⁸ Deployed over the horizon, the PLAN in the first place enables MLE and other civilian actors such as fishermen and national oil companies to expand the scope of their activities and establish a constant presence in contested areas. According to a senior PLA official, in the East China Sea the PLA keeps a distance of 70 nautical miles from the frontline coast guard vessels.²⁹⁹ In the event of a confrontation, the PLA can weigh in as a backup force as well as an ultimate security guarantor for the nonmilitary agencies. The presence-without-interference approach is reportedly perceived within the PLA as having stabilizing effect through deterrence.³⁰⁰ This viewpoint seems to be also shared by civilian researchers.³⁰¹

Despite being on the second line operationally, the PLA played a vital role behind the scenes in lobbying for a centralized, more effectively coordinated maritime security system. Not only did the PLA propose to consolidate MLE agencies into a centralized bureaucracy, but also to create a leading small group or supra-ministry commission as a cross-system integrator. These proposals were adopted by Beijing with the creation of the Maritime Rights Protection Leading Small Group in 2012, and the merger of four MLE forces into a unified China Coast Guard and the creation of the National Oceanic Commission – both in 2013.³⁰² Moreover, a few even pushed for putting the consolidated MLE agency under the command and control of the PLA,³⁰³ which was not adopted in the 2013 MLE consolidation reorganization but eventually materialized in the 2018

²⁹⁸ Fravel, “The PLA and National Security Decisionmaking,” pp. 259-69.

²⁹⁹ PLA Senior Colonel Zhou Bo’s talk at the Institute of International and Strategic Studies, Peking University, Beijing, Jun. 21, 2017.

³⁰⁰ Author’s interviews, Tokyo and Singapore, August 2018.

³⁰¹ See, for example, Zhang Jie [张洁], “Huangyan Model and the Shift of China’s Maritime Strategy” [黄岩岛模式与中国海洋维权政策的转向], *Southeast Asian Studies* [东南亚研究], 2013, issue 4, p. 26.

³⁰² Christopher Yung, “The PLA Navy Lobby and Its Influence over China’s Maritime Sovereignty Policies,” Saunders and Scobell, ed. *PLA Influence on China’s National Security Policymaking*, pp. 288-293. I provide a closer examination of these institutions in the third section of this chapter.

³⁰³ *Ibid*, pp. 288-290.

restructuring. In addition, the PLA also provides crucial logistical support for MLE agencies, including professional training, joint exercises, and transfers of decommissioned naval vessels.³⁰⁴

NONMILITARY ACTORS

This section provides an overview of the nonmilitary actors involved in China's maritime disputes as well the policy coordination mechanisms created or revamped to facilitate coordination among these actors.

Cross-System Integrators

In managing a traditional crisis situation, three basic groupings are involved but horizontal coordination between them is difficult without the top leadership weighing in: the State Council handles diplomacy through the MFA; the party manages propaganda and relations with foreign political parties; and the PLA is in charge of military affairs.³⁰⁵ New cross-system integrators have been created or existing ones been empowered with the objective to facilitate coordination among China's various actors in maritime affairs – before the 2013 reorganization there were 16 state-level bureaucracies, including the PLAN and the five MLE agencies, with differential but considerably overlapping jurisdictions on maritime affairs.³⁰⁶

Central Leading Small Groups

Management of maritime disputes falls primarily under the purview of two Leading Small Groups (LSGs): the short-lived Central Maritime Rights Protection Leading Small Group, and the Central Foreign Affairs Leading Small Group (FALSOG), which was set up in 1981 as a supra-ministerial

³⁰⁴ Linda Jakobson, "The PLA and Maritime Security Actors," Saunders and Scobell, ed. *PLA Influence on China's National Security Policymaking*, pp. 311-313.

³⁰⁵ Alastair Iain Johnston, "The Evolution of Interstate Security Crisis-management Theory and Practice in China," *Naval War College Review*, winter 2016, vol. 69, no. 1, pp. 51-52.

³⁰⁶ CIMA, *China Ocean Development Report 2012*, pp. 314-415.

mechanism to coordinate bureaucracies involved in China's foreign relations and advise the leadership on policies.

The Maritime Rights Protection LSG was established in 2012 and presided by Xi Jinping – reportedly a direct response to Japan's nationalization of the Diaoyu/Senkaku Islands.³⁰⁷ This group was tasked to formulate strategies to advance China's maritime rights and interests, coordinate policies among the numerous bureaucracies with various jurisdictions over maritime affairs, and handle growing maritime frictions with other claimants. Members of this LSG include senior officials from, among others, the MFA, State Oceanic Administration (SOA), the Ministry of Public Security (MPS), the Ministry of Agriculture (MOA), and the PLAN.³⁰⁸ The Maritime Rights Protection LSG appeared to have essentially operated within the broad functional scope of the FALSG, which had long been in charge of Chinese foreign policy overall and contained nearly all of the foremost members of the Maritime Rights Protection LSG. The Central Foreign Affairs Office (FAO), the standing institution performing administrative functions for FALSG, also functioned as the administrative institution for the Maritime Rights Protection LSG.³⁰⁹

³⁰⁷ Author's interviews, Beijing, August 2017.

³⁰⁸ Li Li (李理), "Decode Central Maritime Rights Protection Office" [解码中央海权办], *Shanghai Observer* [上观], Sept. 24, 2014, <https://www.shobserver.com/news/detail?id=778>, accessed Feb. 14, 2018; The National People's Congress of PRC [中国人大网], "Comment: Super Ministry system will Forcefully Advance Maritime Great Power Strategy" [时评：打不止改革将有力推进海洋强国战略], Mar. 12, 2013, http://www.npc.gov.cn/npc/dbdhhhy/12_1/2013-03/12/content_1780160.htm, accessed Oct. 4, 2018; Peng Mei (彭美) and Wu Yao (吴瑶), "Expert: China has established Central Maritime Rights Protection Office, a high-level coordination institution on maritime affairs" [专家：中国已成立中央海权办，系涉海高层次协调结构], Mar. 2, 2013, reprinted on iFeng, http://news.ifeng.com/mainland/detail_2013_03/02/22650849_0.shtml, accessed: June 27, 2017.

³⁰⁹ Jakobson and Knox, *New Foreign Policy Actors in China*, p. 5; "State Councilor Yang Jiechi Appointed Director of FALSG Office" [国务委员杨洁篪任中央外事领导小组办公室主任], *Oriental Morning Post* [东方早报], Aug. 26, 2013, https://www.guancha.cn/politics/2013_08_26_168286.shtml, accessed Oct. 7, 2018; Ruo Zhuo [若拙], "An Overview of China's Foreign Policy System" [中国外交系统人事盘点], *Shanghai Observer* [上观], Sept. 24, 2014, <https://web.shobserver.com/news/detail?id=433>, accessed Oct. 7, 2018. On the evolution of the FALSG, see, Lu Ning, "The Central Leadership, Supra-ministry Coordinating Bodies, State Council Ministries, and Party Departments," Lampton, ed., *The Making of Chinese Foreign and Security Policy in an Era of Reform*, pp. 45-47.

Secretiveness in the work of this LSG and the consequent lack of open-source information on its activity, combined with its short period of existence, made it very difficult for external observers to evaluate the effectiveness of the LSG as a coordination body. Some Chinese interlocutors with access to the top foreign policy advisory bodies state that the LSG convened briefing meetings roughly on a monthly basis, and the frequency might change depending on “the situation at sea.” The meetings were intended only for the bureaucracies on the LSG to “keep each other informed,” as none of them had the authority to dictate others’ policy or activity.³¹⁰ Other sources implied that this LSG might be an outgrowth of hardliners’ dissatisfaction with the relatively moderate MFA. A source within the SOA claimed that the LSG has gradually taken over the MFA’s traditional role as the primary coordinator in maritime incidents because the latter was seen as “not neutral.”³¹¹ This viewpoint corroborated open-source information. For example, an article published by Shanghai Party Committee’s official media on the establishment of the LSG criticized the “defensive mentality” of some MFA policy implementers – “every time when we want to take some actions, the first thing they consider is whether that will irritate the foreign state.”³¹²

The Maritime Rights Protection LSG existed for only five years before its absorption into the FALSG in the institutional restructuring in March 2018. As part of the restructuring, the FALSG was elevated to the Central Foreign Affairs Commission reportedly with “a broader range of functions, more formalized institutional arrangements, more effective coordination, and higher decision-making authority.”³¹³ While this elevation was clearly intended to strengthen the Party’s

³¹⁰ Author’s interview, Beijing, July 2017.

³¹¹ Author’s interview, Shanghai, June 2017.

³¹² Li, “Decode Central Maritime Rights Protection Office.”

³¹³ Yue Huairang [岳怀让], “Leadership of the Central Foreign Affairs Commission Unveiled” [中央外事工作委员会出炉], *The Paper* [澎湃新闻], May 15, 2018, https://www.thepaper.cn/newsDetail_forward_2131634, accessed Jan. 23, 2021.

control on foreign policy and enhance interagency coordination,³¹⁴ the precise functional difference between the FALSG and the Commission especially in time of interstate crisis has been unclear.

Central National Security Council

Beijing announced in January 2014 that it would establish the Central National Security Council (CNSC), a high-power body chaired by Xi Jinping and used as a key vehicle to enhance policy coordination between various national security bureaucracies in times of both internal and external crisis.³¹⁵ The CNSC is reportedly “in charge of making overall plans and coordinating major issues and major work concerning national security.”³¹⁶ According to an account, the CNSC overlaps extensively with FALSG in terms of the bureaucracies represented at the table.³¹⁷

On the maritime front specifically, it remains unclear whether and, since its establishment, how the CNSC has actually functioned as a cross-system integrator in decision-making, especially in a major diplomatic crisis such as the HD-981 clash. This is likely due to the priority given to domestic affairs. Knowledgeable sources have admitted that the CNSC has primarily focused on internal security while foreign policy takes the backseat,³¹⁸ to the dismay of some proponents who had envisioned a robust US NSC-style institution.³¹⁹

³¹⁴ Ibid.

³¹⁵ For scholarly writings on the origin, evolution, operation and/or assessment of the effectiveness of this institution as a cross-system integrator in crisis management, see, David M. Lampton, “Xi Jinping and the National Security Commission: policy coordination and political power,” *Journal of Contemporary China*, 2015, vol. 24, no. 95, pp. 759-777; You Ji, “China’s National Security Commission: theory, evolution and operations” *Journal of Contemporary China*, 2016, vol. 25, no. 98; Johnston, “The Evolution of Interstate Security Crisis-management Theory and Practice in China;” Andrew S. Erickson and Adam P. Liff, “Installing a Safety on the ‘Loaded Gun’? China’s institutional reforms, national Security Commission, and Sino-Japanese (in)stability,” *Journal of Contemporary China*, 2016, vol. 25, no. 98, pp. 197-215.

³¹⁶ “Xi Jinping to lead national security commission,” *China Daily*, Jan. 24, 2014, http://www.chinadaily.com.cn/china/2014-01/24/content_17257409.htm, accessed Oct. 5, 2018.

³¹⁷ Erickson and Liff, “Installing a Safety on the ‘Loaded Gun’?” p. 210.

³¹⁸ Cited in Lampton, “Xi Jinping and the National Security Commission,” p. 772. This citation is corroborated by this author’s interviews with Chinese security experts, Beijing, July and August 2017.

³¹⁹ Author’s interviews, Beijing, August 2017.

National Ocean Committee

The National Ocean Committee was set up in March 2013 at the annual meeting of the National People's Congress (NPC) as a “high-level consultation and coordinating body” tasked to “formulate oceanic development strategies and coordinate important oceanic affairs.”³²⁰ Launched on the heels of the formation of the Maritime Rights Protection LSG, the committee's relationship with the LSG and other maritime affairs related institutions remains unclear, except that the LSG is a CCP Central Committee organ with a focus on “maritime rights protection” while the latter is conceived as a State Council institution responsible for “formulating national ocean development strategies and comprehensively coordinating maritime affairs.”³²¹ The SOA was designated to manage the commission's day-to-day work.

As of the 2018 reorganization, the committee, once touted as the “real strong hub” coordinating China's maritime related programs and bureaucracies,³²² was still far from becoming operational. Even whether this institution came into operation after the announcement is a question that remained unanswered. Some sources suggested the institution was aborted not long after the NPC announced its establishment. One knowledgeable source inside the SOA stated: “The SOA wanted the coordination committee but failed,” which the source attributed to the bureaucracy's lack of necessary political clout and prestige.³²³

³²⁰ The national People's Congress of PRC, “China to restructure oceanic administration, enhance maritime law enforcement,” Mar. 10, 2013, http://www.npc.gov.cn/englishnpc/news/Events/2013-03/10/content_1774480.htm, accessed Oct. 8, 2018.

³²¹ The National People's Congress of PRC, “Comment;” *Takungpao* [大公报], “Foreign Affairs, National Security and Maritime Rights Three in One, Safeguarding China's Maritime Rights and Interests” [外事安全海权三办合一, 确保中国海洋权益], Sept. 6, 2013, <http://news.takungpao.com/mainland/focus/2013-09/1887233.html>, accessed Oct. 7, 2018.

³²² Ye Hailin [叶海林], “The ‘Low-Profile’ State Ocean Commission is the Strong Command Center for Maritime Rights Protection” [“静悄悄”的国家海洋委员会才是维护海权的坚强中枢], *People*, Mar. 14, 2013, <http://theory.people.com.cn/n/2013/0314/c40531-20788795.html>, accessed May 26, 2018.

³²³ Author's interview, Shanghai, June 2017.

State Commission of Border and Coastal Defense

The State Commission of Border and Coastal Defense (CBCD), initially established in 1991 as the State Commission of Border Defense, was renamed in 2005 to include the ocean component, a move that implied the growing importance of the maritime front by placing it under a unified defense mechanism with the land frontier. This commission, according to the description in China's 2006 Defense White Paper, is under the dual leadership of the State Council and the CMC and is charged to coordinate China's border and coastal defenses. Below the national-level commission, “[a]ll military area commands, as well as border and coastal provinces, cities and counties, have commissions to coordinate border and coastal defenses within their respective jurisdictions.”³²⁴

The commission's recent leadership structure may shed some light on this mechanism's move toward enhancing coordination among the foreign affairs, military, and MLEs on maritime defense by assembling senior officials from these bureaucracies. Open-source information dating back to 2015 shows that Kong Quan, a senior Chinese diplomat in the MFA and the deputy director of the FAO, and Meng Hongwei, then Vice Minister of Public Security and the inaugural Director General of the China Coast Guard (CCG), both served as deputy directors of the CBCD under Chang Wanquan, then Defense Minister and director of the CBCD.³²⁵

Beyond the personnel arrangements, it remains unclear how effective the CBCD as a coordination mechanism has been. According to writings by officers at the PLA Navy's Headquarters Department and Naval Command College, CBCD at various levels, as “institutions

³²⁴ Information Office of the State Council of PRC, “China's National Defense in 2010.”

³²⁵ *The Paper* [澎湃新闻], “FAO Deputy Director Kong Quan Appointed as Deputy Director of the BSDC” [中央外办副主任孔泉任国家边海防委员会副主任], Aug. 6, 2015, reprinted on Sohu, <http://news.sohu.com/20150806/n418301640.shtml>, accessed Oct. 7, 2018; *People*, “Liu Cigui Met Deputy Director of the BSDC Kong Quan” [刘赐贵会见国家边海防委员会副主任孔泉], Aug. 4, 2015, <http://cpc.people.com.cn/n/2015/0804/c117005-27409076.html>, accessed Oct. 7, 2018.

for consulting and coordination,” lack the necessary authority to develop into a unified planning, coordination, administration and control system to overcome the fragmentation in China’s traditional coastal defense.³²⁶ At the state-level, moreover, the CBCD national working conference has not been fully routinized. In the reform era, only four national working conferences have been held (respectively in 1979, 1994, 2010 and 2014) – another indicator that the CBCD is far from able to function as a mature coordination mechanism.

The National Defense Mobilization Commission

The National Defense Mobilization Commission (NDMC), like the CBCD, is put under the joint leadership of the State Council and the CMC.³²⁷ Below the central government, NDMC also has local organizations at provincial, prefecture and county levels, with joint leadership structures mirroring that at the state level. The NDMC from the provincial down to county levels are dual hatted as the local People’s Armed Force Committee, whose daily work is performed by the People’s Armed Force Departments (PAFDs) at the same level.³²⁸ Following the PLA’s 2016 reorganization, a National Defense Mobilization Department (NDMD) has been established under the CMC to oversee the provincial-level military districts (MDs) and take charge of the PLA’s

³²⁶ Wu Jianhong [吴建红], Huang Chunyu [黄春宇] and Liu Changlong [刘昌龙], “Thoughts on Advancing Coastal Defense Construction Work under the New Circumstances” [新形势下推进海防建设工作的思考], *National Defense*, 2015, issue 12, p. 71.

³²⁷ The premier of the State Council chairs the SCNDM, with a CMC member serving as the vice chairman of the organization. The National Defense Mobilization Law of the People’s Republic of China [中华人民共和国国防动员法], the National People’s Congress of the PRC, Feb. 26, 2010, http://www.npc.gov.cn/npc/xinwen/2010-02/26/content_1544853.htm, accessed Oct. 8, 2018; “Organization Structure: The State Commission for National Defense Mobilization,” The State Commission for National Defense Mobilization [中国国防动员网], http://www.gfdy.gov.cn/org/2016-09/28/content_7281555.htm, accessed Oct. 19, 2018; Dennis J. Blasko, *The Chinese Army Today: Tradition and Transformation for the 21st Century* (New York, NY: Routledge, 2012), second edition, p. 42.

³²⁸ State Council and Central Military Commission, “Notice by the State Council and CMC on Establishing State Commission for National Defense Mobilization” [国务院、中央军委关于成立国家国防动员委员会的通知], Nov. 29, 1994, http://www.gov.cn/zhengce/content/2011-08/12/content_7081.htm.

territorial administrative responsibilities including mobilization work. The head of the NDMD is appointed as the secretary general of the NDMC.³²⁹

The primary function of the NDMC is to organize national defense mobilization and to coordinate “relations between economic and military affairs, the military and the government, and manpower and materials support in defense mobilization” so the shift from peacetime to war can be made efficiently.³³⁰ In the maritime disputes, the NDMC appears to have played a primary role in recruiting and administrating the maritime militia through the PAFDs (elaborated later in this section).

Actors below the Top

Maritime Law Enforcement Agencies (MLEs): Pre-2013

Prior to the 2013 consolidation, jurisdictions over China’s maritime affairs were primarily divided among five MLE agencies: the China Maritime Surveillance (CMS), the Fisheries Law Enforcement Bureau (FLE), the Maritime Police of the Border Control Department (CMP), the Maritime Anti-Smuggling Police, and the Maritime Safety Administration (MSA). The five agencies were placed under different line ministries tasked to carry out a specified set of functions in maritime governance. Within each of the agencies, below its state-level institutions, there were numerous enforcement forces at local levels. This vast and highly balkanized ocean administrative system, operating with overlapping jurisdictions and limited coordination, had long suffered from pronounced inefficiency and resource waste.³³¹

³²⁹ “The National Defense Mobilization Department after the PLA reorganization” [军改后的国防动员部], *China Daily*, Nov. 25, 2016, https://cn.chinadaily.com.cn/2016jungai/2016-11/25/content_27481907.htm, accessed Jan. 23, 2021.

³³⁰ “Organization Structure: The State Commission for National Defense Mobilization.”

³³¹ Discussion on the problem of institutional balkanization and the call for a unified MLE force emerged in the 1980s and continued through the 1990s and 2000s. See, for example, Yang Jinsen [杨金森], “Basic Problems in Ocean Administration II” [海洋管理的基本问题(二)], *Ocean Development and Management*, 1987 (1), pp. 48-53; Zhang Haifeng and Yang Jinsen [张海峰、杨金森], “Build China into a Marine Economic Power by 2020” [到 2020 年把

China Marine Surveillance

Established in 1983 under the SOA of the Ministry of Land and Resources (MLR), the CMS was tasked primarily to patrol and monitor China's near seas, and conduct constabulary missions including marine environmental enforcement and island usage.³³² The CMS had a two-layer central-local structure. The national component, comprised of the CMS headquarter, the North China Sea, East China Sea, and South China Sea Corps, is subject to direct command and control by the SOA.³³³ The geographical division of the jurisdiction between the three regional branches was designed to mirror that between the PLA Navy's North Sea, East Sea and South Sea Fleets.³³⁴ The local component consists of over 200 units ranging from provincial down to county levels. The local units are placed under the direct control of local governments while receiving "operational guidance" from the corresponding CMS regional branch.³³⁵

The CMS had long played a prominent role in the East China Sea disputes. As a PLA Navy source puts it, "CMS's East China Sea Corps, and FLE's South China Sea Bureau, these two units are particularly 'brave' when conducting tasks at sea."³³⁶ Defined as an "enlisted PLA reserve" subject to "paramilitary administration," the CMS reportedly began to conduct around 2000 what later became widely-known as "maritime rights protection patrols" and law enforcement activities

我国建成海洋经济强国], *Pacific Journal* [太平洋学报], 1997 (4), pp. 66-74; Li Peizhi [李培志], "The Stats of China's Law Enforcement at Sea and Some Thoughts" [我国海上执法现状及思考], *Journal of the Chinese People's Armed Police Force Academy* [武警学院学报], vol. 20, no. 1, Feb., 2004; Xu Kuanyou [徐宽宥], "Consolidation and Construction China's Maritime Law Enforcement Forces" [论我国海上执法力量的整合与构建], *Journal of the Chinese People's Armed Police Force Academy*, vol. 21, no. 1, Feb. 2005; Bai Junfeng [白俊丰], "Vision for the Establishment of China's Marine Police" [中国海洋警察建设构想], *Ocean Development and Management*, 2006 (3), pp. 35-38.

³³² CIMA, *China Ocean Development Report 2012*, p. 341.

³³³ *Ibid.*, p. 341.

³³⁴ Teng Zuwen [滕祖文], "Sea Area Administrative Branches' Jurisdiction and Status in Ocean Administration" [海区海洋管理局在海洋行政管理中的行政管辖定位], *China Ocean News* [中国海洋报], no. 1557, Nov. 21, 2006, reprinted on *Oceanol* [中国海洋在线], <http://www.oceanol.com/redian/jujiao/8548.html>, accessed May 16, 2018.

³³⁵ CIMA, *China Ocean Development Report 2012*, pp. 340-341; CIMA, *China Ocean Development Report 2007* [中国海洋发展报告 2007], Hai Yang Chu Ban She [北京: 海洋出版社], 2007, p. 286.

³³⁶ Interview with senior PLA Navy official in Beijing, 2017.

vis-à-vis encroaching foreign vessels.³³⁷ The bureaucracy routinized its patrols in the East China Sea in 2006, and reportedly extended regular patrol to encompass the whole South China Sea in 2009.³³⁸ Corresponding to its responsibilities to patrol the vast sea areas, the CMS had a relatively modernized flotilla of patrol vessels and patrol aircraft.³³⁹

Fisheries Law Enforcement Bureau

Originating in the 1950s as part of the Ministry of Aquatic Production and transferred to the Bureau of Fisheries under the MOA in 1988, the FLE was responsible for administering national fishery industry and ports, protecting fish resources, and safeguarding national fisheries rights and interests.³⁴⁰ Similar to the CMS, the fisheries enforcement system also had a two-layer organizational structure comprised of national and local components. The state-level component oversaw its three regional branches which were responsible for patrolling China's claimed EEZ and implementing China's three bilateral fishery agreements: the China-ROK agreement in the Bohai-Yellow Sea Branch's jurisdiction, the Sino-Japanese agreement in the East China Sea Branch's jurisdiction, and the Sino-Vietnamese agreement in the South China Sea Branch's jurisdiction. The state-level agency was also responsible for reviewing and coordinating

³³⁷ CIMA, *China Ocean Development Report 2012*, p. 341. Emphasis added.

³³⁸ Xinhuanet [新华网], "China Broke through the Japanese Defense Line surrounding the Diaoyu Islands, Japan Intentionally Plays Down the Right Protection Nature of China's Operation" [中国突破钓鱼岛日方防线, 日本刻意淡化维权色彩], Dec. 12, 2008, reprinted on *People* [人民网], <http://world.people.com.cn/GB/8508391.html>, accessed May 16, 2018; Xinhuanet, "China Faces Grave Circumstances on its Maritime Frontier: CMS vessels pull out of the Diaoyu Islands, FLE Steps In" [中国海洋形势严峻: 海监船撤出钓鱼岛, 渔政介入], Nov. 9, 2011, reprinted on *Phoenix* [凤凰网], http://news.ifeng.com/mil/4/detail_2011_05/09/6252773_0.shtml, accessed May 14, 2018.

³³⁹ As of 2012, the CMS reportedly had a total of 266 vessels, 26 of which were over 1,000 tons in displacement with a two-helicopter and seven-fixed-wing-aircraft carrying capacity. The CMS's East China Sea Corps had 22 vessels, nine of which displaced more than 1,000 tons, two fixed wing aircraft, and one helicopter. A 2011 SOA report states that the CMS South China Sea Corps had a total of 13 vessels, two of which were over 3,000 tons displacement, two fixed wind aircraft, and one helicopter. CIMA, *China Ocean Development Report 2012*, p. 341; "CMS's East China Sea Branch Beefs up Patrols around the Diaoyu Islands" [中国海监东海总队加强我国钓鱼岛等海域巡航执法], *Legaldaily.com.cn* [法制网], Sept. 16, 2012, http://www.legaldaily.com.cn/index_article/content/2012-09/16/content_3844923.htm?node=5955, accessed May 15, 2018; SOA South China Sea Branch, "CMS South China Sea Division Acquired Another 'Sharp Sword'" [中国海监南海总队再添“利剑”], May 9, 2011, <http://www.scsb.gov.cn/scsbsjb/fjdt/201105/23dc47081df74151bbfec3d603794b93.shtml>, accessed May 15, 2018.

³⁴⁰ Tabitha Mallory, *China in Global Fisheries*, p. 118.

enforcement patrols proposed by the regional branches.³⁴¹ Local-level fisheries enforcement agencies demonstrated great variance in organizational structure across regions.³⁴² Like CMS, FLE has invested heavily to modernize its fleets, in particular through acquiring helicopter-carrying-capable patrol vessels with large displacement and equipped with satellite communication systems.³⁴³

Another major mission of the FLE is to promote “informatized administration” of the fishery industry. A major project is the subsidized installation of China’s indigenous Beidou Navigation Satellite System on fishing ships. This project is jointly financed by the PLA’s General Armament Department and MOA. The fishery industry reportedly contributed to the largest share in Beidou’s civilian subscription market.³⁴⁴ The FLE was also responsible for subsidizing the installation and upgrade of radio communication equipment on fishing ships and land-based fishery communication network stations.³⁴⁵

China Maritime Police of the Border Control Department

The CMP was founded in 1951 under the auspice of the Border Control Department of the People’s Armed Police (PAP), which was placed under the dual leadership of the CMC and the State

³⁴¹ CIMA, *China Ocean Development Report 2012*, p. 345; CIMA, *China Ocean Development Report 2010*, [中国海洋发展报告 2010] (Beijing: Haiyang chubanshe, 2010), pp. 449-450; He, *A Study on Establishing China’s Coast Guard*, p. 38.

³⁴² As of 2012, 12 out of the 16 coastal provinces and major cities established Ocean and Fisheries Departments/Bureaus encompassing ocean and fisheries administration – and, in a few regions, agricultural and forestry administration as well – in the purview of a single agency. CIMA, *China Ocean Development Report 2012*, pp. 313-314; Bureau of Fisheries of the Ministry of Agriculture, “Fisheries Economic Statistics >>Five Fisheries Administration >> Fisheries Administration Personnel,” *China Fisheries Statistics Yearbook 2012*.

³⁴³ The FLE had over 2,000 enforcement vessels in 2011, nine of which were over 1,000 tons displacement. The “Yuzheng 88,” adapted from a decommissioned PLA Navy Fuchi-class replenishment ship, was 15,000 tons displacement and capable of carrying two helicopters. CRNNT [中国评论新闻网], “China Has ‘Paramilitary’ Maritime Law Enforcement Forces” [中国怎无“准军事”海上执法力量], Dec. 14, 2012, <http://hk.crnnt.com/crn-webapp/mag/docDetail.jsp?coluid=0&docid=102345043>, accessed May 17, 2018.

³⁴⁴ Bureau of Fisheries of the Ministry of Agriculture [农业部渔业局], *China Fisheries Yearbook 2012* [中国渔业年鉴 2012] (Beijing: Zhongguo nongye chubanshe, 2012), p. 60; *China Fisheries Yearbook 2013* (Beijing: Zhongguo nongye chubanshe, 2013), p. 25.

³⁴⁵ Bureau of Fisheries of the Ministry of Agriculture, *China Fisheries Yearbook 2013*, p. 25.

Council (through the MPS) until 2018.³⁴⁶ Traditionally the sole armed MLE force,³⁴⁷ the CMP's primary mission was to combat piracy, smuggling, human trafficking and other crimes at sea. Before 2013, the CMP was frequently referred to as China's coastguard in government documents and writings, and its enforcement vessels were painted with coastguard bow numbers. Similar to the U.S. Coast Guard, the CMP was militarily trained and organized, and legally recognized as part of the armed force.³⁴⁸

Like CMS and FLE, the Maritime Police also had a multi-layer force structure deployed in coastal regions, including 10 provincial corps and 20 municipal divisions.³⁴⁹ Although the MPS defined the CMP's geographical jurisdiction as to encompass China's inner waters, territorial seas, contiguous waters, EEZ and continental shelf,³⁵⁰ due to the constraints imposed by the institution's lack of large vessels, the area that the CMP could actually cover was China's territorial sea.³⁵¹

Maritime Anti-Smuggling Police

The Maritime Anti-Smuggling Police is responsible for counter-smuggling and port control, among other missions including revenue collection and customs control. The Maritime Anti-Smuggling Police had a dual-leadership structure, in which it was under the supervision and administration by the General Administration of Customs (GAC) while accepting "operational

³⁴⁶ Dennis J. Blasko, *The Chinese Army Today: Tradition and Transformation for the 21st Century* (New York: Routledge), 2nd edition, pp. 22-28; Goldstein, *Five Dragons Stirring up the Sea*, pp 5-6. Starting from 2018, the CMC assumed the sole command of the PAP.

³⁴⁷ Goldstein, *Five Dragons Stirring up the Sea*, p. 6.

³⁴⁸ Bernard Moreland, "US-China Civil Maritime Operational Engagement," in Andrew S. Erickson, Lyle J. Goldstein, and Nan Li, ed., *China, the United States, and 21st Century Sea Power: Defining a Maritime Security Partnership* (Annapolis, MD: Naval Institute Press), 2010, pp.159-160.

³⁴⁹ He, *A Study on Establishing China's Coast Guard*, p. 37; CIMA, *China Ocean Development Report 2012*, p. 346.

³⁵⁰ MPS, "Working Rules on the Marine Law Enforcement by Public Security Organs" [公安机关海上执法工作规定], Sept. 28, 2007, <http://www.mps.gov.cn/n2253534/n2253535/c4067388/content.html>, accessed May 18, 2018.

³⁵¹ As of 2012, the Maritime Police had only three patrol vessels displacing over 1,000 tons, making it difficult to conduct operations beyond territorial sea. Shi Xiaohan [师小涵], "Experts: It will Take a 2-3 Years' Transitional Period to Arm and Train China Coast Guard" [专家：武装和训练中国海警需两三年过渡期], *Southern Weekend* [南方周末], reprinted on *Phoenix*, http://news.ifeng.com/shendu/nfzm/detail_2013_04/07/23926657_0.shtml?_114sotuwen, accessed May 19, 2018.

guidance” by the MPS.³⁵² The anti-smuggling enforcement agency had a modest size of personnel and speedboats for counter-smuggling tasks, making it the smallest dragon in terms of manpower.³⁵³

Maritime Safety Administration

The Maritime Safety Administration (MSA) under the Ministry of Transport is the only state-level MLE agency left intact in the 2013 institutional merger. The MSA is responsible for registration and administration of vessels in Chinese ports, research and rescue, maritime traffic control and accident investigation.³⁵⁴ Aside from releasing information on locations and times of no-entry zones ahead of naval drills, MSA is rarely known for active involvement in China’s maritime disputes. The MSA’s primary role as a marine safety agency is widely cited as the rationale in the decision to keep MSA outside of the reorganization.³⁵⁵ Some credible Chinese sources also suggest that the MSA was left intact due to the agency’s strong resistance.³⁵⁶

China Coast Guard: 2013-2018

In order to bolster China’s maritime law enforcement capabilities by addressing the institutional balkanization, in March 2013 the State Council consolidated the CMS, FLE, CMP, and anti-smuggling force into a unified China Coast Guard (CCG) under the SOA, which was promoted to

³⁵² CIMA, *China Ocean Development Report 2012*, p. 315, footnote 1; “Maritime Anti-Smuggling Police under the GAC was co-established by GAC and MPS. It is a bureau housed in the GAC and affiliated with the MPS at the same time, subject to the dual-leadership of GAC and MPS.” [设在海关总署的走私犯罪侦查局由海关总署、公安部共同组建，既是海关总署的一个内设局，又是公安部的一个序列局，实行海关与公安双重垂直领导], <http://www.customs.gov.cn/publish/portal0/tab49689/info431895.htm>, accessed May 18, 2018.

³⁵³ Goldstein, *Five Dragons Stirring up the Sea*, p. 18.

³⁵⁴ *Ibid.*, p. 9.

³⁵⁵ Peng Mei, et al., “The Birth of China Coast Guard Puts an End to ‘Five Dragons Ruling the Sea’” [中国海警局亮剑：中国海警局诞生终结“五龙治海”], *People Digest* [人民文摘], issue 9, 2013, http://paper.people.com.cn/rmwz/html/2013-09/01/content_1307445.htm, accessed May 19, 2018.

³⁵⁶ Nong Hong, “China’s Maritime Law Enforcement Reform and its Implication on the Regional Maritime Disputes,” CSIS-Asia Maritime Transparency Initiative (AMTI), Apr. 1, 2015, <https://amti.csis.org/chinas-maritime-law-enforcement-reform-and-its-implication-on-the-regional-maritime-disputes/>, accessed May 26, 2018. Nong Hong is a senior researcher affiliated with China’s National Institute for South China Sea Studies.

a vice-ministerial level bureaucracy.³⁵⁷ The CCG, comprised of a headquarters, three regional branches, and coast guard corps in China's eleven coastal provinces, was placed under a dual leadership of the SOA and MPS. In the meantime, the restructuring plan introduced the National Ocean Committee, which did not materialize.

The reorganization was also conceived as an endeavor to play down the paramilitary nature of – or in the words of some U.S. analysts, to “civilianize” – the coast guard force by placing it under the SOA, thereby lowering the risk of escalation in the event of a confrontation or clash with foreign vessels.³⁵⁸ The China Coast Guard was granted with great latitude in using non-lethal forces, such as water cannons and ramming, but was subject to strict restrictions on the use of firearms. While such restrictions are rarely explicitly admitted by those at the top of the maritime bureaucratic hierarchy or spelled out in state-level documents, discussion among policy implementers at lower levels suggested that there was a clear bottom-line regarding the nonuse of firearms. In maritime rights protection operations, wrote a faculty member at the Maritime Police Academy in a 2017 article, “[i]n general, the use of force does not involve firearms such as guns or deck-mounted cannons...By employing a diverse range of means, including oral warning, water cannon and/or ramming, we seek to create a situation in a confrontation to our advantage. But such confrontations should be controllable...avoiding fatal damages...and thus preventing escalation.”³⁵⁹ Chinese officials tasked to draw up operational directives admitted that “the

³⁵⁷ State Council of PRC, “State Council Circular on the Primary Responsibilities, Internal Institutions, and Staffing Provision of the State Oceanic Administration” [国务院办公厅关于印发国家海洋局主要职责内设机构和人员编制规定的通知], Jun. 9, 2013, http://www.soa.gov.cn/zwgk/fwjgwywj/gwyfgwj/201307/t20130709_26463.html, accessed May 13, 2018.

³⁵⁸ Morris, “Blunt Defenders of Sovereignty,” p. 86; He, et al., *A Study on Establishing China's Coast Guard*, p. 15.

³⁵⁹ Li Shixiong [李世雄], “Study on China Coast Guard's Push Tactic” [海警舰船挤推战术研究], *Journal of the Armed Police Academy* [武警学院学报], vol. 33, no. 9, Sept. 2017, pp. 17-18. Emphasis added.

directive to avoid the use of lethal weapons was not made at the provincial level...so presumed this had been decided by the center.”³⁶⁰

As a remedy intended to overcome institutional fragmentation, the 2013 consolidation had only a modest effect, as it left most existing problems unresolved while creating new complications. Internal power struggle between Liu Cigui, Director and Party Secretary of the SOA, and Meng Hongwei, the inaugural director of the CCG and Deputy Director of the SOA, became a prominent issue arising from CCG’s dual leadership structure. Parachuted from his prior position as vice minister of the MPS into his new job, Meng was a full-minister level official outranking Liu, who was only vice-minister level. Moreover, Meng reportedly staffed senior positions in the CCG with his own deputies from the MPS, in effect sidelining senior officials from the other three MLE agencies.³⁶¹ An SOA source bluntly characterized this leadership arrangement as “grasping power from the SOA” (夺权海洋局).³⁶² The power struggle at the top obstructed the growth of solidarity among rank and file. The personnel of the former four dragons, relocated to the SOA headquarter compound, could hardly get along with each other “like fire and water,” according to a knowledgeable source connected with China’s security establishment.³⁶³

The power struggle and internal tensions hampered the already-slow restructuring process. Media reports, government sources and academic writings continue to refer to maritime law enforcement fleets by their former agencies,³⁶⁴ indicating the huge backlog of consolidation below

³⁶⁰ Jakobson, *China’s Unpredictable Maritime Security Actors*, p. 29.

³⁶¹ *Ibid.*, p. 18.

³⁶² Author’s interview, Shanghai, June 2017.

³⁶³ Private conversation, Washington DC, April 2016.

³⁶⁴ Liu Bin, Tan Chang and Huang Shengchun [刘斌、谭畅、黄圣淳], “China Coast Guard’s First Anniversary: No Longer Fighting Alone” [中国海警局组建一年观察, 执行任务不再单打独斗了], *South Weekend* [南方周末], Oct. 9, 2014, <http://www.infzm.com/content/104611>, accessed May 27, 2018; “Ministry of Agriculture and State Oceanic Administration Launched Joint Special Enforcement Operation in 2017 Nationwide Fishing Moratorium” [农业部、中国海警局联合启动 2017 全国海洋伏季休渔专项执法行动], *China Fisheries* [中国水产], 2017 (6), pp. 2-3.

the center. Speaking to a group of foreign scholars during a closed-door discussion in 2017, Rear Admiral Yang Yi, former director of the Institute for Strategic Studies at China's National Defense University, admitted that the MLE forces "wear in the same uniform but still have different mindsets, sleep in same bed but still have different dreams."³⁶⁵

China Coast Guard: 2018 Transfer to the PAP and the 2021 Coast Guard Law

In January 2018, China removed the PAP's dual leadership and put it under the sole control of the CMC. In April, the CCG was transferred from the civilian control of the State Oceanic Administration (SOA) to the PAP to tackle the internal tensions that remained an outstanding problem following the 2013 merger. This transfer of the CCG thus stripped the agency of its civilian cover and made it officially one of China's armed forces, raising the concern that the CCG personnel would have more latitude to act aggressively in disputed waters.³⁶⁶ Almost three years into the restructuring, the standoffs and clashes between CCG ships and vessels from Malaysia and Vietnam seem to imply increased Chinese coercion at sea.³⁶⁷ Yet, a full assessment of the implications of the reorganization for crisis prevention and management is still constrained by the short period of time as well as the scarcity of details on these incidents especially in Chinese-language sources.

³⁶⁵ Author attended the discussion as an observer. Conference notes, China Foreign Affairs University, Beijing, Jun. 28, 2017.

³⁶⁶ "In and out in the PAP reform: issues related to leadership, management and command are hopefully resolved" [武警改革的出与进: 领导管理和指挥问题有望化解], Xinhua, Apr. 6, 2018, http://www.xinhuanet.com/2018-04/06/c_1122642541.htm, accessed Jan. 25, 2021; Lyle Morris, "China Welcomes its Newest Armed Force: the Coast Guard," *War on the Rocks*, Apr. 4, 2018, <https://warontherocks.com/2018/04/china-welcomes-its-newest-armed-force-the-coast-guard/>, accessed Jan. 26, 2021.

³⁶⁷ Lye Liang Fook and Ha Hoang Hop, "The Vanguard Bank Incident: Development and What Next?" ISEAS, *Perspective*, no. 69, Sept. 4, 2019; "Update: China risks flare-up over Malaysian, Vietnamese gas resources," CSIS-AMTI, Dec. 13, 2019, <https://amti.csis.org/china-risks-flare-up-over-malaysian-vietnamese-gas-resources/>, accessed Apr. 20, 2020; Nguyen Thanh Trung, "The Cauldron Boils Over: Vietnam vs. China," CSIS-AMTI, Apr. 20, 2020, <https://amti.csis.org/the-cauldron-boils-over-vietnam-vs-china/>, accessed Jan. 26, 2021.

The organizational streamlining notwithstanding, the CCG still suffered from the lack of a solid legal foundation to clearly define its enforcement authority, a flaw that some Chinese law experts and maritime law enforcement officers warned would leave critical ambiguity. Following the 2013 merger, the CCG had to derive its legal foundation from the old legal bases designed for the CMS, Maritime Police, FLE, and Anti-Smuggling Police respectively.³⁶⁸ The ambiguous legal foundation in turn resulted in the absence of a standardized procedure to guide the coast guard's use of force. Under what circumstances to use force, what types of force, and when to escalate the level of force are all critical legal questions that were left unaddressed following the consolidation. The primary law that had been used by the CCG to standardize the use of force is the "Regulations of the People's Republic of China on Use of Police Implements and Arms by the People's Police," which contained but generic provisions on the procedure of using weapons and had not been updated for over two decades since its enactment in 1996. The "Regulations on Use of Weapons by the Border Control Forces" and its supplemental provisions, which used to provide a procedure of reviewing and approving the use of force, ceased to be in effect since 2014.³⁶⁹ These legal issues remained after the 2018 decision to transfer the CCG to the PAP.

In a move clearly intended to address the legal ambiguity, China passed a law in January 2021 which for the first time explicitly specified the conditions under which the CCG personnel would be allowed to gradually escalate the level of force employed in their encounters with foreign vessels.³⁷⁰ The law laid out a guideline for CCG personnel to use force in a gradualist fashion.

³⁶⁸ Zhang Nianhong [张念宏], "Analysis of the Collision Type Law Enforcement of the China Coast Guard" [中国海警船冲撞方式执法问题探析], *Chinese Journal of Maritime Law* [中国海商法研究], vol. 28, no. 2, Jun. 2017, p. 47.

³⁶⁹ Xu Ying [徐荧], "Rules on China Coast Guard's Procedure of Using Force in Law Enforcement" [我国海警执法武力使用的程序规制], *Journal of China Maritime Police Academy* [公安海警学院学报], vol. 16, no. 5, Oct. 2017, p. 3.

³⁷⁰ Coast Guard Law of the People's Republic of China [中华人民共和国海警法], Jan. 23, 2021, http://www.gov.cn/xinwen/2021-01/23/content_5582024.htm, accessed Jan. 24, 2021. The discussion on China's

Clause 46 of the law outlines four conditions for using “police equipment” (警械): 1) when forcing the other vessel to stop during the course of boarding, inspection, interception, and pursuit; 2) when expelling or towing away the vessel by force; 3) when encountering obstruction or harm in the course of enforcing the law; 4) when handling other situations that need to stop crimes on the scene. In the Chinese legal lexicon, “police equipment” seems to refer to nonlethal means such as water guns/cannons and tear gas, among others.³⁷¹ Clause 47 stipulates two conditions for using hand-held weapons: 1) when evidence shows the vessel carries criminal suspects or illegally carries weapons, ammunitions, materials related to state secrets, narcotics, etc., and refuses to comply with orders to stop; 2) when foreign vessels enter sea areas under China’s jurisdiction to conduct illegal production operations, refuse to comply with orders to stop or resist boarding, inspection by other means, and other measures have failed to stop these illegal activities. Clause 48 specifies three scenarios for using ship- and air-borne weapons in addition to hand-held weapons: 1) when conducting counterterrorism operations at sea; 2) when handling serious violent incidents at sea; 3) when law enforcement vessels or aircraft are attacked by weapons or other dangerous means. Following the clauses outlining the guideline for escalation, Clause 50 underscores that CCG personnel should reasonably assess the necessary level of force employed to avoid or reduce unwanted casualties.

Authorizing maritime law enforcement personnel to use force on foreign vessels is a common practice adopted by coast guards in the region, and China’s coast guard law does not represent a deviation or outlier in this regard. For example, Japan revised its Coast Guard Law in 2001,

Coast Guard Law draws primarily on Shuxian Luo, “China’s Coast Guard Law: Destabilizing or Reassuring?” *The Diplomat*, Jan. 27, 2021.

³⁷¹ “Regulations of the People’s Republic of China on Use of Police Implements and Arms by the People’s Police (effective)” [中华人民共和国人民警察使用警械和武器条例 (现行)], Jan. 1, 1996, <http://www.lawinfochina.com/display.aspx?lib=law&id=12049&CGid=>, accessed Jan. 26, 2021.

authorizing its coast guard personnel to use weapons against foreign vessels within Japanese waters in situations deemed as reasonable and necessary.³⁷² South Korea authorized its coast guard officers in 2016 to use firearms including handguns and onboard cannons against Chinese fishing vessels operating illegally in Korean waters should the situation be deemed threatening.³⁷³ Likewise, Vietnam's new coast guard law passed in 2018 grants its maritime law enforcement personnel greater latitude to open fire at sea.³⁷⁴

Whereas China's coast guard law represents an integral step toward clarifying and standardizing the operations of the CCG, it has fueled unease in the region about increased risks of incidents at sea and escalation, in large part due to the huge gap in maritime capabilities between China and other claimants and the application of the law to waters China sees as under its jurisdiction.

Local Authorities

A major implication of the post-Mao decentralization in the Chinese political system is that localities enjoy greater autonomy and authority not only in domestic policies but also in foreign relations.³⁷⁵ The fact that provincial leaders are granted the same administrative rank as ministers provides the provinces considerable autonomy in taking actions that might well have important foreign policy repercussions. Meanwhile, coastal provinces became increasingly involved in China's ocean administration, despite variance in extent and means across regions. The

³⁷² Richard J. Samuels, "'New Fighting Power!' Japan's Growing Maritime Capabilities and East Asian Security," *International Security*, Vol. 32, No. 3 (Winter 2007/2008), p. 95; Japan Coast Guard Law [海上保安庁法], <https://elaws.e-gov.go.jp/document?lawid=323AC0000000028>, accessed Jan. 27, 2021.

³⁷³ Ju-min Park, "South Korea vows greater force against China fishing boats," Reuters, Oct. 10, 2016, <https://www.reuters.com/article/us-southkorea-china-fishermen-idUSKCN12B090>, accessed Jan. 27, 2021. I elaborate on China-South Korea fishery conflict in the Yellow Sea in Chapter 10.

³⁷⁴ "Vietnam weighs law for coast guard to open fire to protect sovereignty," Reuters, Apr. 11, 2018, <https://www.reuters.com/article/us-southchinasea-vietnam-coast-guard/vietnam-weighs-law-for-coast-guard-to-open-fire-to-protect-sovereignty-idUSKBN1HI1JU>, accessed Jan. 27, 2021.

³⁷⁵ Lampton, "China's Foreign and National Security Policy-Making Process" in Lampton, ed., *The Making of Chinese Foreign and Security Policy in an Era of Reform*, pp. 19-24.

geographical area over which local authorities could exercise jurisdiction, according to a 2002 State Council document, spans from the local coastal line to the outer limit of the territorial sea.³⁷⁶ Hainan represents a notable exception to this geographical scope as the province was granted with administrative authority over the South China Sea and entitled to greater latitude in adopting local legislation.³⁷⁷

Local legislation and enforcement are perhaps the most common, albeit often indirect, way of local involvement in maritime disputes.³⁷⁸ From 2011 through 2012, five Chinese provinces/municipalities passed maritime border security regulations as guidelines for local enforcement operations. Hainan, for example, authorized its enforcement agencies to board, inspect, detain, and expel foreign vessels found conducting activities in violation of China's sovereignty in the South China Sea.³⁷⁹ Even local regulations that appear to be completely domestic in nature are sometimes intended to generate foreign policy implications. Hainan's 2016 ban on the trade and processing of corals and giant clams, for example, was intended primarily to curb Chinese fishermen's giant clams poaching in the South China Sea,³⁸⁰ a cause of constant frictions between China and other littoral states in the area including the high-profile Scarborough Shoal standoff in 2012. Enforcement was enabled by the large body of local-controlled MLE forces.

³⁷⁶ CIMA, *China Ocean Development Report 2011*, p. 97; State Council, "State Council General Office Notice on Delimiting Provincial and County oceanic Administrative Boundaries" [国务院办公厅关于开展勘定省县两级还与行政区域界限工作有关问题的通知], Feb. 11, 2002, http://www.soa.gov.cn/zwgk/fwjgwywj/gwyfgwj/201211/t20121105_5259.html, accessed Oct. 1, 2018.

³⁷⁷ Guangxi is also entitled to the privilege due to its status as an ethnic-minority autonomous region. CIMA, *China Ocean Development Report 2011*, p. 96.

³⁷⁸ In 2011, CIMA's *China Ocean Development Report* for the first time devoted a whole section detailing the evolving local legislation in oceanic administration, pp. 96-107.

³⁷⁹ The other four provinces are Shandong, Shanghai, Hebei and Zhejiang. CIMA, *China Ocean Development Report 2013*, pp. 39-40.

³⁸⁰ Author's interview, Singapore, August 2018; Chinanews, "Hainan bans giant clam trade, tens of thousands to lose jobs," Jan. 5, 2017, <http://www.ecns.cn/cns-wire/2017/01-05/240291.shtml>; Xinhuanet, "Hainan completely bans the sales of coral, giant clams and relevant products" [海南全面禁售珊瑚礁、砗磲及其制品], Jan. 3, 2017, http://www.xinhuanet.com/mrdx/2017-01/03/c_135950789.htm. Both accessed Oct. 1, 2018.

The SOA began in 2009 to delegate greater enforcement authority to provincial-level CMS agencies to shift some fiscal burden from the central government to coastal locales. The FLE quickly followed the suit.³⁸¹ The numerous local MLE forces seem to have not been incorporated into the CCG but are left to the discretion of local authorities for “future consolidation.”³⁸²

Local authorities are involved in the maritime disputes also through their lobby activities to the central government in pursuit of their parochial – primarily economic – interests. Provinces at times diverge on their economic priorities and therefore may advocate for divergent or even conflicting policy options with respect to how to manage maritime disputes and China’s relations with rivaling claimants. For example, the importance of the marine fishery and hydrocarbon resources to the local economy gives Hainan a vested interest in forcefully lobbying for a tougher Chinese stance on the South China Sea and for the provision of more national resources for local maritime militia to support the fishery sector.³⁸³ On the other hand, Guangxi, with a stake in expanding sub-regional economic cooperation, has actively lobbied for maintaining cordial relations with ASEAN, especially Vietnam – a much less studied aspect in provinces’ involvement in China’s maritime disputes that I elaborate on in Chapters 7 and 8.

Local authorities are also responsible for financing other nonmilitary actors, especially the militia. However, available information indicates that local funding for militia is more likely nominal than substantial, an issue I examine more closely in the maritime militia segment.

³⁸¹ Ryan D. Martinson, “Power to the Provinces: The Devolution of China’s Maritime Rights Protection,” *China Brief*, vol. 14, issue 17, <https://jamestown.org/program/power-to-the-provinces-the-devolution-of-chinas-maritime-rights-protection/>, accessed Sept. 24, 2018.

³⁸² Peng Mei, et al., “The Birth of China Coast Guard Puts an End to ‘Five Dragons Ruling the Sea;’” *Southern Metropolis Daily* [南方都市报], “China Will Establish 11 Coast Guard Corps, with a total of 16,296 Personnel Staffing” [中国将设 11 个海警总队, 人员编制共 16296 名], Jul. 10, 2013, http://news.ifeng.com/mainland/detail_2013_07/10/27324094_0.shtml, accessed May 31, 2018.

³⁸³ Zhang and Bateman, “Fishing Militia,” p. 297.

The National Oil Companies (NOCs)

China's three state-owned oil companies, China National Petroleum Corporation (CNPC), China Petroleum & Chemical Corporation (Sinopec), and China National Offshore Oil Corporation (CNOOC), overseen by the State-owned Assets Supervision and Administration Commission (SASAC) under the State Council and backed by the powerful National Development and Reform Commission (NDRC), have been influential actors in China's foreign policy following the liberalization and decentralization in the Chinese energy sector.³⁸⁴

The NOCs derive their political clout not merely from their strategic importance to China's energy security but also from their direct access to China's decision-making and bureaucratic apparatus, primarily enabled through the nomenklatura system, which functions as a revolving door for the Communist Party cadres to transfer between positions in the party-state and those in central SOEs. This system, while aiming to keep the Party's grab on the most important SOEs, has in effect enhanced SOE executives' influence on government policies.³⁸⁵ A number of China's senior central and provincial leaders formerly served in NOC management positions.³⁸⁶

Although CNPC by size is the largest of the three NOCs, CNOOC is the most important one in China's competition with other claimants in the disputed waters for hydrocarbon resources, not merely because it is China's largest offshore oil and gas producer. More importantly, from its inception in 1982 to 2004, CNOOC enjoyed the exclusive rights to conduct offshore oil exploration and production (E&P) as well as to oversee offshore joint development projects with

³⁸⁴ Erica Downs, *Brookings Foreign Policy Studies – Energy Security Series: China* (Washington DC: Brookings Institution, 2006), p. 16; Kong, *China's International Petroleum Policy*

³⁸⁵ Kjeld Erik Brodsgaard, "Politics and Business Group Formation in China: The Party in Control?" *China Quarterly*, vol. 211, Sept. 2012, pp. 624-648.

³⁸⁶ Downs, *Brookings Foreign Policy Studies – Energy Security Series: China*, p. 22; International Crisis Group, *Stirring up the South China Sea (IV)*, p. 9.

foreign businesses.³⁸⁷ As a result, CNOOC for a substantial period was the only energy corporate player involved in China's maritime disputes. Even after losing its monopoly, it remains a prominent frontline actor in these disputes. Sinopec and CNPC are late comers but increasingly influential in the rivalry for hydrocarbon resource in the disputed waters.

Maritime Militia

The Chinese militia is characterized as “an armed mass organization composed of civilians retaining their regular jobs...a component of China's armed forces, and an auxiliary and reserve force of the PLA.”³⁸⁸ Once conceived as a major component in the concept of “People's War,” the militia in contemporary Chinese military planning is primarily tasked to assist the PLA “by performing security and logistics functions in war.”³⁸⁹ With respect to border defense responsibilities, the militia is tasked to “coordinate with the troops and public security departments to strengthen administration of the border regions and protect the security of the frontiers.”³⁹⁰ In the maritime domain, the militia is comprised of citizens working in the marine economy who are traditionally trained to perform public security tasks including search and rescue, anti-crime, humanitarian assistance and disaster relief (HA/DR), maritime border protection and patrol, and auxiliary military tasks necessary to support the PLAN in wartime.³⁹¹

³⁸⁷ CNOOC, “Our History,” <http://www.cnooc.com.cn/col/col6171/index.html>, accessed Oct 2, 2018; Li Guoqiang [李国强], “Prospecting and Developing South China Sea Oil and Gas Resources” [南海油气资源勘探开发的政策调适], *China International Studies* [国际问题研究], issue 6, 2014, http://www.ciis.org.cn/gyzz/2014-11/20/content_7385361.htm, accessed Oct. 2, 2018.

³⁸⁸ Central Military Commission of the People's Republic of China, “Regulation on Militia Work” [中华人民共和国民兵工作条例], Dec. 1990, http://www.mod.gov.cn/regulatory/2016-02/12/content_4618055.htm, accessed June 3, 2018.

³⁸⁹ As of 2010, about 60 percent of the PRC militia reportedly had been assigned to anti-aircraft artillery, engineering, chemical defense, communications, and information units. Blasko, *The Chinese Army Today*, p. 29.

³⁹⁰ *Ibid.*, pp. 29-30.

³⁹¹ Bernard Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century* (Annapolis, MD: Naval Institute Press, 2010), p.79.

Mobilization orders to the militia are passed through the line from the provincial-level Military Districts (MDs) down to local People's Armed Force Departments.³⁹² MD is responsible for mobilization preparations for militia units in its province. Military sub-districts (MSDs) at prefecture and city levels (in some cases county-level as well) formulate mobilization plans accordingly, and conscript and train the militia. Below the MSDs, PAFDs at county, district and township levels are responsible for meeting local conscription requirements as set forth by their supervisory MSD and MD, and for providing peacetime command for local militia units. Aside from the MD-PAFD line, the CBCD and SCNDM systems also have their respective local organs from province through county. There seems to be significant cross-over between the three lines, given that they all share responsibilities for the militia administration, mobilization, and border defense.³⁹³

As tensions ratchet up on China's maritime periphery, the role of maritime militia as a tool of asserting Chinese sovereignty attracted growing attention, especially following Xi Jinping's trip to Hainan in April 2013. During his trip, Xi Jiping toured Tanman, a small fishing village in southern Hainan where local fishing fleets were organized into an active maritime militia company operating all over the South China Sea, including in the disputed waters.³⁹⁴ When meeting with the maritime militia leaders, Xi reportedly encouraged them to master modern equipment, proactively collect information in distant waters, and support the construction of islands and reefs.³⁹⁵ Xi's tour and words unleashed a nationwide drumbeat for building the maritime militia

³⁹² This paragraph mainly draws upon Blasko, *The Chinese Army Today*, pp. 40-41.

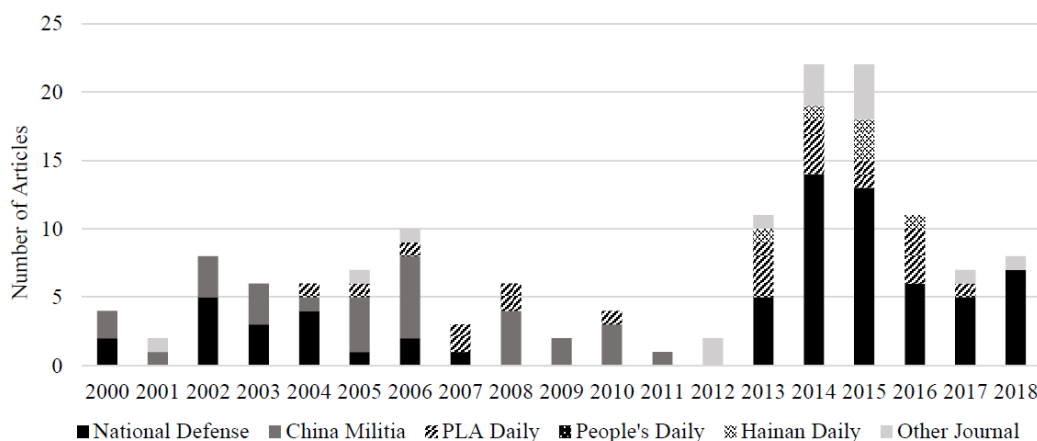
³⁹³ Andrew S. Erickson and Conor M. Kennedy, "China's Maritime Militia," CNA Corporation, Mar. 7, 2016, https://www.cna.org/cna_files/pdf/chinas-maritime-militia.pdf, p. 10, accessed June 3, 2018.

³⁹⁴ "Hainan Tanmen Made Outstanding Accomplishment in Maritime Militia Company Construction" [海南省潭门海上民兵连建设成绩突出], *National Defense*, 2013, issue 7.

³⁹⁵ "Xi Jinping Inspected Hainan" [习近平在海南考察], People.com, April 10, 2013, <http://politics.people.com.cn/n/2013/0410/c1024-21090468.html>, accessed Oct. 11, 2018.

into a genuine third arm in China’s “military-law enforcement-civilian joint defense” strategy and allowing it to play a greater role in the maritime disputes (Figure 3.1). Being both civilians and soldiers, according to the rationale, the maritime militia can be deployed to strengthen control and administration of China’s “maritime territory” while avoiding the political and diplomatic ramifications that could otherwise be incurred with the involvement of the military.³⁹⁶

Figure 3.1: Maritime Militia in the Core Newspapers and PLA Publications since 2000³⁹⁷



Nevertheless, there is a set of issues that must be addressed before the maritime militia can effectively function as the third arm in China’s joint defense strategy. The central issue is to clarify the command-and-control relations. While the maritime militia traditionally work within the MD-PAFD, CBCD and NDMC lines, a broadening range of missions requires the militia to effectively collaborate with other nonmilitary actors such as the MLE agencies and NOCs.³⁹⁸ Thus arises the questions of who has the authorization to review and approve maritime militia’s participation in what types of maritime rights protection operations, who commands the militia under what

³⁹⁶ He Zhixiang [何志祥], “On the Four Integrations in Maritime Militia Construction” [谈海上民兵建设“四纳入”] *National Defense*, 2013, issue 4, pp. 36-37.

³⁹⁷ I used search by theme instead of search by title because some articles on the maritime militia not necessarily have titles including the exact phrase “maritime militia.”

³⁹⁸ Erickson and Kennedy, “China’s Maritime Militia,” p. 10.

circumstances with how much authorization, and who is responsible for paying for militia expenditures.³⁹⁹

The often understudied if not overlooked expenditure issue introduces more complexity into the administration and employment of maritime militia, as funding for the militia seems far from being guaranteed. As of 2010, only about 2-3 percent of China's defense budget was used to fund militia training and equipment, and additional funding came from local governments.⁴⁰⁰ Local funding alone is far from adequate to cover the militia expenditure. A guideline issued by Hainan in 2014 stated that the provincial and county (city, prefecture) governments each would be responsible for 50 percent of the province's maritime militia expenditure. For the year of 2014, the provincial government earmarked 28 million RMB for maritime militia construction.⁴⁰¹ This budget appears miniscule in the light of the costs that militia construction and deployment would generate. According to a 2014 estimate, for a fishing boat of 50-ton displacement to participate in one-week militia training, it would cost over 100,000 RMB to cover the crew's lodging and compensate for the ship's lost income.⁴⁰² Available evidence indicates that local authorities are likely receiving compensation from the central government through substantial transfer payment. According to the 2018 budget report that Hainan Department of Finance submitted to the provincial people's congress, in FY 2017 Hainan received 18.01 billion RMB in transfer payment

³⁹⁹ Wang Zhiping [王治平] and Wang Yongjian [汪勇健], "Some Thoughts on Militia's Participation in Maritime Rights Protection Struggle" [民兵参加海上维权斗争的几点思考], *National Defense*, 2013, issue 6, pp. 54-55. Some PLA officials propose to "standardize" the command and control relations based on the type of tasks the militia perform at sea. See, for example, Xu Haifeng [徐海峰], "Adapt to the New Situation, Comprehensively Standardize Maritime Militia Construction" [适应新形势, 全面规范海上民兵建设], *National Defense*, 2014, issue 2, pp. 65-66.

⁴⁰⁰ Blasko, *The Chinese Army Today*, p. 29.

⁴⁰¹ Wang Cheng [王承] and Chen Daofan [陈道凡], "Hainan Announced Guideline on Strengthening the Building of Maritime Militia" [海南省出台加强海上民兵建设的意见], *National Defense*, 2014, issue 3.

⁴⁰² Liao Gangbin [廖刚斌], Wang Pai [王牌] and Xiong Rui [熊睿], "Problems and Solutions in Constructing Maritime Militia Units" [海上民兵分队建设存在的问题与对策], *National Defense*, 2014, issue 8, pp. 14-15.

from the Ministry of Finance that “factors in the province’s expenditure on maritime administration and ocean areas.”⁴⁰³ Moreover, a “whoever uses the militia pays the bill” approach was proposed to share the burden and became a common practice.⁴⁰⁴ But fund for the militia remains an outstanding problem. A 2017 *National Defense* article explicitly complained about having no channels to guarantee fund. According to this article, when the maritime militia is assigned to a task, the fund issue was usually solved by “the county paying a bit, the city compensating a bit, and the province subsidizing a bit.” This way of solving the fund problem meant that “the more tasks you perform, the more you pay.”⁴⁰⁵

A direct result from funding inadequacy is that the government organs may not have strong economic leverage to exert effective control over profit-driven fishermen. Surveys conducted by Hainan authorities in 2015 showed that 42 percent fishermen prioritized material benefits from their participation in the maritime militia. Some fishermen admitted that they would quit militia activity for not receiving economic compensation or justified their absence from maritime rights protection operations with fishing work at sea.”⁴⁰⁶ Sources familiar with Hainan’s fishery community note that each fishing ship participating in maritime rights protection activity receives a daily compensation of 500 RMB, which is “too petty compared to the profits that could be made

⁴⁰³ Department of Finance, Hainan Province, “Report on Hainan Province’s Implementation of FY 2017 Budget and the Proposed FY 2018 Budget” [海南省 2017 年预算执行情况和 2018 年预算草案的报告], Jan 26, 2018, http://mof.hainan.gov.cn/czt/zwx/czyjs/201803/t20180301_2562925.html, accessed Oct 2, 2018.

⁴⁰⁴ Xu, “Adapt to the New Situation, Comprehensively Standardize Maritime Militia Construction;” Kou Zhenyun [寇振云] and Feng Shi [冯时], “‘Four Musts’ in Strengthening Maritime Militia Construction” [加强海上民兵建设“四要”], *National Defense*, 2016, issue 5, p. 42. Erickson and Kennedy, “China’s Maritime Militia,” p. 12.

⁴⁰⁵ Qin Jinghao [秦景号], “Study on the Issues in Militia’s Participation in Maritime Rights Protection Operations” [民兵参加海上维权斗争行动问题研究], *National Defense*, 2017, issue 4, p. 81.

⁴⁰⁶ Yang Jianbo [杨建波], “Closely Base on the Reality in South China Sea Rights and Interests Struggle, Improve Maritime Militia’s Political Work” [紧贴南海权益斗争实际, 做好海上民兵整治工作], *Journal of Political Work* [政工学刊], 2015, issue 3, pp. 44-45.

from a day at sea just fishing, and even more so when compared with the huge profits from giant clam poaching.”⁴⁰⁷

The marketization of China’s fishery sector has also weakened the organizational control over militia fishing ships. In the pre-reform era, state fishing corporations and fishing communes, which were under either state or provincial control and possessed the bulk of China’s trawlers and seiners, constituted a vast network of effective controls reaching down to the individual level.⁴⁰⁸ Such firm control could no longer sustain in the reform era when the fishery sector becomes fully marketized. In the 2000s, coastal provincial military districts widely reported problems in tracking and controlling militia fishing ships.⁴⁰⁹

Given the unclear command and control relations, funding inadequacy, and weakened organizational control, it is practically difficult to develop an accurate assessment as to what extent Chinese fishermen act independently or under directions from Chinese authorities. There have been cases in which civilian fishing ships have participated in maritime rights protection missions in collaboration with MLE forces and/or PLAN, indicating that the maritime militia does exploit the “perceived advantages in their role as both military personnel and citizen marine workers.”⁴¹⁰ However, viewed in light of available evidence emerging in authoritative Chinese-language sources, much of which are writings by PLA commanders and officers deeply involved in the militia work, it seems over-the-top to portray the maritime militia as a body of force that has

⁴⁰⁷ Author’s interview, Singapore, August 2018.

⁴⁰⁸ Bruce Swanson, *Eighth Voyage of the Dragon: A History of China’s Quest for Seapower* (Annapolis, MD: Naval Institute Press), 1982, pp. 216-221.

⁴⁰⁹ Dong Shiwu [董世武], Liu Xiantuan [刘贤团] and Wang Quanwen [王全文], “Build Strong Maritime Reserve Forces-Investigation on Maritime Militia Construction II (The Training Episode)” [铸就海上后备劲旅-海上民兵建设系列调查之二（训练篇）], *China Militia*, 2003, issue 9, p. 34; Zhang Qihong [张齐红], “The Primary Dimensions that should be Controlled when Strengthening Maritime Militia Construction” [加强海上民兵建设应把握的主要环节], *National Defense*, 2003, issue 10, pp. 30-31; Zhang Jian [张健], Deng Weiyu [邓伟余] and Zhao Jicheng [赵继承], “After 40 Pre-Registered Fishing Vessels Were Sold” [40艘预编渔船被卖掉之后], *China Militia*, 2006, issue 10, pp. 26-27.

⁴¹⁰ Erickson and Kennedy, “China’s Maritime Militia,” endnote 13.

systemically conducted deceptive missions at sea in close collaboration with the PLA and the MLE forces. Rather, the coordination seems to be, as a knowledge source characterizes it, “loose and diffuse” at best, and to achieve a close coordination “takes long time.”⁴¹¹

Fishermen and the Bilateral Fishery Agreements

Fishing disputes represent a constant source of tensions between China and its maritime neighbors. Massive overfishing and coastal water pollution have led to the depletion of fishing stocks in China’s proximate fishing grounds, driving Chinese fishermen to venture into more distant areas including the contested waters. In pursuit of rich fish stocks, Chinese fishing ships sometimes simply ignore “regulations that deem an area off-limits either due to territorial disputes or a temporary moratorium with the aim of conserving fishing.”⁴¹² Encounters at sea between Chinese fishermen and maritime enforcement personnel from rivaling claimant countries have at times resulted confrontations or even violent clashes. China has concluded bilateral fishery agreements with Japan, Vietnam, and South Korea that lay out co-management mechanism to reduce fishing conflict in the bordering waters.

Sino-Japanese Fishery Agreement

Both China and Japan had traditionally fished in the East China Sea. In 1975, both countries signed their first government-level fishery agreement.⁴¹³ To incorporate changes brought by UNCLOS to international ocean governance, the two countries reached a new fishery agreement in 1997, which, effective from July 2000, delineated a Provisional Measures Zone (PMZ) encompassing the overlapping EEZ and established a joint fisheries committee to co-manage the PMZ. Both sides agreed that within the PMZ, each side would administrate its own nationals and

⁴¹¹ Author’s interviews, Washington DC, June 2018; Tokyo and Singapore, August 2018.

⁴¹² Jakobson, *China’s Unpredictable Maritime Security Actor*, p. 23.

⁴¹³ Since 1949, the two countries had reached nongovernmental fishery agreements in 1955, 1963 and 1965 prior to normalizing relations in 1972. The 1975 agreement was revised and renewed in 1978 and 1985.

fishing vessels. The two sides also agreed to grant reciprocal fishing access to nationals of the other party in their undisputed EEZs.⁴¹⁴

Most notable is the exchange of notes between the two countries' representatives, which are attached to the agreement as an appendix. In the notes, China and Japan agreed not to apply domestic fisheries law to citizens of the other party operating in waters south of 27°N and west of 125°30'E,⁴¹⁵ an area encompassing the Diaoyu/Senkaku islands as well as its territorial and contiguous waters.⁴¹⁶ The islands and its waters, however, are in effect excluded from the scope of the agreement, because Article 1 of the agreement specified that “[w]aters to which this agreement is applicable are *the exclusive economic zone of the People's Republic of China and the exclusive economic zone of Japan.*”⁴¹⁷ This exclusion, as demonstrated in Chapter 5, became a point of contention between Beijing and Tokyo during the 2010 fishing trawler collision.

Sino-Vietnamese Fishery Agreement

China and Vietnam signed the Agreement on Fishery Cooperation in the Gulf of Tonkin along with their maritime boundary delimitation agreement in 2000. Unlike China's provisional fishery agreements with Japan and South Korea, the Sino-Vietnamese agreement is a permanent one based on a settled maritime boundary. According to this agreement, a three-layer structure comprised of a Common Fishery Zone (CFZ), a Transitional Fishing Zone (TFZ), and a buffer zone was established to address fishing conflict in the gulf. In the CFZ which straddles the demarcation line and stretches 30.5 nautical miles on each side into the two countries' EEZs, fishing vessels from both countries are allowed to operate under the supervision of a bilateral joint committee. Each

⁴¹⁴ *The Fisheries Agreement between the People's Public of China and Japan* [中华人民共和国和日本国渔业协定], Nov. 11, 1997, http://www.fmprc.gov.cn/web/ziliao_674904/tytj_674911/tyfg_674913/t556672.shtml, accessed Feb. 22, 2018; Mallory, *China in Global Fisheries*, p. 153.

⁴¹⁵ *The Fisheries Agreement between the People's Public of China and Japan.*

⁴¹⁶ The coordinates of the Diaoyu/Senkakus are 25°46'N, 123°31'E.

⁴¹⁷ *The Fisheries Agreement between the People's Public of China and Japan.* Emphasis added.

party exercises jurisdiction in its own waters on the nationals and fishing ships from both sides. The TFZ, a four-year temporary arrangement, designate an area in which both parties gradually reduce fishing in the other country's EEZ.⁴¹⁸

The buffer zone is an area stretching 10 nautical miles south along the division line of the two countries' bordering territorial seas and extending 3 nautical miles on each side of the division line, which is intended for preventing fishery disputes should one party's small fishing boats illegally enter the other's territorial sea by mistake. The agreement stipulates that each country, if it finds in its own waters in the buffer zone small fishing boats from the other party conduct fishing activities, may issue a warning or take necessary actions to order the ships to leave that water area, but the party shall demonstrate restraints in doing so and avoid detention, arrest, punishment or use force.⁴¹⁹ The buffer zone and its relevant clause is also distinctive in that no similar clause has been included in China's other two bilateral fishery agreements. This buffer zone arrangement, with an emphasis on "no use of force," was probably made in light of "small vessels lacking the technology to indicate whether they have crossed onto the wrong side" and the past armed fights involving fishermen from the two sides, according to some analysts.⁴²⁰

China-South Korea Fishery Agreement

China and South Korea concluded a provisional five-year fishery agreement in 2000, renewed annually since 2006. Like the Sino-Japanese fishery agreement, China and South Korea agree to establish a joint fishery committee to co-manage fishing operations in a PMZ carved out in the

⁴¹⁸ *The Agreement between the People's Republic of China and the Socialist Republic of Vietnam on Fishery Cooperation in the Beibu Bay* [中华人民共和国政府和越南社会主义共和国政府北部湾渔业合作协定], China-ASEAN Center [中国-东盟中心], http://www.asean-china-center.org/2000-12/25/c_13356744.htm, Dec. 25, 2000, accessed June 10, 2017.

⁴¹⁹ Ibid.

⁴²⁰ Mallory, *China in Global Fisheries*, p. 160; Author's interview, Singapore, August 2018.

Yellow Sea. The agreement also set up two TFZs on both sides of the PMZ that became absorbed into respective countries' EEZs over the course of four years.⁴²¹

This agreement notwithstanding, there has been a rise in violent clashes between Chinese fishermen and South Korean maritime law enforcement personnel in the past two decades, as I examine in detail in Chapter 10. The Yellow Sea indeed presents an intriguing case in two ways: first, the maritime dispute per se is perhaps the least contentious of the three seas, but the area has seen the highest frequency of fatal incidents; second, given the high frequency of fatal clashes, China's propensity to de-escalate incidents in the Yellow Sea has been much clearer and stronger than in other disputed waters.

Societal Actors: Media, Netizens, and Nationalist Activists

While most day-to-day foreign policy issues are managed by technocrats at MFA and remain in large part under the radar of public opinion, the general public can become highly charged when it comes to sensitive issues such as those related to sovereignty and territorial integrity, and China's relations with specific countries especially Japan and the United States.⁴²² Moreover, the commercialization of the Chinese media and the rapid spread of the Internet have tremendously increased the difficulty for Beijing to control information and manage grassroots pressures in times of crisis.

Media commercialization has revolutionized the Chinese media sector in two ways. First, greater authority over programming and content has been delegated to lower levels in the media

⁴²¹ *The Fisheries Agreement between the People's Public of China and the Republic of Korea* [中华人民共和国政府和大韩民国政府渔业协定], Nov. 20, 2000, http://www.fmprc.gov.cn/web/ziliao_674904/tytj_674911/tyfg_674913/t556669.shtml, accessed Feb. 22, 2018.

⁴²² Susan Shirk, "Changing Media, Changing Foreign Policy," in Susan Shirk, ed., *Changing Media, Changing China* (New York, NY: Oxford University Press, 2011), pp. 225-226.

hierarchy, thus reducing the state's intervention in media's business decisions.⁴²³ Second, the primary goal of the media shifts from propaganda to making profits through advertising revenues and increased sales. As a result, commercial media tend to pander to the audience's growing interest in global affairs and compete one another for eyeballs by "dramatizing international news events, exaggerating threats, and emphasizing conflict over cooperation."⁴²⁴

Meanwhile, the rapid spread of Internet use in China has considerably accelerated the speed at which international news travels, while at the same time providing platforms for public discourses and mass mobilization on foreign policy issues.⁴²⁵ By allowing netizens to interact through posts, responses and information sharing, the Internet enables "civic participation on a large scale that is impossible by any other means" in China, and in quite a few cases serves as "an action-oriented medium" for organizing anti-foreign street protests and online petitions.⁴²⁶ The Internet also provides a space for sharing information that may otherwise be withheld from publicity in the traditional media, which is in general an easier target for state control and censorship.

In addition, private citizens have come to the frontline of the maritime disputes. Specifically, since early 2000s, the PRC's "Baodiao" ("Defending the Diaoyu Islands") nationalists have been actively involved in the East China Sea disputes.⁴²⁷ Although Beijing permitted Baodiao voyages

⁴²³ Daniela Stockmann, "What Kind of Information Does the Public Demand? Getting the News during the 2005 Anti-Japanese Protests," Shirk, ed., *Changing Media, Changing China*, p. 177.

⁴²⁴ Shirk, "Changing Media, Changing Foreign Policy," p. 226.

⁴²⁵ In 2005 there were 94 million Internet users in China. This figure quadrupled by the end of 2009 to 384 million and continued to grow exponentially. The number doubled in 2017, reaching 772 million, which makes up over half of the Chinese population. Junhao Hong, "The Internet and China's Foreign Policy Making: The Impact of Online Public Opinions as a New Societal Force," Lin Su and Yufan Hao, ed., *China's Foreign Policy Making: Societal Force and Chinese American Policy* (Florence: Routledge, 2017), p. 94; Cyberspace Administration of China [中华人民共和国国家互联网信息办公室] and Office of Central Cyberspace Affairs Commission [中共中央网络安全和信息化委员会办公室], "Chinese netizens reach a total of 772 million, Benefiting the Whole Population through the spread of the Internet Made New Progress" [中国网民规模达 7.72 亿, 互联网惠及全民取得新进展], Jan. 31, 2018, http://www.cac.gov.cn/2018-01/31/c_1122340463.htm, accessed Oct. 16, 2018.

⁴²⁶ Hong, "The Internet and China's Foreign Policy Making," p. 95.

⁴²⁷ Long before the PRC's Baodiao groups came to the frontline of the East China Sea disputes, Baodiao activists from Hong Kong and Taiwan have undertaken a number of protest voyages to the Diaoyu/Senkakus in the 1980s and 1990s.

in 2003 and use the grassroots activism to demonstrate the domestic pressure that it faces, Chinese public security authorities maintained constant surveillance and restrictions on the Baodiao activists as any detention, injury or death of activists during encounters with the Japanese might well bode for an outburst of popular anti-Japanese emotions. Moreover, Beijing was worried that should any activists be detained by the Japanese government, it would provide Japan with an opportunity to assert its sovereignty claims to the Diaoyu/Senkakus by subjecting foreign citizens to its domestic laws.⁴²⁸ The Baodiao movement in Hong Kong also has been subject to increasing control by Beijing through the Special Administrative Region (SAR) authorities.

CONCLUSION

This chapter provides an overview of China's maritime disputes in the East China Sea, South China Sea, and the Yellow Sea, and examines China's evolving maritime defense strategy that has led to a gradual division of labor between the PLAN and the MLE agencies. Despite the various cross-system integrators that Beijing has set up or restructured, interagency coordination within the maritime security system remains a persistent challenge. At the same time, a growing number of subnational and societal actors with a diverse range of interests become actively involved in these disputes, further compounding the coordination problem.

⁴²⁸ Author's interviews, Shanghai and Beijing, June and July 2018.

The East China Sea: A Highly Combustible Flashpoint

In the East China Sea, either we have no problem, or when there are problems, they are bound to be big ones ... The East China Sea is a highly combustible flashpoint. Once it is inflamed, a firestorm is only to be expected.⁴²⁹

– Senior Colonel Zhou Bo
Director of Security Cooperation Center
Office for International Military Cooperation, Central Military Commission

The Sino-Japanese disputes in the East China Sea are comprised of four broad categories: territorial disputes, natural resources disputes, maritime boundary delimitation disputes, and military competition. The Diaoyu Islands dispute entails all the four types of disputes. For this reason, the dispute over the sovereignty of the Diaoyu Islands is the focal point as well as the flashpoint in the East China Sea controversies... Once we lose the Diaoyu Islands, what we will lose is not merely several square kilometers' territories, but our jurisdiction over 220,000 square kilometers' sea areas as well as our national dignity.⁴³⁰

– Yu Zhirong
Former *Deputy* Commander
The *China Maritime Surveillance* East China Sea Corps

The Diaoyu/Senkaku situation is potentially more dangerous than the South China Sea one and not just because the area is crowded with the ships and planes from the two countries that could collide at any time. Relations with Japan have always been a focal point of popular nationalism.⁴³¹

– Susan Shirk
Chair of the 21st Century China Program
Research Professor of Political Science at UC San Diego
Former Deputy Assistant Secretary of State

⁴²⁹ Zhou Bo [周波], “Maritime Risk Management and Control” [海上风险管控], talk at the North Pavilion serial seminars [北阁论衡] held by the Institute of International & Strategic Studies (IISS), Peking University, Beijing, June 21, 2017. Author's notes.

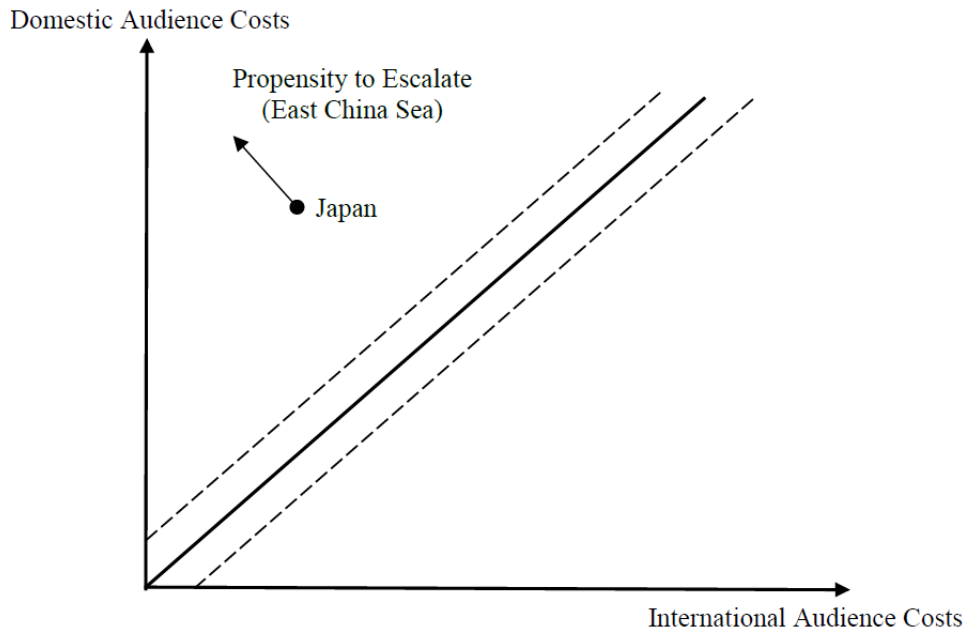
⁴³⁰ Yu Zhirong [郁志荣], *Rights Protection in the East China Sea — Sino-Japanese Disputes in the East China Sea and over the Diaoyu Islands* [东海维权——中日东海·钓鱼岛之争] (Shanghai: Wenhui Press, 2012), p. 107, p. 115.

⁴³¹ “What's Really at the Core of China's ‘Core Interests’?” A ChinaFile Conversation, Apr. 30, 2013, <http://www.chinafile.com/conversation/whats-really-core-chinas-core-interests>, accessed Oct. 10, 2019.

4. The Diaoyu/Senkaku Lease and the Chunxiao Dispute

In the post-Cold War era, China maintained a primarily conciliatory posture with Japan throughout the 1990s. Yet starting from the early 2000s, China and Japan became embroiled in continued tensions caused by their disputes over the sovereignty of the Diaoyu/Senkaku Islands and the unsettled maritime boundaries in the East China Sea, which at times were compounded by the bilateral controversies over the wartime history. For most of the time during the past two decades, the East China Sea falls in the “propensity to escalate” area above the 45-degree borderline in the cost tradeoff model where domestic audience costs clearly prevail over international audience costs under most circumstances (Figure 4.1).

Figure 4.1 The East China Sea in the “Propensity to Escalate” Area



This chapter traces China’s handling of two major incidents arising from the East China Sea disputes during the first decade of the 21st century, the 2002-2004 Diaoyu/Senkaku lease and the 2004-2008 Chunxiao (which Japan later renamed as Shirakaba) gas field dispute. The disputes surfaced as bilateral relations took a downturn amid controversies over the wartime history and

Japanese Prime Minister Koizumi Junichiro's repeated visits to the Yasukuni Shrine since his inauguration in 2001. The prevalence of domestic audience costs over international audience costs best explains China's strong propensity to escalate in both episodes. At the top, the protracted leadership transition from Jiang Zemin to Hu Jintao during this period and the two leaders' divergent standpoints on Japan made a leadership consensus on maintaining good relations with Tokyo difficult to come about. Below the top, elite voices calling for a more strategic and moderate approach – or in its original term, a “new thinking” – towards Japan came under strong criticism by hardliners. Meanwhile, bureaucratic actors with institutional interests in supporting an assertive maritime policy began to capitalize on the flareup in the East China Sea to advance their own policy agenda. At the grassroots level, a string of bilateral controversies attracted wide public attention and easily inflamed the intense anti-Japanese sentiment that has been deeply ingrained in the Chinese national narrative. Popular backlash, along with the hardliner voices, forcefully silenced the “new thinking” advocates.

On the other hand, the deterioration of the Sino-Japanese relationship came at a time when Beijing entertained an optimistic outlook on its regional diplomacy and security environment. China had considerably improved its relations with the United States following the 9/11 terrorist attacks, worked closely with other regional stakeholders on critical issues in the neighborhood, and had actively participated in multilateral institutions in the region. The Chinese narrative of seeking “peaceful rise” was gaining some currency in the international community. Against this backdrop, the Sino-Japanese relationship stood out as an exception rather than the rule in China's foreign relations; as such, from the Chinese perspective, a forceful response to Japan's moves in the East China Sea would unlikely incur high geopolitical costs. Based on this tradeoff calculation, China escalated both the Diaoyu/Senkaku lease and the Chunxiao dispute during this period.

When information surfaced in late 2002 that Japan had been leasing part of the Diaoyu/Senkakus from the islands' private owner, there was no fait accompli that Beijing perceived as truly having to be reversed or a likely fait accompli that needed to be deterred. Therefore, China undertook a restrained – or at most moderately strong – escalation along nonmilitary dimensions in the island lease dispute by lifting bans on Baodiao voyages originating from mainland China and allowing small-scale anti-Japanese demonstrations.

In contrast, China responded to the 2004-2008 offshore gas field disputes with a combination of a strong nonmilitary escalation and a restrained military escalation. When facing a growing probability that Japan would permit its own oil companies to drill in the disputed area, China adopted escalatory measures that constituted a forceful nonmilitary escalation, including allowing the CMS to initiate maritime rights protection patrols in the area and unleashing nationwide anti-Japanese protests. After Japan granted drilling permission to a Japanese oil company, which presented Beijing with a fait accompli, China then escalated the dispute militarily by dispatching a flotilla of PLA Navy warships to sail in the waters near the gas fields. This move, which was quickly denied by Beijing as targeting the gas field disputes and never recurred thereafter, was arguably a restrained demonstration of China's resolve with the aim of rolling back the fait accompli and deterring further ones while avoiding disrupting the ongoing bilateral gas talks.

In mid-2008, Beijing struck a deal with Tokyo on jointly developing the East China Sea energy, which represented a major compromise by China on its longstanding position regarding joint development in the East China Sea. However, this deal, which was rushed through by the Chinese leadership and sidestepped key compromise-averse domestic stakeholders, soon proved to be untenable in the face of strong internal opposition and resistance. As a result, the deal virtually aborted without implementation.

2002-2004: THE DIAOYU/SENKAKU LEASE

The tiny, uninhabited Diaoyu/Senkaku islands had fueled a protracted tussle between Chinese and Japanese nationalists. During the 1990s, contrasting the active Baodiao (“defending the Diaoyu/Diaoyutai”) movements in Hong Kong, Taiwan and even among overseas Chinese diasporas,⁴³² Beijing had consistently restricted grassroots Baodiao activism in mainland China and had prevented protest voyages originating from the PRC territories, knowing clearly that such activism would alienate Japan at a time when China needed it most. A higher priority for Beijing at that time was to break out of the post-Tiananmen isolation and to forge ahead China’s reform by continuing and expanding its engagement with the international community, to which Japan was the most sympathetic G7 member. In addition, Beijing also persistently suppressed anti-Japanese street protests over the island dispute during this decade.⁴³³ At the beginning of the 21st

⁴³² The movement of Baodiao was initiated by the ROC’s overseas diasporas in the early 1970s on the eve of U.S. reverting Okinawa to Japan. A surge of Baodiao activism was triggered in the 1990s when the Nihon Seinensha, a Japanese right-wing nationalist organization, applied to Japan’s Maritime Safety Administration (MSA) to register a lighthouse the organization built on Uotsurijima in 1978. Street protests erupted in Hong Kong and Taiwan. Baodiao activism surged again in 1996 when seven Seinensha activists landed on Kitajima to build a lighthouse on this island and applied for official recognition. In September, Baodiao activists sailed from Hong Kong to the Diaoyu/Senkaku to demolish the lighthouse. During this expedition, David Chan, one of the activists, was accidentally drowned. On October 6, the day on which Chan’s funeral was held, Baodiao activists from Hong Kong, Macau, and Taiwan undertook another protest voyage, marking the first successful Chinese landing. Action Committee for Defending the Diaoyu Islands [保釣行動委員會], “A Chronology of Baodiao Events” [歷年保釣事件記載], <http://www.diaoyuislands.org/fwl/1.html>, accessed Dec. 20, 2018; Edward A. Gargan, “Man Drowns during a Protest over Asian Islets,” *New York Times*, Sept. 27, 1996, <https://www.nytimes.com/1996/09/27/world/man-drowns-during-a-protest-over-asian-islets.html>, accessed Dec. 25, 2018; Diaoyutai TW (釣魚台教育協會), “A Chronology of Diaoyutai Events” [釣魚台大事年表], <https://diaoyutai.tw/%E4%BF%9D%E9%87%A3%E9%81%8B%E5%8B%95/%E9%87%A3%E9%AD%9A%E5%8F%B0%E5%A4%A7%E4%BA%8B%E8%A8%98/%E9%87%A3%E9%AD%9A%E5%8F%B0%E5%A4%A7%E4%BA%8B%E5%B9%B4%E8%A1%A8%E8%BE%A6%E5%85%AC%E5%AE%A4%E6%95%B4%E7%90%86/>, accessed Dec. 25, 2018. For scholarly studies on this part of history, see, Chih-ming Wang, “Tracking Baodiao: Diaspora, Sovereignty, and Chinese American Resistance,” *Chinese American: History and Perspectives*, 2009, pp. 130-136. The term “Chinese” is used here as a broad reference to people of pan-Chinese heritage, be them residents of the PRC, ROC, Hong Kong, Macau, or overseas Chinese descendants; this use does NOT mean that this study or the author takes a position on the “Chinese” versus “Taiwanese” issue or other similar issues germane to the “Chinese” identity.

⁴³³ James Manicom, *Bridging Troubled Waters: China, Japan, and Maritime Order in the East China Sea* (Washington DC: Georgetown University Press, 2014), pp. 47-48; Yutaka Kawashima, *Japanese Foreign Policy at the Crossroads: Challenges and Options for the Twenty-First Century* (Washington DC: Brookings Institution Press, 2003), p. 99; Weiss, *Powerful Patriots*, pp.105-118; Ming Wan, *Sino-Japanese Relations: Interaction, Logic, and Transformation* (Washington DC: Woodrow Wilson Center Press, 2006), p. 267.

century, the bilateral relationship continued to improve as both countries strived to manage their disputes in the East China Sea. The Sino-Japanese fishery agreement took effect in July 2000. In February 2001, the two sides concluded a mutual prior notification mechanism for marine scientific research activities, an issue that Tokyo had long worried about and pushed for in the face of growing Chinese activities in the region.⁴³⁴

The relationship began to sour after Koizumi took office in April 2001 and started visiting the controversial Yasukuni shrine to fulfill his election campaign promise.⁴³⁵ Koizumi made his first visit on August 13, 2001 – apparently in an attempt to curtail the potential diplomatic fallout that such a visit could have caused had it fallen on August 15, the Japanese surrender anniversary. China protested the visit but noted that Koizumi had avoided the “most sensitive date,” namely, August 15.⁴³⁶ The two countries attempted to patch up the relationship by having Koizumi visit Beijing two months later. During his trip to Beijing, Koizumi visited the Marco Polo Bridge – the site where Japanese Imperial Army initiated the second Sino-Japanese war in 1937 – and delivered a speech there in which he clearly stated his apology and regret for the Chinese suffering inflicted by Japan’s aggression.⁴³⁷ During their summit, Chinese President Jiang Zemin told Koizumi that continuing Yasukuni visits would have major consequences for the bilateral relationship.⁴³⁸

⁴³⁴ James J. Przystup, “Japan-China Relations: The Zhu Visit and After Efforts to Steady the Course,” *Comparative Connections*, vol. 2, issue 4, January 2001; James J. Przystup, “Japan-China Relations: The Past is Always Present,” *Comparative Connections*, vol. 3, issue 1, April 2002.

⁴³⁵ During his election campaign, Koizumi made a promise of visiting Yasukuni in official capacity on August 15, the day on which Japan surrendered during World War II. For studies on this issue during Koizumi’s tenure as PM, see, for example, Wan, *Sino-Japanese Relations*, pp. 235-261; Smith, *Intimate Rivals*, pp. 57-100.

⁴³⁶ James J. Przystup, “Japan-China Relations: Spiraling Downward,” *Comparative Connections*, vol. 3, issue 3, October 2001.

⁴³⁷ Smith, *Intimate Rivals*, p. 83.

⁴³⁸ Wan, *Sino-Japanese Relations*, p. 245.

Unlike his predecessors who ceased visiting Yasukuni upon Beijing's protests while serving as prime minister,⁴³⁹ Koizumi paid a second visit in April 2002. This time the visit took a toll on the Sino-Japanese relationship. China's Vice Foreign Minister Li Zhaoxing summoned Japanese Ambassador Anami Koreshige on the same day to lodge a strong protest, suggesting China's perception of insincerity in Koizumi's apology.⁴⁴⁰ A few days later, the PLA suspended Japan's Defense Agency Director General Nakatani Gen's planned visit to Beijing.⁴⁴¹ In August, Koizumi cancelled his upcoming trip to Beijing, where he was scheduled to attend ceremonies commemorating the 30th anniversary of the normalization of Sino-Japanese relations.

Against this backdrop of the renewed historical wounds, in December 2002 Japanese media revealed that since April the Government of Japan (GOJ) had secretly leased three of the five Diaoyu/Senkaku islets: Uotsurijima, Minami-Kojima and Kita-Kojima. Tokyo rationalized the use of leasing as a measure intended to prevent third-party purchase of or illegal landing on the islands.⁴⁴² Koizumi's spokesperson Misako Kaji claimed that the lease was meant to "avoid disputes with neighboring countries."⁴⁴³ By the same token, a Japanese scholar in international law described the leasing as a "soft approach" because it involved "no more than an issue of land-use rights;" in contrast, it would have been "too harsh" had the GOJ made a purchase of the islands⁴⁴⁴

⁴³⁹ Nakasone's Yasukuni visit on August 15, 1985 escalated into a major diplomatic crisis with Beijing as it drew fierce criticism from the Chinese government and instigated massive anti-Japanese protests in China. Nakasone ceased official visits thereafter. Hashimoto's Yasukuni visit on July 29, 1996 similarly drew strong protests from Beijing. Hashimoto avoided making another visit during his term as prime minister.

⁴⁴⁰ Ministry of Foreign Affairs of the People's Republic of China, "Vice Foreign Minister Li Zhaoxing Summoned Japanese Ambassador Over Japanese Prime Minister's Shrine Visit" [外交部副部长李肇星就日本首相参拜靖国神社向日方提出严正交涉], Apr. 21, 2002, <https://www.fmprc.gov.cn/chn//pds/wjb/zjzg/xws/xgxw/t5936.htm>, accessed Dec. 18, 2018.

⁴⁴¹ James J. Przystup, "Japan-China Relations: Toward the 30th Anniversary," *Comparative Connections*, vol. 4, issue 3, October 2002.

⁴⁴² "Govt renting 3 Senkaku islands," *The Daily Yomiuri* (Tokyo), Jan. 1, 2003.

⁴⁴³ Mari Yamaguchi, "Japan defends move to rent disputed islands after criticism from China and Taiwan," the Associated Press, Jan. 3, 2003.

⁴⁴⁴ "Govt's island tactic shows soft approach," *The Daily Yomiuri* (Tokyo), Jan. 3, 2003.

– a hypothetical scenario that unfortunately materialized a decade later and triggered the most serious crisis between the two neighbors since their normalization.

But Beijing was not convinced by Tokyo’s explanation, insisting that the lease was a move with the aim of enabling a greater role for the GOJ in the Diaoyu/Senkaku disputes. According to Gao Zhiguo, then head of the China Institute for Marine Affairs (CIMA) under the SOA, “Before, it had to do with the right-wingers – and their actions are not official. But now the [Japanese] government has leased the islands and the nature of the dispute has been changed fundamentally.”⁴⁴⁵ The Chinese foreign ministry criticized the lease as “null and void” and protested against Japan’s “violation of China’s sovereignty.”⁴⁴⁶ On January 5, 2003, China’s Vice Foreign Minister Wang Yi summoned Japanese Ambassador Anami to lodge another protest over the lease. Calling the lease “unacceptable to China,” Wang demanded that Japan “correct its action.”⁴⁴⁷

Tensions further intensified after information surfaced on January 8 that the GOJ had been leasing a fourth of the disputed islands, Kuba, since 1972.⁴⁴⁸ Drawing more ire from Beijing, Koizumi made a surprise visit to the Yasukuni shrine on January 14 – the third one since his inauguration.

The Cost Trade-off: Domestic End Prevailed

The Diaoyu/Senkaku leasing issue represented the first major diplomatic incident that China had with Japan after the Hu Jintao-Wen Jiabao administration took office in November 2002 at the 16th

⁴⁴⁵ “Diaoyu lease has strained ties, says expert; Japan’s occupation of islets is a potential source of instability,” *South China Morning Post*, Mar. 7, 2003.

⁴⁴⁶ “Territorial row over Japan's lease of isles heats up,” *Japan Economic Newswire*, Jan. 2, 2003; “China summons Japanese ambassador over islands row,” *Japan Economic Newswire*, Jan. 3, 2003.

⁴⁴⁷ “China steps up protest over disputed Senkaku islands,” *Japan Economic Newswire*, Jan. 5, 2003.

⁴⁴⁸ According to the Japanese media report, the lease contract on Kuba was made after Okinawa was reverted from the US to Japan in 1972. Both Kuba and the fifth island, Taisho, which was state owned, were used by US military as bombing ranges until 1978. “Japan leasing land since ’72 on another disputed...,” *Japan Economic Newswire*, Jan. 8, 2003.

Party Congress. The new leadership started their term with a clear understanding that forging a stable periphery was of utmost importance to China's continued development and modernization. The Party Congress report, building on Deng Xiaoping's good neighborly diplomacy, framed Beijing's peripheral policy as one of "maintaining benign relations with neighbors, treating neighbors as partners" (与邻为善, 以邻为伴).⁴⁴⁹ In an article published in February 2003 in the party's top policy journal *Qiu Shi*, Wang Yi, then China's Vice Foreign Minister, fleshed out what the peripheral policy articulated at the Party Congress meant for China's management of relations with its neighbors. Coming to the Sino-Japanese relationship specifically, Wang wrote: "While continuing to urge Japan to squarely face the history issue... [China and Japan] will strive to identify and enhance the two countries' new common interests, strengthen bilateral coordination and cooperation, draw upon our respective advantages, and share the responsibilities of rejuvenating Asia."⁴⁵⁰

The Hu-Wen administration soon began to signal its willingness to move beyond thorny bilateral issues and reconcile with Japan. In May 2003 Hu held his first meeting with Koizumi in St. Petersburg. This meeting was remarkable for Hu's complete lack of mention of the Yasaku or Diaoyu/Senkaku leasing issue. With only a passing reference to the "unfortunate past," Hu instead highlighted his involvement in "Sino-Japanese friendship work" in the 1980s and the 2000-year history of positive interactions between the two countries, telling Koizumi that friendship and

⁴⁴⁹ "Jiang Zemin's Report at the 16th Party Congress of the CPC" [江泽民在中国共产党第十六次代表大会上的报告], GOV.cn, Nov. 8, 2002, retrieved on http://www.gov.cn/test/2008-08/01/content_1061490_9.htm#, accessed Aug. 12, 2019.

⁴⁵⁰ Wang Yi [王毅], "An overview of China's diplomatic relations with peripheral countries: maintaining benign relations with neighbors, treating neighbors as partners" [中国与周边国家外交关系综述: 与邻为善以邻为伴], Feb. 21, 2003, reprinted on Chinanews [中新网], <http://www.chinanews.com/n/2003-02-21/26/274931.html>, accessed Aug. 7, 2019.

cooperation remained the mainstream of the bilateral relationship.⁴⁵¹ Hu stressed his strong desire that Japan would properly handle the history and Taiwan issues, both of which were vital to the political foundation of the bilateral relationship.⁴⁵² The fact that Hu elevated the history issue to the same level of importance as Taiwan implied that at the time there was virtually as little room for Hu to compromise on Japan as he could on Taiwan. In September, Wu Bangguo, officially number two Party leader (outranking Wen Jiabao) and Chairman of the Standing Committee of the NPC, paid an official visit to Japan and attended the reception in Tokyo celebrating the 25th anniversary of the conclusion of the Sino-Japanese peace and friendship treaty.⁴⁵³ During his trip, Wu explicitly told NHK and *Nikkei*, “The new Chinese leadership upholds a friendly Japan policy.”⁴⁵⁴

Their aspiration to stabilize the relationship notwithstanding, the Hu-Wen leadership was facing an audience costs tradeoff calculation clearly dominated by the domestic end.

High Domestic Audience Costs: Constrained New Leadership, Thwarted “New Thinking”

At the top, with the presence of deep divisions within the Chinese leadership in the early years of the Hu-Wen administration, a strong clear consensus prioritizing the maintenance of a healthy Sino-Japanese relationship was hard to come by.⁴⁵⁵ While stepping down in 2002 as the party chief, Jiang Zemin managed to maintain his influence on decision-making not only by retaining the

⁴⁵¹ Wan, *Sino-Japanese Relations*, p. 249; Ge Xiangwen [葛相文] and Xie Rong [谢荣], “Hu Jintao meets with Japanese Prime Minister Koizumi Ichirō” [胡锦涛会见日本首相小泉纯一郎], *Xinhua*, May 31, 2003, reprinted on People.cn, <http://www.people.com.cn/GB/shizheng/16/20030601/1005274.html>, accessed Aug. 9, 2019; “Experts say China and Japan can strengthen economic cooperation and improve relations” [专家指中日可以加强经济合作改善关系], *VOAChinese*, May 31, 2003, <https://www.voachinese.com/a/a-21-a-2003-05-31-5-1-63440312/1002821.html>.

⁴⁵² Tang, *Heavy Storm and Gentle Breeze*, p. 20.

⁴⁵³ “China’s Relations with Countries Having Diplomatic Relations with China: Japan,” *China’s Foreign Affairs 2004*, Ministry of Foreign Affairs of PRC, p. 186.

⁴⁵⁴ “Wu Bangguo: the new Central Leadership upholds a friendly Japan policy” [吴邦国：新一届中央领导集体奉行对日友好政策], *Xinhua*, Sept. 10, 2003, http://www.npc.gov.cn/zgrdw/npc/wbgwyz/wsgz/2003-09/12/content_321166.htm, accessed Aug. 10, 2019.

⁴⁵⁵ Ryosei Kokubun, et al., *Japan-China Relations in the Modern Era*, trans. Keith Krulak, (New York: Routledge, 2017), pp. 155-176.

chairmanship of the powerful CMC but also by filling the Politburo and its Standing Committee with his close allies.⁴⁵⁶ As a result, Hu Jintao's diplomacy toward Japan was profoundly constrained by the presence of a strong Jiang faction, even though Hu, unlike Jiang who had traumatic wartime experience and was widely believed to harbor strong antagonism against Japan, did not have personal burden and had clearly signaled his intention to build a future-oriented relationship with Japan.⁴⁵⁷

Below the top, the compromise-averse coalition forcefully asserted its dominance over moderate voices in a year-long grand debate around the issue of whether or not China should adopt a "new thinking" toward Japan, namely, a moderate perception and policy toward Japan. The grand debate was initiated in December 2002 when Ma Licheng, a senior commentator at the *People's Daily*, penned a long article explicitly calling for a "new thinking" toward Japan. Criticizing "the tyranny of [nationalistic] public opinion under the banner of 'patriotism'" which had led to verbal attacks and even physical assaults on Chinese celebrities labeled as being pro-Japan, Ma cautioned against the potential dangers of the worsening Sino-Japanese mutual perceptions. What made Ma's "new thinking" particularly controversial to Chinese eyes was his assertion that the issue of Japan apologizing for its history of aggression "has already been resolved" and that China should stop being obsessed with the issue of how the apology was expressed or made. Moreover, Ma contended that China should be ready to accept Japan's aspiration of becoming a political and military great power.⁴⁵⁸

⁴⁵⁶ Joseph Fewsmith, "The 16th Party Congress: Implications for Understanding Chinese Politics," *China Leadership Monitor*, vol. 5, winter 2003.

⁴⁵⁷ Shirk, *Fragile Superpower*, p. 154; Reilly, *Strong Society, Smart State*, pp. 132-133.

⁴⁵⁸ Ma Licheng [马立诚], "New thinking on relations with Japan" [对日关系新思维], *Strategy and Management* [战略与管理], 2002, issue 6, pp. 41-47. For more on the background of Ma's article and the attacks on "pro-Japan" Chinese celebrities, see, Peter Gries, "China's 'New Thinking' on Japan," *China Quarterly*, vol. 184, Dec. 2005, pp. 831-836.

Ma's argument was supported by Shi Yinhong, a renowned IR scholar at Renmin University who was appointed as an advisor to the State Council in 2011. In an article published in April 2003, Shi approached this issue from a strategic viewpoint, arguing that engagement with Japan would be a vital step to improve China's overall external security environment by concentrating on the prevention of Taiwan independence and balancing against pressures from the United States. To repair relations with Japan, Shi offered five policy prescriptions for the Hu-Wen leadership: 1) stop pressuring Japan with the history issue and be satisfied with Japan's apology for the time being; 2) continue to expand economic ties with Japan, and express gratitude for Japan's provision of ODA to China; 3) build mutual trust and stop overreacting to the small probability of a revival of Japanese militarism; 4) welcome Japan's participation in regional security, political, and economic affairs as a great power; and 5) support Japan's bid for a permanent seat on the UN Security Council.⁴⁵⁹ In a follow-up article, Shi further contended that China should not allow itself to be held hostage to history and the Chinese foreign policy should be driven by pragmatic strategic considerations rather than by emotions.⁴⁶⁰

In light of the Hu-Wen administration's clear interest in improving relations with Japan, the "new thinking" discourse was perceived by Japanese observers as being initiated and used by the new leadership as a "trial balloon" on Japan policy.⁴⁶¹ Information from interviews with Chinese interlocutors implied that this discourse had at least received acquiescence "from the top." As explained by a knowledgeable Japan expert, "without the greenlight from the top, it is very unlikely that such a discussion would allowed be initiated by someone associated with the *People's*

⁴⁵⁹ Shi Yinhong [时殷鸿], "Sino-Japanese engagement and diplomatic revolution" [中日接近与外交革命], *Strategy and Management*, 2003, issue 2, pp. 71-75.

⁴⁶⁰ Shi Yinhong, "Strategic thinking on Sino-Japanese relations" [关于中日关系的理性思考], *World Economics and Politics*, 2003, issue 9, pp. 10-11.

⁴⁶¹ See, for example, Hiroyuki Sugiyama, "People's Daily slams anti-Japan rhetoric," *Yomiuri Shimbun*, Dec. 12, 2002.

Daily.”⁴⁶² This explanation is consistent with other scholarly accounts. According to James Reilly, both Ma and Shi “had informal discussions with officials” both before and after their “new thinking” essays were published. Hu Jintao reportedly said in a closed-door meeting that China should improve ties with Japan, as this would provide greater leverage vis-à-vis the United States.⁴⁶³ At the same time, however, the Hu-Wen leadership seemed to have carefully avoided leaving any definitive indication of the “new thinking” discourse being officially sanctioned – most likely out of concerns about potential backlashes against the new leadership. A Japan expert personally acquainted with Ma recalled when he asked Ma in private whether he (Ma) was instructed by the top to initiate the debate, Ma “neither admitted nor denied” it.⁴⁶⁴

Ma and Shi soon came under ferocious attacks by hardliners in the Chinese foreign policy community, populist intellectuals as well as by the general public. Lin Zhibo, another senior commentator at the *People’s Daily*, published two lengthy articles in mid-2003 rebutting the “new thinking.” Asserting that “[t]here is no extreme or narrow-minded nationalism in China,” Lin contended that radical expressions made by the Chinese public was “an emotional illustration” of the Chinese people’s opposition to “Japan’s new militarism and its anti-Chinese words and deeds” and were only intended to “defend our national dignity and interests.”⁴⁶⁵ Lin also took on Shi’s argument, contending that Japan would not strengthen Sino-Japanese relations to balance against the U.S. as Shi would hope because the U.S.-Japanese relationship in essence resembled one between “the master and his servant.” On the history issue, Lin claimed, the pragmatism that Shi

⁴⁶² Author’s interview, Beijing, March 2019.

⁴⁶³ Reilly, *Strong Society, Smart State*, p. 170.

⁴⁶⁴ Author’s interview, Beijing, March 2019.

⁴⁶⁵ Lin Zhibo [林治波], “Nine points of questioning the new thinking on relations with Japan” [对日关系新思维之九点质疑], *Chinese Times* [时代潮], 2003, issue 14, pp. 6-9.

advocated “sacrifice[s] principles for material benefits” and would only further embolden the Japanese right-wingers.⁴⁶⁶

In June, Jin Xide, a prominent Northeast Asia expert at CASS, criticized the “new thinking” advocates in an interview for “completely neglecting the important premise that China’s Japan policy cannot be insulated from the Chinese people’s feeling.” The Chinese public’s strong sentiments toward Japan, Jin asserted, were “not up to the decision by any individual or administration.”⁴⁶⁷ Taking an even more radical approach than Lin and Jin, Zhang Ruizhuang, a Berkeley-trained IR scholar at Nankai University, bluntly called the “new thinking” discourse “a siege on nationalism, a killing of national spirit, a suppression of national sentiments, and a distortion of national characteristics.”⁴⁶⁸ In September, at a CASS conference to launch a new book coauthored by Lin and Jin on the “new thinking” discourse, Zhu Shaowen, a Japan-educated economist at CASS, stated plainly that “China does not need ‘new thinking’ – Japan does.”⁴⁶⁹

Attacks on the “new thinking” advocates from the general public was even more fierce, as the Chinese popular perceptions of Japan rapidly deteriorated over the course of the debate. Apart from the Yasukuni controversies, a series of high-salience incidents at the time considerably intensified the grassroots anti-Japanese sentiments. In August 2003, 36 Chinese workers were infected by chemical weapons abandoned by the Japanese Imperial Army in Qiqihar, Heilongjiang Province. In September, a group of some 400 Japanese tourists was reported to have engaged

⁴⁶⁶ Lin Zhibo, “Questioning again the new thinking on relations with Japan: a discourse with Professor Shi Yinhong” [对日关系新思维之再质疑：与时殷弘教授商榷], *Chinese Times*, 2003, issue 16, pp. 6-9.

⁴⁶⁷ Sun Yafei [孙亚菲], “Do we need ‘new thinking’ toward Japan” [对日需不需要“新思维”], *Southern Weekend*, Jun. 12, 2003.

⁴⁶⁸ Zhang Ruizhuang [张睿壮], “Reshaping Chinese national characteristics and diplomatic philosophy by critically reviewing the ‘new thinking’ toward Sino-Japanese relations” [从对日新思维看中国的国民性和外交哲学], *World Economics and Politics*, 2003, issue 12, pp. 25-30.

⁴⁶⁹ Shi Hongtao [石洪涛], “Some scholars in Beijing raise doubts about ‘new thinking’ on Japan” [北京部分学者质疑对日“新思维”], *China Youth Daily*, Sept. 24, 2003, reprinted on Sina, <http://news.sina.com.cn/w/2003-09-29/0314835549s.shtml>, accessed Jan. 2, 2019.

Chinese prostitutes in Guangdong. In October, a risqué skit by three Japanese students and one of their teachers at Northwestern University in Xi'an provoked massive anti-Japanese protests by local students. A biannual nationwide survey conducted by the Institute of Japanese Studies of CASS in the falls of 2002 and 2004 reported that respondents either having “no favorable view” or an “unfavorable view” toward Japan rose from 43.3 in 2002 percent to 53.6 percent in 2004.⁴⁷⁰

In this context of worsening popular perceptions of Japan, the “new thinking” advocates were disparaged by the general public as “traitors” and “thieves selling out the nation.” Moreover, Ma Licheng’s home address and phone number were publicized on the Internet. A few netizens even threatened to burn down his residence and sent him death threats.⁴⁷¹ As of summer 2003, Ma had to take an early retirement from the *People’s Daily*, left Beijing, and became a commentator at the Hong Kong-based Phoenix TV.⁴⁷² Shi Yinhong was also under attacks by the public, and soon became silent and refrained from openly discussing his views on the “new thinking” discourse.⁴⁷³ At the same time, China’s Japan experts began to request being quoted anonymously by the media in order to avoid being attacked by the public. As observed by Liu Xiaobiao, a researcher at CASS, in the wave of strong popular reactions to the “new thinking” debate, “[a]nyone expressing moderate or critical views at odds with the extreme nationalism would be denounced.”⁴⁷⁴ Some moderates attempted to steer the discussion back to a healthy, impassionate manner. Feng Zhaokui,

⁴⁷⁰ Institute of Japanese Studies under the Chinese Academy of Social Sciences, “The First Sino-Japanese Public Opinion Survey (September-October 2002)” [第一次中日舆论调查], *Japanese Studies* [日本学刊], 2002, issue. 6, pp.19-23; Institute of Japanese Studies under the Chinese Academy of Social Sciences, “The Second Sino-Japanese Public Opinion Survey (September-October 2004)” [第二次中日舆论调查], *Japanese Studies* [日本学刊], 2004, issue 6, pp. 33-38; Jiang Lifeng [蒋立峰], “Chinese People Lacking Affinity for Japan Increased Prominently” [中国民众对日本的不亲近感显著增强], *Japanese Studies* [日本学刊], 2004, issue 6, pp. 6-14.

⁴⁷¹ Liu Xiaobiao [刘小彪], “Who loves the country? Who harms the country?” [何者爱国? 何者害国?], *The Bund* [外滩画报], Aug. 13, 2003, reprinted on *People*, <http://www.people.com.cn/GB/guandian/1033/2015185.html>, accessed Dec. 18, 2018; Gries, “China’s ‘New Thinking’ on Japan,” p. 838.

⁴⁷² Gries, “China’s ‘New Thinking’ on Japan,” pp. 838-839.

⁴⁷³ Sun, “Do we need ‘new thinking’ toward Japan.” In early 2019, the author requested an interview with Shi specifically on the “new thinking” and the request was declined.

⁴⁷⁴ Cited in Reilly, *Strong Society, Smart State*, p. 170.

a veteran Japan hand at CASS, cautioned, “the period of war and confrontation between China and Japan is long gone; and therefore, we should not label people who care about China’s national interests and speak up on the thorniest issues in Chinese foreign policy as ‘traitors’ or ‘thieves that sell out the country.’”⁴⁷⁵

During the course of the debate, quite a few of Japan’s actions further aggravated the vulnerability of the “new thinking” advocates as well as undermined the Hu-Wen leadership’s ability to endorse a moderate Japan policy. Following Koizumi’s Yasukuni visit in January 2003, Lin Zhibo wrote sarcastically: “What an irony that shortly after some people claimed that ‘the issue of apology has been resolved,’ Koizumi made a record-breaking visit to the Yasukuni shrine for the third time. What does it tell? It shows that Japan, by its own words and deeds, has made it clear to the world: the issue of apology and repentance has not been resolved yet.”⁴⁷⁶ Koizumi’s fourth Yasukuni visit on the New Year’s Day 2004, coming on the heels of the Hu-Wen administration’s overture to improve relations with Japan, was seen as a blatant disregard for the new Chinese leadership’s goodwill. Tang Jiaxuan, then State Councilor and China’s top-ranking diplomat, criticized Koizumi’s 2004 visit in his memoir, “Regrettably, Prime Minister Koizumi did not carefully think about and understand President Hu’s words [at the St. Petersburg meeting].”⁴⁷⁷ At that point, even some moderates in the “new thinking” debate began to change their positions, which were rendered increasingly untenable by Koizumi’s insistence on visiting the shrine. Feng Zhaokui deplored in the last of the four articles he penned for the debate, “You cannot clap with one hand...Japan needs a new thinking on China as much as China needs it

⁴⁷⁵ Feng Zhaokui [冯昭奎], “On new thinking on relations with Japan” [论对日关系新思维], *Strategy and Management*, 2003, issue 4, pp. 10-11.

⁴⁷⁶ Lin, “Nine points of questioning the new thinking on relations with Japan,” p. 7.

⁴⁷⁷ Tang, *Heavy Storm and Gentle Breeze*, p. 20.

conversely on Japan...now the ball is in Japan's hand and it is time for the Japanese government to make a political response."⁴⁷⁸

By early 2004, the "new thinking" discourse had been effectively muzzled by the chorus of voices from foreign policy hardliners, populists and the nationalistic public. The downfall of the "new thinking," which reflected the potentially huge domestic costs that the Hu-Wen leadership might incur should they opt for a moderate Japan policy, seemed to have major implications for Beijing's management of bilateral incidents in this period.

While some scholars remain skeptical of whether and how domestic audiences in China can effectively channeled their opinion into – and thus exert influence on – the Chinese foreign policy process,⁴⁷⁹ the "new thinking" debate indicates that the Chinese policy makers are attentive to signs of potential domestic costs which were revealed in the discourse. James Reilly reports that during the debate, the Chinese Foreign Ministry convened several times with a number of experts to receive updates. In these discussions, Foreign Ministry officials claimed that they were "closely monitoring the Internet discussion."⁴⁸⁰ Interviews with Chinese government and academic sources largely confirmed Reilly's accounts. As acknowledged by a former MFA diplomat, the strong public reactions to the "new thinking" discourse generated substantial pressures on Beijing when formulating its subsequent Japan policy.⁴⁸¹ Another Japan expert observed: "Even though the Hu-Wen leadership had the intention to improve relations [with Japan], willingness [from the top] alone was not enough to make the change. Opposition from domestic politics and the public was

⁴⁷⁸ Feng Zhaokui, "A fourth discourse on new thinking toward Japan" [四论对日关系新思维], *Strategy and Management*, 2004, issue 1, pp. 49-54.

⁴⁷⁹ See, for example, Erica Stricker Downs and Phillip C. Saunders, "Legitimacy and the Limits of Nationalism: China and the Diaoyu Islands," *International Security*, Vol. 23, No. 3 (Winter 1998-1999), pp. 114-146; Andrew Chubb, "Assessing public opinion's influence on foreign policy: the case of China's assertive maritime behavior," *Asian Security*, Vol. 15, No. 2, 2019, pp. 159-179.

⁴⁸⁰ Reilly, *Strong Society, Smart State*, pp. 170-171.

⁴⁸¹ Author's interview, Beijing, June 2019.

too huge to overcome. Facing the great popular pressures, people tended to refrain from saying anything positive about Japan – Japan bashing became politically correct... To a substantial extent, the public opinion as reflected in this grand debate shaped the overall direction of China's Japan policy in the whole Hu-Wen era: extremely difficult to make any compromise, kept talking tough at least."⁴⁸²

Reassuring the International Community: China's Commitment to "Peaceful Rise"

As of the beginning of the 21st century, China had successfully broken out of its post-Tiananmen diplomatic isolation and established an overall reputation as a pro-status-quo, engaging, and increasingly sophisticated and constructive player in the international arena.⁴⁸³ Asian countries were looking on China as an accommodating and increasingly vital neighbor offering great economic opportunities.⁴⁸⁴ Meanwhile, there was a growing concern in the international community that China's rapid emergence might destabilize the region as well as the international order – the "China threat theory" in the Chinese foreign policy lexicon. In order to counter the growing "China threat" rhetoric, Beijing in 2003 began to articulate its commitment to "peaceful rise" (later reworded as "peaceful development") and made it a basic principle of Chinese foreign and security policy.⁴⁸⁵

⁴⁸² Author's interview, Beijing, March 2019.

⁴⁸³ Evan S. Medeiros and M. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs*, Nov. 1, 2003, <https://www.foreignaffairs.com/articles/asia/2003-11-01/chinas-new-diplomacy>, accessed Aug. 7, 2019; Alastair Iain Johnston, *Social States: China in International Institutions, 1980-2000* (Princeton, N.J.: Princeton University Press, 2014).

⁴⁸⁴ Jane Perlez, "Asian Leaders Find China A More Cordial Neighbor," *New York Times*, Oct. 18, 2003, <https://www.nytimes.com/2003/10/18/world/asia-leaders-find-china-a-more-cordial-neighbor.html>, accessed Aug. 13, 2019.

⁴⁸⁵ This policy line was first openly introduced by Zheng Bijian, chairman of the China Reform Forum and a policy advisor close to Hu, in a speech he delivered at the Bo'ao Forum in November 2003. This idea quickly became incorporated into the Chinese foreign policy lexicon at the endorsement from the top leadership. Robert L. Suettinger, "The Rise and Descent of 'Peaceful Rise,'" *China Leadership Monitor*, no. 12, fall 2004, p. 3; Zheng Bijian, "A New Path for China's Peaceful Rise and the Future of Asia," Bo'ao Forum for Asia, 2003, in *China's Peaceful Rise: Speeches of Zheng Bijian 1997-2005* (Washington D.C.: Brookings Institution Press, 2005), pp. 14-19; "Premier Wen Jiabao's speech at Harvard: Eyes on China" [温家宝总理哈佛演讲: 把目光投向中国], *China News*, Dec. 10, 2003, <http://www.chinanews.com/n/2003-12-12/26/380015.html>, accessed Aug. 11, 2019; "Reference: Hu Jintao's speech

When the Diaoyu/Senkaku leasing episode occurred, the potential international audience costs appeared to be low on several key fronts should China choose to make an escalatory response.

The U.S. front was of the utmost importance in China's calibration of its Japan policy; and indeed, the China-U.S.-Japan triangle was considered by Beijing as, according to the annual bluebook published by the MFA-affiliated China Institute of International Studies (CIIS), "the most crucial exogenous factor" in shaping the direction of the Sino-Japanese relationship.⁴⁸⁶

The broad U.S.-China relations were quite cordial at the time, or in the words of U.S. Secretary of State Colin Powell, "the best they have been since President Nixon's first visit [in 1972],"⁴⁸⁷ despite heightened tensions between Beijing and Washington in the first several months of the Bush administration.⁴⁸⁸ In the wake of the 9/11 attacks and the resulting shift in Washington's national security priorities, Beijing aptly grabbed the opportunity to stabilize relations with Washington.⁴⁸⁹ Being one of the very first countries condemning the attacks and offering condolences to the U.S., China also cooperated with the U.S. by leveraging its special ties with Pakistan to secure Islamabad's cooperation in the U.S. military operations in Afghanistan.⁴⁹⁰ Washington reciprocated by listing the East Turkestan Islamic Movement (ETIM), a Muslim separatist organization founded by pro-Xinjiang-independence Uyghur militants, as an

at the conference commemorating the 1100 anniversary of the birth of Mao Zedong" [资料: 胡锦涛在纪念毛泽东诞辰 110 周年座谈会的讲话], Xinhua, Dec. 26, 2003, http://news.ifeng.com/mainland/special/maozedong120/content-4/detail_2013_12/26/32470847_0.shtml, accessed Aug. 11, 2019.

⁴⁸⁶ CIIS [中国国际问题研究所], "International Situation and China's Foreign Affairs (2005/2006) [国际形势和中国外交蓝皮书 (2005/2006)] (Beijing: Dangdai Shijie Chubanshe, 2006), p. 169.

⁴⁸⁷ "Remarks at the Elliott School of International Affairs," Secretary Colin L. Powell, George Washington University, Washington DC, Sept. 5, 2003, <https://2001-2009.state.gov/secretary/former/powell/remarks/2003/23836.htm>, accessed Sept. 18, 2019.

⁴⁸⁸ The rock period was primarily caused by a string of events including the EP-3 episode, and the very large \$12-billion arms sale to Taiwan, and President Bush's statement in an interview that stated the United States would do "whatever it took" to defend Taiwan in the event of attack by China. All took place in April 2001.

⁴⁸⁹ Wang Jisi, "China's search for Stability with America," *Foreign Affairs*, September/October 2005, <https://www.foreignaffairs.com/articles/asia/2005-09-01/chinas-search-stability-america>, accessed Aug. 11, 2019.

⁴⁹⁰ Thomas Christensen, *The China Challenge: Shaping the Choice of a Rising Power* (New York, NY: W. W. Norton & Company, Inc., 2015), pp. 205-206.

international terrorist organization with links to Al Qaeda. This move, while reassuring Beijing on the Xinjiang issue, signaled that the U.S. was treating China “as a partner in the War on Terror.”⁴⁹¹ The positive momentum in U.S.-China relations was sustained into the Hu-Wen era as the two countries expanded their cooperation on major regional issues central to their security interests including North Korea’s nuclear weapons programs and the provocative cross-strait policies adopted Taiwan’s President Chen Shui-bian.⁴⁹²

In this context, even though China watched warily as the Bush administration started to revamp the U.S.-Japan alliance for the post-Cold-War world that in effect encouraged Japanese rearmament,⁴⁹³ the Chinese leadership did not view the U.S. front as a major source of geopolitical costs specifically in the event of a Diaoyu/Senkaku contingency. Moreover, Washington had long been reluctant to clarify whether the Diaoyu/Senkaku Islands fell within the scope of the 1960 U.S.-Japan Security Treaty as defined by Article 5 of the document.⁴⁹⁴ In 1996 when the Diaoyu/Senkaku dispute flared up between Japan on the one hand and Hong Kong and Taiwan on the other, then U.S. Ambassador to Japan Walter Mondale told the *New York Times* that Washington “takes no position on who owns the islands” and that “American forces would not be compelled by the treaty to intervene in a dispute over them.”⁴⁹⁵ Calls for a U.S. clarification

⁴⁹¹ Christensen, *The China Challenge*, p. 210.

⁴⁹² Michael Green, *By More than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783* (New York, Ny: Columbia University Press, 2017), pp. 505-506; Christensen, *The China Challenge*, p. 222; White House, “President Bush and Premier Wen Jiabao Remarks to the Press,” Dec. 9, 2003, <https://georgewbush-whitehouse.archives.gov/news/releases/2003/12/text/20031209-2.html>, accessed Aug. 11, 2019. Chen’s provocative statements and policies started with his “one country on each side” rhetoric in August 2002, which was followed by his proposals of a referendum on a new constitution in September 2003 and to hold a “defensive referendum” alongside the 2004 presidential election.

⁴⁹³ Wu Xinbo, “The End of the Silver Lining: A Chinese View of the U.S.-Japanese Alliance,” *Washington Quarterly* (29:1), winter 2005-06, pp. 119-130.

⁴⁹⁴ Article 5 stipulates that the treaty covers “the territories under the administration of Japan;” in other words, an attack on any Japan-administered territory would trigger a U.S.-Japan bilateral reaction. *Treaty of Mutual Cooperation and Security between Japan and the United States of America*, MOFA, <https://www.mofa.go.jp/region/n-america/us/q&a/ref/1.html>, accessed Dec. 25, 2019.

⁴⁹⁵ Nicholas D. Kristof, “An Asian Mini-tempest Over Mini-Island Group,” *New York Times*, Sept. 16, 1996.

emerged as the policy community in Washington drew up plans for rejuvenating the alliance. In 2000, a study group led by Richard Armitage, who served as Deputy Secretary of State in Bush's first term, at the U.S. National Defense University released a report (a.k.a. the first Armitage-Nye report), recommending that Washington should "reaffirm its commitment to the defense of Japan and those areas under the administrative control of Japan, including the Senkaku Islands."⁴⁹⁶ While the Bush administration took its cue from the Armitage-Nye report in strengthening the alliance, it did not follow the recommendation of the report to reaffirm the application of the treaty to the Diaoyu/Senkakus. Up until 2004, Washington had never made – and had indeed "been resisting" making – a clear official statement confirming the application of the treaty to the contested islets, despite Tokyo's consistent push for a "symbolic statement" to clarify Washington's treaty obligations in a Diaoyu/Senkaku scenario.⁴⁹⁷

The Diaoyu/Senkaku issue indeed caught the United States in a complex predicament in two ways. First, in the context of U.S.-Japan alliance, it caught Washington in a classical alliance security dilemma.⁴⁹⁸ To clearly reaffirm the coverage of the islands by the treaty would risk emboldening Japan and even entrapping the U.S. in a Sino-Japanese conflict over the uninhabited islets. However, to rigidly evade such a reaffirmation would likely risk America's reputation as a credible ally while encouraging Chinese adventurism. As plainly put by a former U.S. government official, "You want to have a certain amount of deterrence there to dissuade adventurism...but at the same time you don't want to create the expectation that we would be eager to come and be involved in a conflict."⁴⁹⁹ Second, in the context of U.S.-China relations, there is a fundamental

⁴⁹⁶ Institute for National Strategic Studies, National Defense University, *The United States and Japan: Advancing Toward a Mature Partnership*, INSS Special Report, Oct. 11, 2000, p. 4.

⁴⁹⁷ Michael J. Green, *Japan's Reluctant Realism* (New York, NY: Palgrave Macmillian, 2003), p. 87; author's phone interview, August 2019.

⁴⁹⁸ On the theory of security dilemma in alliance politics, see, Glenn H. Snyder, "The Security Dilemma in Alliance Politics," *World Politics*, vol. 36, no. 4, Jul. 1984, pp. 461-495.

⁴⁹⁹ Author's phone interview, August 2019.

asymmetry between China's interests and those of the United States in the Diaoyu/Senkaku issue. Beijing clearly sees its interests as directly related to the regime's nationalist credential and legitimacy, whereas Washington's primary concerns are regional stability and the security of its Japanese ally. This "asymmetry of interests," as termed by Alexander George, makes it intrinsically difficult for the U.S. treaty commitment – be it clarified or not – to function as a credible deterrence in a Diaoyu/Senkaku scenario.⁵⁰⁰

South Korea had traditionally been another important front in Beijing's calibration of its Japan policy; but rather than representing another source of geopolitical costs, the South Korean front was seen as a source of support and partnership for Beijing on both issues of maritime disputes and wartime history with Japan. South Korea and Japan are long locked in a bilateral territorial dispute over the Dokdo/Takeshima Islands in the Sea of Japan. In addition, South Korea insists that its continental shelf in the East China Sea ends at the Okinawa Trough,⁵⁰¹ a claim that China shares and based on which Beijing even sought to form a united front with Seoul in 2012 to counter Japan's claim.⁵⁰²

The history issue between South Korea and Japan has been as thorny as that between China and Japan, and for this reason it was seen favorably by Chinese analysts as another useful wedge between Seoul and Tokyo. In April 2001, Seoul recalled its ambassador to Japan to protest what it perceived as a whitewash of Japan's wartime atrocities in a revised history textbook approved by the Japanese Ministry of Education.⁵⁰³ As noted by Jin Xide, a Northeast Asia expert at CASS,

⁵⁰⁰ George, "Theory and Practice," in George and Simons, ed., *The Limits of Coercive Diplomacy*, p. 15.

⁵⁰¹ Republic of Korea, "Partial Submission to the Commission on the Limits of the Continental Shelf Pursuant to Article 76 Paragraph 8 of the United Nations Convention on the Law of the Sea: Executive Summary," December 2012.

⁵⁰² I elaborate on this episode in the nationalization case.

⁵⁰³ "Seoul recalls ambassador over textbook row," CNN, Apr. 9, 2001, <http://edition.cnn.com/2001/WORLD/asiapcf/east/04/09/korea.textbook.envoy.02/index.html>, accessed Aug. 120, 2019.

The postwar ROK-Japan political and security ties were sustained primarily through the U.S. which works as the ‘hub,’ and there is no strong endogenous driver to strengthen the bilateral relationship. The root cause of this problem is that the two sides have not yet reached a consensus on Japan’s colonial rule in Korea, which has resulted in lack of a solid political foundation and mutual trust.⁵⁰⁴

Even after Roh Moo-hyun became South Korea’s president in 2003 and came into office with a pragmatic agenda to improve ties with Japan, Beijing was confident that ROK-Japan relations would remain heavily constrained by the fundamental disagreement on history as well as by the strong anti-Japanese emotions in the South Korean public.⁵⁰⁵ In the wake of Koizumi’s Yasukuni visit on the News Year’s Day of 2004, according to Ming Wan, a Japan expert at George Mason University, it was even “encouraging” for Beijing to see a stronger Korean reaction to this visit than over prior ones.⁵⁰⁶

Lastly, potential geopolitical costs on the Southeast Asian front also appeared to be low. The Diaoyu/Senkaku lease came at a time when Beijing was indeed scoring a spectacular success in its charm offensive toward ASEAN. Following a widely applauded response to the Asian Financial Crisis in late 1990s, China further reassured its Southeast Asian neighbors by signing the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002 and completed its official accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 2003.

⁵⁰⁴ Jin Xide, “The orientation, adjustment and short-term trend of the ROK-Japan relations” [韩日关系的定位、调整 and 近期走向], *Contemporary Korea* [当代韩国], issue 3, 2001, p. 22.

⁵⁰⁵ Zhang Jinfang [张锦芳], “Roh Moo-hyun weighs the ROK-Japan relations” [卢武铉为日韩关系称分量], *Outlook* [瞭望], Jun. 6, 2003, pp. 56-57. *Outlook* is a news journal run by Xinhua. Wang Shan [王珊], “Japan’s diplomacy toward South Korea and Japan-ROK relations” [日本对韩外交及日韩关系], *Contemporary International Relations* [现代国际关系], issue 8, 2004, pp. 7-11. Wang Shan was a researcher at the Chinese MSS-affiliated CICIR.

⁵⁰⁶ Ming Wan, *Sino-Japanese Relations*, p. 253.

China's Restrained Nonmilitary Escalation

Seeing a cost trade-off calculation clearly tilting toward the domestic end, Beijing opted for an escalatory response to the Diaoyu/Senkaku lease. Meanwhile, Beijing did not seem to perceive the lease as presenting a *fait accompli* that must be reversed. The Chinese Foreign Ministry routinely criticized the lease as “invalid” and vaguely demanded Japan “correct its wrongdoing” without specification – a stark contrast with Beijing’s clear, repeated demand in 2012 that Japan revoke the island purchase.⁵⁰⁷ Without a perceived *fait accompli* to roll back, China tended to be risk averse and thus undertook a restrained nonmilitary escalation by quietly relaxing restrictions on mainland-originating Baodiao voyages in mid-2003. The detention of the mainland Baodiao activists by Japan in March 2004 presented Beijing with an increased possibility of having a *fait accompli* should Tokyo choose to subject the Chinese nationals to Japanese domestic law, which in the Chinese perception would set a legal precedent negatively biased toward China’s sovereignty claims to the Diaoyu/Senkakus. Therefore, Beijing stepped up its escalatory measures by permitting small-scale street protests and selectively cancelling nonessential diplomatic events to dissuade Japan from pursuing the legal path.

In June 2003, thirteen Baodiao activists sailed from Zhejiang before being blocked by the Japan Coast Guard (JCG) in waters close to the Diaoyu/Senkaku Islands.⁵⁰⁸ It was the first time that activists were permitted to sail protest voyages from the Chinese mainland.⁵⁰⁹ In August, nine

⁵⁰⁷ “MFA spokesperson answers questions from journalists: Any unilateral action taken by Japan on the Diaoyu Islands and its affiliated islands is invalid” [外交部发言人答记者问: 日本对钓鱼岛及其附属岛屿采取的任何单方面行动都是无效的], *People’s Daily*, Jan. 3, 2003; “MFA makes solemn presentation to the Japanese side regarding the Diaoyu Islands issue” [就钓鱼岛问题外交部向日方提出严正交涉], *People’s Daily*, Jan. 5, 2003.

⁵⁰⁸ “Zhang Likun, Feng Jinhua and Lu Yunfei discuss their Baodiao Voyage” [张立昆、冯锦华、卢云飞三人谈保钓之行], *People*, Jun. 27, 2003, <http://www.people.com.cn/GB/shizheng/1026/1940086.html>, accessed Dec. 27, 2018.

⁵⁰⁹ Japan Coast Guard [海上保安庁], “Territorial Seas Policing in the Senkaku Islands” [尖閣諸島における領海警備], *Japan Coast Guard Annual Report 2004* [海上保安レポート 2004], <https://www.kaiho.mlit.go.jp/info/books/report2004/honpen/hp02010700.html>, accessed Aug. 6, 2019.

members of the Japanese right-wing organization Seinensha landed on the islands.⁵¹⁰ In October, a group of activists from mainland China, Hong Kong and Taiwan sailed another protest voyage. Although the Baodiao boat was again blocked by the JCG, Chinese state media featured photos of this voyage, which was the first time that the state media had endorsed such acts.⁵¹¹ In January 2004, the Baodiao activists made another unsuccessful attempt to land on the islands.

The prospect of a major change in China's policy on the Diaoyu/Senkaku dispute, according to a former senior U.S. government official, opened a "fertile ground" for Japan to push Washington for a reaffirmation of U.S. treaty obligation covering the islands.⁵¹² In February 2004, Washington weighed in and began to underscore the coverage of Japan-administered territories by the treaty. Speaking to the Japanese media in Tokyo, then U.S. Deputy Secretary of State Richard Armitage stated that treaty "would require any attack on Japan, *or the administrative territories under Japanese control*, to be seen as an attack on the United States,"⁵¹³ although he did not explicitly refer to the Diaoyu/Senkakus and seemed to be merely restating the language of the treaty. Beijing did not respond to Armitage's remarks until a week later when asked by media for comments on Armitage's remark. In what appeared to be an effort to avoid scolding Washington, Beijing laid blame entirely on Tokyo as the MFA spokesperson Zhang Qiyue stated, "We firmly oppose and absolutely reject any attempts by the Japanese side to *manipulate* words and deeds by a third party to pressure China on the Diaoyu Islands issue."⁵¹⁴

⁵¹⁰ "China protested Japanese landing on disputed island," Agence France Presse, Aug. 25, 2003.

⁵¹¹ Weiss, *Powerful Patriots*, p. 129.

⁵¹² Author's phone interview, August 2019.

⁵¹³ U.S. State Department, "Remarks and Q&A at the Japan National Press Club, Richard L. Armitage, Deputy Secretary of State, Tokyo, Japan," Feb. 2, 2004, <https://2001-2009.state.gov/s/d/former/armitage/remarks/28699.htm>, accessed Aug. 7, 2019. Emphasis added.

⁵¹⁴ MFA, "MFA spokesperson Zhang Qiyue responds to questions about remarks by the spokesperson of Japan's MOFA regarding the Diaoyu Islands" [外交部发言人章启月就日本外务省发言人关于钓鱼岛的谈话答记者问], Feb. 10, 2004, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676836/fyrygth_676844/t64211.shtml, accessed Aug. 12, 2019. Emphasis added.

Despite Armitage's statement, the Chinese Baodiao voyages continued. On March 24, 2004, seven Baodiao activists landed on the Diaoyu/Senkakus – the first successful landing by mainland Chinese activists. The JCG detained all seven activists on the grounds that they violated Japanese immigration law and transferred them to Okinawa – the first time that Japanese authorities had arrested Chinese nationals for landing on the islands.⁵¹⁵ MOFA summoned Chinese Ambassador Wu Dawei to lodge an official protest against what Japan perceived as an intrusion by Chinese nationals.⁵¹⁶ In Beijing, China's Vice Foreign Minister Zhang Yesui summoned the Japanese Charge d'Affaires Harada Chikahito, demanding Japan release the activists immediately and unconditionally. Otherwise, Zhang warned, the situation would be "complicated and escalated."⁵¹⁷ Meanwhile, the Chinese Foreign Ministry released a statement calling for a "negotiated solution" to the detention.⁵¹⁸ Japan's Prime Minister Koizumi defended the detention as "the result of strictly in conformity with the law," but he also urged both parties to handle the case as calmly as possible.⁵¹⁹

On the same day, small-scale street protests were permitted to take place in Beijing to illustrate the Chinese public's fury with the detention as well as Japan's occupation of the Diaoyu/Senkakus. Some 100 protesters gathered outside the Japanese Embassy, holding banners calling for the return of the islands to China to "end national humiliation and rejuvenate the country."⁵²⁰ Demonstrations were allowed to resume the next day. Protesters trampled on and burned Japanese flags in front of the embassy,⁵²¹ a scene that came as a shock to the Japanese diplomats. In the words of Japanese

⁵¹⁵ "Police take 7 Chinese to Okinawa after landing on Senkaku," *Japan Economic Newswire*, Mar. 24, 2004.

⁵¹⁶ "Japan protests to China as activists land on disputed islands," Agence France Presse, Mar. 24, 2004.

⁵¹⁷ "MFA spokesperson answers media questions regarding Chinese civilians landing on the Diaoyu islands" [就中国民间人士登上钓鱼岛一事外交部发言人答记者问], *People's Daily*, Mar. 25, 2004.

⁵¹⁸ Gary Schaefer, "Territorial disputes flares after Chinese activists arrested for landing on Japanese held island," Associated Press, Mar. 24, 2004.

⁵¹⁹ "7 Chinese activists arrested by Japan on disputed island," Agence France Presse, Mar. 24, 2004.

⁵²⁰ "Japan protests to China as activists land on disputed islands," Agence France Presse, Mar. 24, 2004.

⁵²¹ "Japan flag burned as China seethes over arrest of island activists," Agence France Presse, Mar. 25, 2004.

Ambassador Anami, “burning flags has never happened in front of the embassy in the presence of Chinese police.”⁵²² Demonstrations were also staged at the Japanese Consulate in Guangzhou.

Outside the mainland, Baodiao activists and the public in Hong Kong exerted extra pressures on Beijing to take a tough stand against Japan. Lo Chau, spokesperson of the Hong Kong-based Action Committee for Defending the Diaoyu Islands, said, “Although Beijing has adopted a stronger stance toward Japan over the issue of the Diaoyu Islands, it is still not tough enough.”⁵²³ The independent *Ming Pao* published a charged editorial, which urged Beijing to protect the Baodiao activists and “dump its policy of mollifying Japan” on issues concerning national sovereignty and territorial integrity.⁵²⁴

While giving the greenlight to the anti-Japanese protests, Beijing carefully prevented them from snowballing into larger-scale ones that could further fuel anti-Japanese hostilities in the public as Chinese diplomats were striving to negotiate with Japan for a quick resolution. Police prevented passersby from participating in the protests.⁵²⁵ The Central Propaganda Department quickly issued internal orders prohibiting Chinese media coverage on these protests.⁵²⁶

Amid the escalating Sino-Japanese tensions over the Diaoyu/Senkakus, Washington made its first official, unequivocal reaffirmation that the U.S. treaty obligations extends to the contested islands. On March 24, when asked to comment on the Baodiao landing, the State Department’s spokesperson Adam Ereli stated:

The Senkaku Islands have been under the administrative control of the Government of Japan since having been returned as part of the reversion of Okinawa in 1972. Article 5 of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security states

⁵²² “Japan to ask China to prevent recurrence of flag burning,” *Japan Economic Newswire*, Mar. 26, 2004

⁵²³ “H.K. protesters urge tougher Chinese stance on isle dispute,” *Japan Economic Newswire*, Mar. 25, 2004.

⁵²⁴ “H.K. protesters urge tougher Chinese stance on isle dispute;” Reilly, *Strong Society, Smart State*, pp. 145-146.

⁵²⁵ “Japan flag burned as China seethes over arrest of island activists.”

⁵²⁶ Reilly, *Strong Society, Smart State*, p. 146.

that the treaty applies to the territories under the administration of Japan; thus, *Article 5 of the Mutual Security Treaty applies to the Senkaku Islands.*⁵²⁷

This time Beijing did not even openly respond to Washington’s reaffirmation – probably as Beijing at the time had high hopes of securing Washington’s continued cooperation in curbing Taiwan’s President Chen Shui-bian, who was just reelected on March 20 and started his second term with what Beijing regarded as an even more radical Taiwan independence agenda.⁵²⁸ As some Chinese analysts expressly noted when evaluating the U.S.-China-Japan triangular relations, “the existence of the Taiwan issue means that China must maintain a stable U.S.-China relations.”⁵²⁹

On March 25, China’s Vice Foreign Minister Dai Bingguo summoned Harada again to push for an immediate release of the Chinese activists. Dai stated that China “will never accept the application of Japanese domestic law to this incident.”⁵³⁰

In addition, Beijing seemed to also have selectively canceled a few non-essential diplomatic events to make a symbolic protest. On the night of March 25, Chinese Ambassador to Japan Wu Dawei abstained from a cherry blossom viewing party, an annual gathering of diplomats in Tokyo hosted by Japan’s farm minister. From the Japanese perspective, Wu’s absence was likely intended

⁵²⁷ U.S. State Department Press Briefing Transcript, Mar. 24, 2004, <https://2001-2009.state.gov/r/pa/prs/dpb/2004/30743.htm>, accessed Dec. 29, 2018. Emphasis added.

⁵²⁸ As of Taiwan’s 2004 March presidential election, the perception and interest gap between Washington and Taipei was running wide and deep, and Washington’s dissatisfaction with Chen’s provocative cross-Strait policy was even stronger and all the more manifest. A congressional testimony by James Kelly, then Assistant Secretary of State for East Asia on April 21 was seen as the “most negative statement of U.S. policy on Taiwan ever delivered publicly” and for the first time Washington openly implied its support for Taiwan’s democracy was limited. James A. Kelly, Assistant Secretary of State for East Asia and Pacific Affairs, “Overview of U.S. Policy toward Taiwan,” testimony at House International Relations Committee, Washington D.C., Apr. 21, 2004, <https://2001-2009.state.gov/p/eap/rls/rm/2004/31649.htm>, accessed Dec. 26, 2019; Dalei Jie, *The Rise and Fall of Taiwan Independence Policy: Power Shift, Domestic Constraints, and Sovereignty Assertiveness (1988-2010)* (Ph.D. diss., University of Pennsylvania, 2012), p. 164.

⁵²⁹ Zha Daojiong [查道炯], “Changes in Japan’s China policy in the post-Cold War era and China’s response” [冷战后日本对华政策的变化与中国的对策], *Journal of Contemporary Asia-Pacific Studies* [当代亚太], issue 11, 2004, p. 19.

⁵³⁰ “MFA made solemn presentation to the Japanese side” [我外交部向日方提出严正交涉], *People’s Daily*, Mar. 26, 2004.

to be a protest over the detention because Wu had confirmed that he would attend the event.⁵³¹ A pre-scheduled bilateral meeting in Beijing for discussions on definitions under UNCLOS was also cancelled.⁵³²

At the same time, Tokyo began to signal its intention to curb the ramifications of this episode on the bilateral relations. Koizumi stated on March 25 that he would like to see the incident be “handled in such a way that it will not stymie the overall Japan-China relations.” Japan’s Vice Foreign Minister Abe Masatoshi expressed his hope that Foreign Minister Kawaguchi Yoriko’s planned trip to China in early April would not be affected by the incident.⁵³³ On the same day, the JCG banned a Japanese nationalist group from sailing to one of the Diaoyu/Senkaku islets, the first instance since 1997.⁵³⁴ Tokyo’s signals were not lost on Beijing. While cancelling a few non-essential diplomatic events, Beijing refrained from postponing or cancelling Kawaguchi’s pre-scheduled trip to Beijing on April 3-4.⁵³⁵

On March 26, the Okinawa police handed the Chinese activists over to Japanese immigration authorities for deportation – a move that came apparently as a political decision by Koizumi to de-escalate the diplomatic brawl with Beijing.⁵³⁶

A Truce of Island Landing

On March 26, upon their return to China, the seven Baodiao activists were immediately taken into custody.⁵³⁷ Public security authorities warned a leading activist against talking to the media or

⁵³¹ “China envoy fails to attend party hosted by Japanese minister,” *Japan Economic Newswire*, Mar. 25, 2004.

⁵³² James J. Przystup, “Japan-China Relations: Not Quite All about Sovereignty – But Close,” *Comparative Connections*, vol. 6, issue 2, July 2004.

⁵³³ “Japan downplays fallout from isle dispute on ties with China,” *Japan Economic Newswire*, Mar. 25, 2004.

⁵³⁴ “Japan bans political group from sailing for disputed islands,” *Japan Economic Newswire*, Mar. 25, 2004.

⁵³⁵ “Japanese official hopes island dispute not to hurt ties with China,” BBC, Mar. 25, 2004.

⁵³⁶ “7 Chinese activists deported to China,” *Japan Economic Newswire*, Mar. 26, 2004.

⁵³⁷ “The seven Baodiao warriors taken away by public security upon arrival in Shanghai” [7 保钓勇士返沪遭公安带走], Boxun [博讯], Mar. 27, 2004, <https://boxun.com/news/gb/china/2004/03/200403272147.shtml>, accessed Aug. 14, 2019.

organizing any further protests, and reportedly complained, “You guys have caused us a lot of trouble with this.”⁵³⁸ Beijing re-imposed the ban on mainland-originating Baodiao voyages and blocked subsequent ones slated for late March, April and July.⁵³⁹

After the 2004 Baodiao episode, Beijing and the LDP government reportedly agreed upon a tacit truce on tug of island landing war as well as upon a *modus vivendi* to manage subsequent contingencies in the Diaoyu/Senkaku area. Under this “secret pact,” Japan would prevent landings of Chinese nationals on the Diaoyu/Senkakus and promised not to detain them “unless it develops into a case of grave concerns.” In kind, China promised to block the activists’ ships from setting sail.⁵⁴⁰ Interviews with former Chinese MLE officials, Chinese analysts and scholars close to the maritime security establishment, as well as with Japanese defense analysts, largely confirmed that there used to be practices by both sides along the line of “no departure, no detention.”⁵⁴¹ This *modus vivendi* fell apart amidst the 2010 fishing trawler collision when the DPJ government threatened to subject the Chinese fishing skipper to Japan’s domestic law. Beijing then openly denied that such a “secret deal” ever existed.⁵⁴²

Beijing’s commitment to continue blocking mainland-originating Baodiao voyages (and increasingly Hong Kong-originating voyages as well through the SAR authorities) seems to be motivated not only by concerns about diplomatic fallout from such activities but also by the limited value of such actions from a legal perspective. In a 2004 study of a ruling by the International Court of Justice (ICJ) on an island sovereignty dispute between Indonesia and Malaysia, Zhang

⁵³⁸ Reilly, *Strong Society, Smart State*, p. 146.

⁵³⁹ “Chinese activists plan new trips to Senkaku isles Sun.,” *Japan Economic Newswire*, Mar. 25, 2004; Manicom, *Bridging Troubled Water*, p. 53.

⁵⁴⁰ “New Japan leaders broke secret islet pact with China: media,” Agence France Presse, Oct. 18, 2010.

⁵⁴¹ Author’s interviews, Shanghai, June 2017; Beijing, August 2017; Tokyo August 2018.

⁵⁴² MFA, “There is no so-called ‘secret deal’ between China and Japan on the Diaoyu Island issue” [中日在钓鱼岛问题上根本不存在所谓“密约”], Oct. 21, 2010, https://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t763197.shtml, accessed Aug. 14, 2019.

Haiwen, an international law expert at CIMA, concluded, “To seize the initiative in the final resolution [to an island dispute], the claimant country must demonstrate its exercise of sovereign power over the disputed island(s) through legislative, administrative and jurisdictional actions, in particular through occupation and effective control.” In contrast, Zhang noted, activities that do not specifically demonstrate the state’s exercise of sovereign power over the disputed territory including traditional fishing activities and grassroots island landing activities “bear no international legal effects.”⁵⁴³

2004-2008: THE CHUNXIAO GAS FIELD DISPUTE

China became a net oil importer in 1993 and had since confronted an ever-deepening energy angst as its energy consumption continued to grow. The fact that most of China’s onshore mature oil fields had been heavily exploited and their outputs started to stagnate or even decline at the outset of the 21st century only aggravated Beijing’s anxiety about the country’s energy security.⁵⁴⁴ In China’s tenth Five-Year Plan (2001-2005), energy security was for the first time highlighted and elevated to a national strategic priority. The plan also contained a list of measures for meeting the country’s growing energy demand, including the acceleration of natural gas exploration and production (E&P) and the promotion of natural gas consumption as a major supplement to oil (油气并举).⁵⁴⁵ In light of this energy security strategy, Beijing also prioritized the construction and

⁵⁴³ Zhang Haiwen [张海文] and Liu Fuqiang [刘富强], “An overview of island sovereignty dispute between Indonesia and Malaysia” [印尼与马来西亚有关岛屿主权争议案简介], in Gao Zhiguo [高之国] and Zhang Haiwen, ed., *Essays on China’s Ocean Policy* [海洋国策研究文集] (Beijing: Haiyang chubanshe, 2007), p. 294.

⁵⁴⁴ PetroChina, “How far can Daqing oil field go? Prospects of Daqing’s development trend on the 55th anniversary of its discovery: ” [大庆油田能走多远？发现 55 周年之际看大庆发展态势], Sept 24, 2014, <http://intl.petrochina.com.cn/hdipad/jtxw/201409/f384672980e14da3a72ccdfc1ff24d90.shtml>, accessed Nov. 25, 2018; EIA country report-China, last updated May 14, 2015, <https://www.eia.gov/beta/international/analysis.php?iso=CHN>, accessed Jan. 4, 2019.

⁵⁴⁵ “The Outline of the Tenth Five-Year Plan for National Economic and Social Development” [国民经济和社会发展第十个五年计划纲要], approved by the *fourth session of the ninth National People’s Congress, Mar. 15, 2001*, Chinese retrieved at <http://theory.people.com.cn/GB/40557/54239/54243/3783806.html>, accessed Jan. 4, 2019.

expansion of two mega natural gas development projects: the CNPC-operated onshore West-East Gas Pipelines (WEP) transmitting natural gas from China's western inland (and later Central Asia as well) to the east coast;⁵⁴⁶ and the offshore natural gas project in the East China Sea jointly operated by CNOOC and Sinopec to supply the coastal areas.

China's Natural Gas E&P in East China Sea and the Unsettled Maritime Boundary

China forayed into offshore energy exploration in the East China Sea in the 1970s, and as of 1999 had drilled at 28 sites in the energy-rich Xihu Trough.⁵⁴⁷ All the Chinese drillings took place on the west side of Japan's proposed geographical equidistance line (Map 4.1), an area that Beijing viewed as falling safely within uncontested waters – even in Japan's preferred scenario that the equidistance line were accepted as the valid maritime boundary.⁵⁴⁸ In 1991, Beijing approved to develop the Pinghu field in the Xihu Trough for natural gas supplies to Shanghai.⁵⁴⁹ Given the diplomatic and economic importance of Japan to China in the initial post-Tiananmen years, it is unlikely that China would have forged ahead had Japan protested at the time. Moreover, in 1996 the Asian Development Bank (ADB) granted a \$130-million loan to construct the pipeline connecting Pinghu to Shanghai. Again, given Japan's influence in the ADB, the loan seemed to be interpreted by China as Tokyo's "tacit acceptance of the legitimacy" of the Chinese activities.⁵⁵⁰ When production at Pinghu commenced in 1999, Tokyo refrained from protesting on the basis that

⁵⁴⁶ The WEP network is comprised of three mega pipelines running across the country. The first pipeline passes through 10 provinces from Xinjiang to Jiangsu, Shanghai, and Zhejiang. The second passes through 14 provinces from Xinjiang to Guangdong, Guangxi, Zhejiang, Shanghai, Jiangsu, Shandong and Hong Kong. The third connects Xinjiang to Fujian, and Guangdong. "Overview of the West-East Gas Pipeline Project" [西气东输工程简介] in "West-East Gas Pipeline Project (2002-2013) Special Report on Corporate Social Responsibility" [西气东输 (2002-2013) 企业社会责任专题报告], 2013, p. 6.

⁵⁴⁷ Zhang Guoxun [张国勋], "Prioritizing exploration of oil and gas in East China Sea carries significant meaning" [优先开发东海油气意义非凡], *China Petrochemical Industry* [中国石化], issue 5, 2000, p. 7.

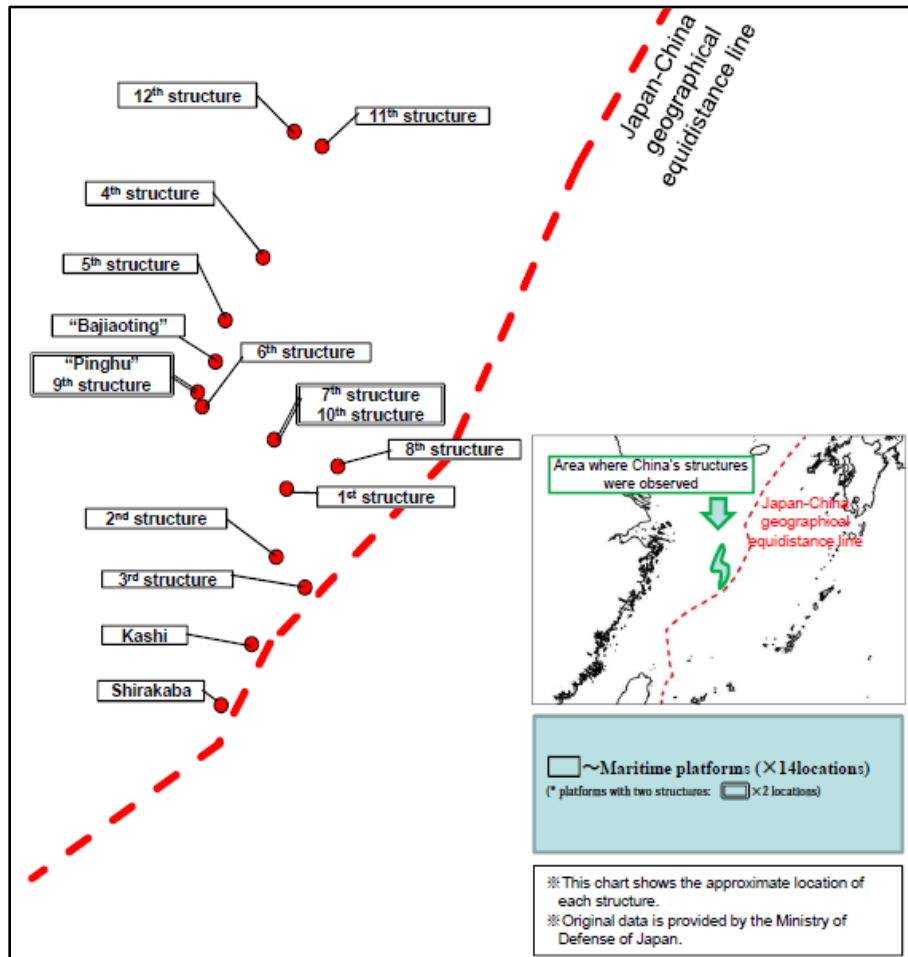
⁵⁴⁸ China Institute for Marine Affairs (CIMA), State Oceanic Administration (SOA), *Exclusive Economic Zone and Continental Shelf: Basic System, Method of Delimitation, and Exploration and Conservation* [专属经济区和大陆架: 基本制度、划界方法、开发保护] (Beijing: Haiyang Chubanshe, 2002), internal material, p. 151.

⁵⁴⁹ Zhang, "Prioritizing exploration of oil and gas in East China Sea carries significant meaning."

⁵⁵⁰ Manicom, *Bridging Troubled Waters*, p. 135.

the field was “not considered close enough to the median line.”⁵⁵¹ Indeed, up to 2004, the Chinese E&P activities in the East China Sea were barely met with protests from Japan.

Map 4.1 China’s drilling sites in the East China Sea



Source: Ministry of Foreign Affairs of Japan, “The Current Status of China’s Unilateral Development of Natural Resources in the East China Sea,” last updated Mar. 28, 2019, https://www.mofa.go.jp/a_o/c_m1/page3e_000356.html, accessed Aug. 15, 2019.

Business interests were clearly at play. CNOOC had been an aggressive advocate for expanding offshore energy E&P in both the East and South China Seas. In mid-2000, Zhang Weiping, then Deputy Chief Economist and Manager of the Planning Department at CNOOC, laid

⁵⁵¹ Manicom, *Bridging Troubled Waters*, pp. 134-135; Author’s interviews with Chinese Japan experts, Beijing, March 2019.

out an offshore natural gas development strategy which prioritized exploration in the East and South China Seas to meet growing demands in the coastal regions.⁵⁵² For CNOOC and Sinopec, the East China Sea came not only with optimistic estimates of natural gas reserves and bullish prospects for production,⁵⁵³ but also with a more competitive unit price than that of the WEP due to its geographical proximity to the targeted end users and the resulting lower transmission costs.⁵⁵⁴ For these reasons, the two NOCs viewed the East China Sea as a vital commercial asset in their competition with CNPC's WEP for the booming markets, especially the Yangtze River Delta where the annual consumption of natural gas was projected to hit ten billion cubic meters (approx. 353 bcf) by 2005.⁵⁵⁵ In March 2002, CNOOC and Sinopec launched a joint venture to expand exploration in Xihu Trough and start drilling at the Chunxiao gas field.

Given the simultaneous presence of strong business incentive and absence of diplomatic fallout from prior exploration activities in the East China Sea, CNOOC and Sinopec seemed to have

⁵⁵² Zhang Wiping [张位平], "Strategies to Boost the Development of Offshore Gas in China" [关于加速发展我国近海天然气的战略思考], *International Petroleum Economics* [国际石油经济], vol. 8, no. 6, 2000, pp. 16-17.

⁵⁵³ Sinopec in 2000 projected an annual output of 8-10 billion cubic-meter natural gas at Xihu Trough by 2010. In early 2001, Sinopec announced the total confirmed natural gas reserve was over 200 billion cubic meters. Zhang, "Prioritizing exploration of oil and gas in East China Sea carries significant meaning", p. 8. "China will explore East China Sea gas fields in large scale" [我将大规模开发东海气田], *Journal of Chemical Industry and Engineering (China)* [化工学报], March 2001.

⁵⁵⁴ Pipelines connecting the East China Sea natural gas fields with the Yangtze River Delta range from 350 to 400 kilometers while WEP from Xinjiang with Shanghai is 4,200 kilometers. The natural gas price transmitted through the WEP to Shanghai was 1.35 RMB per cubic meter, while the East China Sea natural gas price was 0.88 RMB per cubic meter. Xie Heng [谢衡], "West-East Pipeline: Who Will Pay the Bill" [西气东输, 谁来买单], *Life Week* [三联生活周刊], Oct. 10, 2002; Li Fuyong [李富永], "Uncertainty surrounding the WEP natural gas price, CNPC and CNOOC compete for coastal market" [西气东输价格悬疑, 中石油中海油沿海竞争], *China Business Times* [中华工商时报], Sept. 22, 2004.

⁵⁵⁵ Peng Weixin [彭伟欣], Lu Linsong [卢林松] and Ye Congying [叶丛英], "Superiority of Gas Industrial Development in Shanghai" [上海发展天然气产业的优势], *Offshore Oil* [海洋石油], 2002, issue 3, pp. 9-15. In his memoir, China's former NDRC Deputy Director and NEA Director Zhang Guobao [张国宝] gave a detailed firsthand account of the competition between CNPC and CNOOC. Zhang Guobao, *Starting from Scratch: Recounting the Decision Making and Construction of China's Centennial Projects* [筚路蓝缕世纪工程决策建设记述] (Beijing: Renmin Chubanshe, 2018), pp. 113-15. For media reports and business analysis on this competition, see, Liu Linglin [刘凌林], "WEP encounters competitors" [西气东输遭遇竞争对手], *China Enterprise News* [中国企业报], Apr. 12, 2002; Chen Fu [陈辅], "East China Sea Natural Gas directly confronts WEP onshore" [东气上岸正面“交锋”西气东输], *International Finance News* [国际金融报], Aug. 25, 2003.

invoked little if any input from the Chinese foreign policy establishment as they proceeded with the Chunxiao project. In a 2016 interview, Zhang Kang, former Chief Engineer of Sinopec's Petroleum Exploration and Production Research Institute who was long involved in survey and development activities in the East China Sea, provided a firsthand account of the decision-making process that led to the drilling at Chunxiao:

We drilled one site after another [in the East China Sea], closer and closer to the disputed area with Japan...Chunxiao is very close to the disputed sea area between China and Japan. Japan claims that the equidistance line should be used as the boundary. We do not recognize Japan's claim in the first place; and second, we did not know the exact location of that line because Japan had never informed us of the coordinates. Thus, on the map we picked one point on the Chinese side and another on the Japanese side, drew a straight line, and took the middle point [on the straight line]; then we pick a drilling site on the Chinese side [of the middle point].⁵⁵⁶

In this process, the foreign policy community was unconsulted. According to Zhang, “when drill in contested areas, we report to the Foreign Ministry *after* the drilling is completed.”⁵⁵⁷ Interviews with knowledgeable Chinese sources in the energy sector and foreign policy community confirm the likely under-coordination or even lack of coordination – albeit on a different ground. Chinese interlocutors attribute the lack of consultation and coordination to the perception that “Chunxiao is located within uncontested waters no matter whether you go with the equidistance line claim [by Japan] or the continental shelf claim [by China]; and as such there was no need to report to the MFA or to evaluate the project's potential diplomatic ramifications.”⁵⁵⁸

⁵⁵⁶ Wu Weinan [武魏楠], “History of the Survey and Development of the Chunxiao Oil and Gas Field” [春晓油气田勘探开发的历史], *Energy* [能源], 2016, pp. 106-109.

⁵⁵⁷ *Ibid.* Emphasis added.

⁵⁵⁸ Author's interviews, Beijing, March 2019, June 2019; Shanghai, April 2019.

In August 2003, CNOOC, Sinopec, Shell and Unocal signed a contract to jointly develop five blocks in the East China Sea, including Chunxiao.⁵⁵⁹ The economic significance that Beijing attached to this project was evident in the attendance of Chinese Premier Wen Jiabao at the signing ceremony in the Great Hall of the People. Encouraging all the parties to “accelerate the exploration in the East China Sea,” Wen said that the project along with the WEP were expected to ensure energy supply in the Yangtze River Delta – China’s most economically vibrant region with the largest demands for energy.⁵⁶⁰

In June 2004, Chunxiao suddenly became a new flashpoint in Sino-Japanese relations. On the sideline of an ASEAN-plus-Three energy ministers meeting in Manila, Nakagawa Shoichi, Japan’s Minister of Economy, Trade, and Industry, raised the issue with then NDRC Deputy Director Zhang Guobao. Given that Chunxiao lies less than five kilometers on the Chinese side of the equidistance line, as Nakagawa argued, once China started extracting hydrocarbon resources at this site, it would also siphon those on the Japanese side.⁵⁶¹ During a meeting with his Japanese counterpart Kawaguchi Yoriko in Qingdao on June 21, Chinese Foreign Minister Li Zhaoxing proposed that China and Japan negotiate for a joint development solution to the issue.⁵⁶² In response to Beijing’s proposal, Tokyo insisted on China’s provision of seismic data on the gas field as a precondition to start the negotiations.⁵⁶³ A few days later, Nakagawa took a JCG aircraft

⁵⁵⁹CNOOC and Sinopec each held a share of 30 percent while Shell and Unocal each 20 percent in the project. “CNOOC and Partners to Explore and Develop Gas in East China Sea,” Aug. 19, 2003, http://www.cnooc.com.cn/art/2003/8/19/art_8451_1130761.html; “About Us-Our History-2003” [关于海油-发展历程-2003], <http://www.cnooc.com.cn/col/col721/index.html>, both accessed Oct. 2, 2018.

⁵⁶⁰ Ying Tao [樱桃], “East China Sea welcomes new waves in oil and gas development” [东海迎来油气开发新热潮], *China Ocean News* [中国海洋报], Aug. 22, 2003.

⁵⁶¹ “Oil rivals see value of cooperation,” *Nikkei Weekly* (Japan). Jul. 5, 2004.

⁵⁶² “China’s gas proposal needs careful handling: gov’t officials,” *Japan Economic Newswire*, Jun. 21, 2004.

⁵⁶³ “EEZ dispute dismays Japan oil firms,” *The Daily Yomiuri*, Jun. 24, 2004.

for an inspection flight to Chunxiao, and upon his return, announced that Japan would soon begin surveying the sea areas on its side of the equidistance line.⁵⁶⁴

In September Shell and Unocal, citing “commercial reasons,” pulled out of the East China Sea natural gas development project.⁵⁶⁵

The Cost Trade-off: Tilting Further toward the Domestic End

Following the Diaoyu/Senkaku lease, the Hu-Wen leadership, despite their intentions to patch up relations with Japan,⁵⁶⁶ were under mounting domestic pressures to take a firm stand vis-à-vis Japan. At the time when Chunxiao became the new bilateral focal point, China and Japan were not only vying for offshore territories and natural resources but also locked in a security dilemma especially in the maritime domain, dragging more maritime security actors into the picture. In the public sphere, continual bilateral controversies around wartime history, the Yasukuni shrine, Japan’s bid for a permanent seat on the UN Security Council as well as the Diaoyu/Senkaku dispute further fueled popular animosity towards Japan. As a result, the compromise-averse coalition rapidly snowballed during this period.

On the international end, China’s relations with other regional stakeholders remained stable in general. U.S.-China relations continued to improve in Bush’s second term, although Beijing had deep suspicions that the strengthened U.S.-Japan alliance was targeting China and preparing to intervene in a Taiwan scenario. With respect to South Korea, China viewed the two countries’ shared historical grievances toward Japan as a source of moral support and political bond. Beijing also was optimistic about the Southeast Asian front, as the tripartite Joint Maritime Seismic

⁵⁶⁴ “China warns Japan in tussle over gas,” *Financial Times*, Jul. 2, 2004.

⁵⁶⁵ “Shell, Unocal exit China’s disputed gas project,” *Japan Economic Newswire*, Sept. 29, 2004.

⁵⁶⁶ In April 2004, Japanese Foreign Minister Kawaguchi Yoriko visited Beijing as scheduled, and the bilateral meeting on UNCLOS cancelled during the Baodiao incident was resumed. Przystup, “Japan-China Relations: Not Quite All about Sovereignty.”

Undertaking agreement (JMSU) among China, the Philippines and Vietnam provided the first successful instance for pursuing joint development in disputed waters.

As tensions continued to build over the gas dispute as well as other bilateral controversies, the apparently dominating domestic audience costs exerted strong pressures on the Hu-Wen administration to adopt an escalatory posture – even though later developments illustrate that they were earnest to negotiate and even willing to make key compromises on the gas field dispute.

A Multi-Dimensional Strategic Rivalry: Compromise-Averse Coalition Snowballed

When the East China Sea gas dispute began to unfold the second half of 2004, a leadership consensus prioritizing the reparation and stabilization of the Sino-Japanese relationship seemed still wanting. Although Hu Jintao succeeded Jiang Zemin as the Chairman of the CMC in September, it took time for Hu to consolidate power and change tack on Japan policy. According to Tokyo University's China expert Takahara Akio, at least as of September 2005, Hu still had difficulty exerting full control over the foreign policy decision-making process.⁵⁶⁷

More importantly perhaps, below the top, the compromise-averse coalition confronting the Hu-Wen leadership continued to grow as actors in the maritime security system, along with energy sector, began to take a more active part in the East China Sea.

The PLA, driven by its responsibilities for safeguarding China's primary strategic interests and by its institutional interests, was a vocal supporter for offshore resource exploration. The PLA Navy in particular, as observed by Fravel and Liebman, had been a longtime advocate for developing energy in China's EEZ and had cast itself as the leading protector of the country's energy security.⁵⁶⁸ In 2000, the defense of China's "maritime rights and interests" was articulated

⁵⁶⁷ Akio Takahara, "The Development of Japan-China Relations in the Period of Stability in Cross-Strait Relations," *Journal of Contemporary East Asia Studies*, 2015, vol. 4, no. 2, pp. 119-144.

⁵⁶⁸ M. Taylor Fravel and Alexander Liebman, "Beyond the Moat: The PLAN's Evolving Interests and Influence," in Saunders et al., ed., *The Chinese Navy*, pp.54-62.

in the defense white paper for the first time as part of the PLA's frontier defense and construction missions.⁵⁶⁹ In February 2001, the *PLA Daily* carried an article underscoring the importance of natural gas to China's energy security while highlighting the great potential of the offshore energy in East and South China Seas.⁵⁷⁰ In July 2002, the *PLA Daily* published an interview with Tian Fengshan, then Minister of Land and Resources, with a focus on China's energy security. Tian highlighted the great potential of the East China Sea as the primary site for China's offshore natural gas development.⁵⁷¹ The 2002 piece is remarkable, as noted by James Manicom, because at the time China's offshore resource production was concentrated in the Bohai Gulf and the Tonkin Gulf.⁵⁷² An article in the PLAN's professional journal *Modern Navy* in September 2004, anticipating energy competition would grow into another "destabilizing factor" in Sino-Japanese relations along with the Diaoyu/Senkaku and history issues, called for strengthening the PLAN to protect China's maritime resources and interests in the East China Sea (as well as in the South China Sea).⁵⁷³

Moreover, the Chunxiao dispute took on a new significance as it unfolded against the backdrop of an emerging Sino-Japanese strategic rivalry especially in the maritime domain. China's expanding naval activities within and beyond the first island chain starting from the early 2000s generated a profound impact on Japan's perception of its maritime security environment. In November 2004, it was revealed that the Japanese Defense Agency, in light of the flareup over the

⁵⁶⁹ "China's National Defense in 2000."

⁵⁷⁰ Zhang Xudong [张旭东], "The favorite energy in the new century: natural gas" [新世纪能源的宠儿: 天然气], *PLA Daily*, Feb. 12, 2001.

⁵⁷¹ Yu Chunguang [于春光] and Shi Xianxing [师献兴], "Pay attention to oil resource security: interview with Minister of Land and Resources Tian Fengshan" [关注石油资源安全: 访国土资源部部长田凤山], *PLA Daily*, Jul. 20, 2002.

⁵⁷² Manicom, *Bridging Troubled Waters*, p. 129.

⁵⁷³ Qing Zhou [轻舟], "Scrutinize the maritime flashpoints on China's periphery" [关注我国周边海洋热点问题], *Modern Navy* [当代海军], issue 9, 2004, pp. 60-63.

Diaoyu/Senkakus and the gas field, had developed a contingency plan on how to respond to three types of hypothetical military conflict scenarios with China, two of which were involved the East China Sea disputes. Based on these scenarios, the agency drew up a plan of deploying 55,000 GSDF personnel, along with air and sea reinforcement from the Kyushu and Chugoku regions.⁵⁷⁴ In early December, Japan issued its new National Defense Program Guideline (NDPG), which highlighted China's rapid military modernization and expanding area of operation at sea as well as the uncertainty in the Taiwan Strait. This marked the first time that Tokyo specified in its NDPG that it saw China's expanding military capabilities and activities at sea as a potential security threat.⁵⁷⁵ In this document, Tokyo also vowed to "respond instantly to...submerged foreign submarine operating in Japan's territorial waters,"⁵⁷⁶ an apparent reference to the accidental intrusion of a PLAN nuclear-powered submarine into Japanese territorial waters on November 10.⁵⁷⁷ More to China's dismay, Japan began actively lobbying against lifting EU's arms embargo imposed on China since 1989.⁵⁷⁸

⁵⁷⁴ The three hypothetical scenarios are: 1) a Chinese attack on Japanese territory to prevent U.S. forces stationed in Japan from intervening in a Taiwan scenario; 2) a Chinese seizure of the Diaoyu/Senkakus by force to shore up the CCP's regime legitimacy in the face of growing domestic pressures; 3) a Chinese move to secure its interests amid a dispute over the East China Sea resources. "Japan Defense Agency set 3 scenarios of China attack," *Japan Economic Newswire*, Nov. 7, 2004.

⁵⁷⁵ Defense Agency of Japan, "National Defense Program Guideline, FY 2005-," Dec. 10, 2004, pp.2-3; "Japan's new defense outline raises concerns about China," *Japan's Economic Newswire*, Nov. 16, 2004.

⁵⁷⁶ "National Defense Program Guideline, FY 2005-," pp. 8-9.

⁵⁷⁷ On November 16, Beijing admitted responsibility and apologized for the incident, something a Japanese diplomat referred to as "unthinkable in the past" and a sign of conciliation by the Hu government. James J. Przystup, "Japan-China Relations: A Volatile Mix: Natural Gas, a Submarine, a Shrine and a Visa," *Comparative Connections*, vol. 6, issue.4, January 2005; "Focus: Japan-China ties face yet more political challenges in 2005," *Japan Economic Newswire*, Dec. 29, 2004.

⁵⁷⁸ On December 7, Kawaguchi Yoriko, Japan's special assistant to prime minister and former foreign minister, articulated Tokyo's opposition to proposed lifting of an arms embargo imposed on China in 1989 following the Tiananmen incident, a position that Japanese Foreign Minister Machimura Nobutaka reiterated a month later to visiting UK Foreign Minister Jack Straw. "Japan for the first time makes it clear: it opposes EU lifting arms embargo on China" [日本首次明确表态：反对欧盟解除对中国军售禁令], Chinanews, Dec. 8, 2004, <http://www.china.com.cn/chinese/2004/Dec/723771.htm>, accessed Aug. 17, 2019; David Pilling, "Japan opposes lifting of China arms embargo," *Financial Times* Jan. 20, 2005, <https://www.ft.com/content/6ef2e598-6ad5-11d9-9357-00000e2511c8>, accessed Aug. 17, 2019.

The PLA strategists interpreted these moves as signs that Japan's evolving security strategy was targeting China. Jiang Xinfeng, a Japan expert at the PLA's AMS, wrote in the *People's Daily* that in light of the NDPG's reference to China's military modernization, the Taiwan Strait and foreign submarines as well as Japan's open opposition to the lifting of EU's arms embargo on China, "it is not difficult to arrive at the conclusion that Japan is increasingly eyeing China as a primary target in its national defense planning."⁵⁷⁹ In late December, China released its biannual Defense White Paper, which listed Japan as one of the factors that complicated the security landscape in Asia-Pacific through "stepping up its constitutional overhaul, adjusting its military and security policies and developing the missile defense system." The white paper also highlighted Japan's "markedly increased military activities abroad."⁵⁸⁰ This was the first time that China's defense white paper expressed Beijing's growing suspicions about Japan's defense policies and their impacts for China's security environment. In this white paper, the PLA also announced to give priority to the development of the PLA Navy, along with the Air Force and the Second Artillery Force.⁵⁸¹ The Chinese perception of an emerging Sino-Japanese strategic rivalry was reinforced when the U.S.-Japan Security Consultative Committee released a joint statement in February 2005 which included assuring peaceful settlement of the Taiwan issue as a goal of the alliance and thus – to Chinese eyes – raised the prospect of a Japanese intervention in a cross-strait scenario.⁵⁸²

⁵⁷⁹ Jiang Xinfeng [江新凤], "Analysis of Japan's new National Defense Program Guideline" [解析日本新《防卫计划大纲》], *People's Daily*, Dec. 14, 2004.

⁵⁸⁰ "China's National Defense in 2004," Dec. 2004.

⁵⁸¹ Ibid.

⁵⁸² Anthony Faiola, "Japan to Join US Policy on Taiwan: Growth of China Seen Behind Shift," *Washington Post*, Feb. 18, 2005; Michael H. Armacost, "Japan: Tilting to Washington," in Richard J. Ellings, Aaron L. Friedberg and Michael Wills, eds., *Strategic Asia, 2003-04* (Seattle: National Bureau of Asian Research, 2003), pp. 81-108. The 1997 Guideline of US-Japan Defense Cooperation included the highly ambiguous clause about US-Japan cooperation in "situations in areas surrounding Japan." China believed that such a loose geographical definition failed to explicitly exclude Taiwan from the scope of "the areas surrounding Japan" and thus could justify Japanese involvement in the event of a cross-strait conflict. Christopher Hughes and Akiko Fukushima, "US-Japan Security Relations: Toward

Aside from the PLA, the State Oceanic Administration (SOA), which was the primary agency administering China's near seas and supervising the CMS, was another bureaucratic stakeholder in pushing for the development of offshore resources. In a 2002 internal study on issues that China was facing in its EEZ and continental shelf, the SOA laid out clearly what it saw as the bottom-line when negotiating for a joint development deal in the undelimited areas of the East China Sea:

In the area in the middle of the East China Sea, Japan may want to have a joint development zone *straddling the equidistance line*. This is but a substitute for Japan's position of using the equidistance line for delimitation, and thus is unacceptable to China. The joint development zone should be located *between the equidistance line and the Okinawa Trough*.⁵⁸³

Moreover, with respect to the prospect of pursuing joint development in the Diaoyu/Senkaku area, this study was also clear on China's bottom-line and goal:

The basin north to the Diaoyu is also rich in oil and gas...China should actively seek to establish a joint development zone there...Japan proposes that the areas south of N 26° where Diaoyu Island is located should be excluded...from the joint development zone, and we must not accept it...The joint development...should include the basin north of Diaoyu so as to compel Japan into admitting that areas in the Diaoyu Island are disputed.⁵⁸⁴

The two components outlined in this internal study – 1) whether a joint development zone (JDZ) should straddle the median line or fall in the area between the line and the Okinawa Trough; 2) whether the JDZ should include the area near the Diaoyu/Senkakus especially the basin north to the islets – became the central issues between China and Japan in the bilateral gas talks from 2004-2008.

Bilateralism Plus?" in Ellis S Krauss and T. J. Pempel, eds. *Beyond Bilateralism: US-Japan Relations in the New Asia-Pacific*, (Stanford, California: Stanford University Press, 2004), p. 76.

⁵⁸³ China Institute for Marine Affairs (CIMA), *Exclusive Economic Zone and Continental Shelf: Basic System, Method of Delimitation, and Exploration and Conservation* [专属经济区和大陆架: 基本制度、划界方法、开发保护] (Beijing: Haiyang Chubanshe, 2002), internal material, pp. 150-151. Emphasis added.

⁵⁸⁴ *Ibid*, p. 151.

Another thrust of the SOA's push for a firm line on the East China Sea dispute was its institutional interests in claiming and consolidating the agency's leading position in China's maritime administration and law enforcement system. In July 2004, after spotting a Japan-chartered Norwegian survey ship prospecting the waters near the median line, the CMS began to actively seek Beijing's permission for the agency to dispatch aircraft and patrol ships to monitor the survey ship.⁵⁸⁵ As Zhang Huirong, then Executive Deputy Director of the CMS, wrote in a March 2005 article, "Only by proactively performing rights protection duties and seizing the initiative can the SOA and CMS consolidate our leading position in maritime rights protection work."⁵⁸⁶

CNOOC also took a firm stand. Following Shell and Unocal's withdrawal, Fu Chengyu, chairman of CNOOC, claimed that "the change of partners has little impact on the ongoing project."⁵⁸⁷ In March 2005, in response to Tokyo's threat to start prospecting the disputed waters for undersea hydrocarbon reserves if China would not halt drilling, CNOOC claimed that its drilling operations at Chunxiao would begin in August. The energy company's assertive response contrasted the MFA's relatively restrained response, which duly expressed "grave concerns" and urged Japan not to "complicate this situation."⁵⁸⁸

At the grassroots level, popular animosity towards Japan continued to intensify throughout 2004 and in early 2005 amidst a slew of contentious bilateral issues including Japan's bid for a

⁵⁸⁵ Yu Zhirong [郁志荣], Dong Xiji [董奚戟] and Zhang Ying [张颖], "Soul in the East China Sea: maritime law enforcement activities of the China Marine Surveillance East China Sea Corps" [魂系东海, 再铸蓝色辉煌——记中国海监东海总队海洋维权执法], *Ocean Development and Management*, issue 4, 2005, p. 59; "Japan starts surveying gas field in own EEZ. In E. China Sea," *Japan Economic Newswire*, Jul. 7, 2004.

⁵⁸⁶ Zhang Huirong [张惠荣], "Demonstrate law enforcement power, safeguard maritime rights and interests" [体现执法威力, 维护海上权益], *Ocean Development and Management*, issue 3, 2005, p. 15.

⁵⁸⁷ "Shell, Unocal exit China's disputed gas project."

⁵⁸⁸ "China asks Japan not to explore for gas in disputed waters," *Japan Economic Newswire*, Mar. 31, 2005.

permanent seat on the UN Security Council,⁵⁸⁹ the Chunxiao dispute, Japan's taking control of a lighthouse on one of the Diaoyu/Senkaku islets,⁵⁹⁰ as well as Japan's approval of a revisionist history textbook.⁵⁹¹ These issues were perceived as being inherently interlinked (while some are in fact interrelated). A February 2005 *People's Daily* commentary linked Japan's decision to control a lighthouse on the Diaoyu/Senkakus to the East China Sea resource and boundary disputes:

The Japanese government's so-called "takeover" of the lighthouse indicated its intention to retaliate against China for exploring the East China Sea. Japan attempts to use the Diaoyu Islands as a basepoint to grab more of the East China Sea continental shelf and EEZ...the possession of the Diaoyu Islands would entitle Japan to an extra 200,000-square-kilometer sea area, and half of the oil and gas resources in continental shelf.

The comment then claimed that Japan reinforced its control and defense posture around the Diaoyu/Senkakus in an attempt to "use the islands as a military base in the preparation for an intervention in the Taiwan Strait." Lastly, the piece linked the disputes to the history issue, asserting the Diaoyu/Senkakus as a "symbol of China's dignity and national sovereignty," a "witness of China's history of humiliation" and a "litmus test of whether Japan would repent for its history of aggression."⁵⁹²

The perceived issue linkage, while forming the basis for a broad-based anti-Japanese public mobilization, also increased rigidity for issue-specific negotiations. Some Chinese foreign policy elites – including some opponents to the "new thinking" – attempted unsuccessfully to delink the issues to allow the necessary latitude for Beijing to negotiate on the East China Sea gas and

⁵⁸⁹ In September 2004, Japan, along with India, Brazil and Germany (G4), launched a joint campaign for permanent seats on the United Nations Security Council.

⁵⁹⁰ In February 2005, Japan announced to place under state control a lighthouse built by rightist on Uotsuri.

⁵⁹¹ In early April 2005, the Japanese education officials approved new history textbooks which China and South Korea perceived as whitewashing Japan's wartime atrocities.

⁵⁹² Sun Lingling [孙伶伶], "A unilateral action in violation of international laws—on Japanese government's so-called 'taking over' of the Diaoyu Island lighthouse" [有悖国际法的单方行为——评日本政府所谓“接管”钓鱼岛灯塔], *People's Daily*, Feb. 23, 2005.

boundary disputes. Jin Xide, for instance, stated plainly in an interview: “Territorial sovereignty and resources are inherently two separate things. But now they are mixed together... For each government, the probability of compromising on territories is very small...but neither sides can afford waiting on resource needs.”⁵⁹³

An Optimistic Outlook on the International End

As the Sino-Japanese relationship fell to its historical low, China maintained overall stable relations with other key regional stakeholders, which further lowered China’s expected international audience costs. On the U.S.-China front, despite its dissatisfaction with the more explicit position that the U.S.-Japan alliance took on Taiwan, Beijing was more confident about its relations with Washington at the outset of Bush’s second term than four years before. An optimistic tone was set for the next four years as Hu Jintao and Bush pledged to maintain a strong and constructive relations during their meeting in November 2004 in Chile.⁵⁹⁴ At the meeting, Hu broached the idea of “strengthening the strategic dialogue between the two countries,”⁵⁹⁵ suggesting Beijing’s desire and confidence to restore the relationship to one of “strategic partnership” – as opposed to Bush’s depiction of China as a “strategic competitor” when starting his first term.

While the Bush administration was reluctant to adopt the name “strategic dialogue” which China preferred, as Dai Bingguo recalled in his memoir, the two countries jumpstarted the work toward institutionalizing a mechanism for periodic bilateral senior-level dialogue on security and

⁵⁹³ Li Chunhui [李春辉] and Jin Xide [金熙德], “‘East China Sea conflict’ and Somp-Japanese energy cooperation” [“东海冲突”与中日能源合作], *China Oil News* [中国石油报], Aug. 16, 2004.

⁵⁹⁴ White House, “President Bush’s Remarks with Chinese President Hu Jintao,” Santiago, Chile, Nov. 20, 2004, <https://georgewbush-whitehouse.archives.gov/news/releases/2004/11/20041120-1.html>, accessed Aug. 19, 2019.

⁵⁹⁵ MFA, “President Hu Jintao Meets with US President Bush,” Nov. 21, 2004, https://www.fmprc.gov.cn/mfa_eng/topics_665678/huvisit_665888/t171299.shtml, accessed Aug. 19, 2019.

political affairs.⁵⁹⁶ According to a recount by Michael Green, then senior director for Asia of the National Security Council, in February 2005 he hand-delivered Bush's letter to Hu, in which Bush proposed to "bring U.S.-China relations 'to the next level.'" After reading the letter, Hu was "visibly pleased."⁵⁹⁷ An assessment by the MFA-affiliated CIIS on Washington's China policy in Bush's second term concluded with an upbeat prospect, "As the influence of the neoconservatives within the Bush administration declines, adopting a pragmatic China policy has gradually become a consensus in the United States." This came not only from Washington's lack of capabilities to "restart a confrontation with China" as it was bogged down in the war in Iraq, but also from the fact that the U.S. needs China's cooperation on key global issues including nonproliferation, trade, counterterrorism and environment.⁵⁹⁸

China also maintained a warm relationship with South Korea, with shared historical grievances and bitter nationalistic sentiment against Japan. In early 2005, after Japan's Shimane Prefecture declared February 22 as Takeshima Day to celebrate the 100th anniversary of the incorporation of the Dokdo/Takeshima Islands into the prefecture, Seoul's relations with Tokyo worsened dramatically.⁵⁹⁹ The Chinese domestic audience looked on the South Korean public's radical anti-Japanese protests with strong admiration and approval. Sun Zhihui, then head of the SOA, praised South Korea's assertive attitude of defending the Dokdo/Takeshima "at any costs and sacrifices." Sun said that China should learn from South Korea, and that given China's maritime rights

⁵⁹⁶ Dai Bingguo [戴秉国], *Strategic Dialogue: Dai Bingguo Memoir* [战略对话：戴秉国回忆录] (Beijing: Renmin Shubanshe, 2016), pp. 117-119. The Bush administration kept referring to this mechanism as the "U.S.-China Senior Dialogue on Security and Political Affairs" while China used "Strategic Dialogue." The Obama administration adopted the name "Strategic Dialogue."

⁵⁹⁷ Green, *More Than Providence*, p. 497.

⁵⁹⁸ CIIS, *International Situation and China's Foreign Affairs (2005/2006)*, p. 159.

⁵⁹⁹ Norimitsu Onishi, "Dispute over Islets Frays Ties between Tokyo and Seoul," *New York Times*, Mar. 22, 2005, <https://www.nytimes.com/2005/03/22/world/asia/dispute-over-islets-frays-ties-between-tokyo-and-seoul.html>, accessed Aug. 19, 2019.

protection forces, “when necessary, we have the capabilities and determination to confront Japan at sea.”⁶⁰⁰

China’s popular Internet news portals, including Sina and QQ, ran extensive coverage on the Dokdo/Takeshima dispute. QQ positively titled its special coverage “Dokdo: testimony to a nation-state’s spine and guts.”⁶⁰¹ As noted by Ming Wan, a Japan scholar at George Mason University, Japan’s worsening diplomatic relations with South Korea (as well as with Russia) had “boosted China’s confidence and strengthened its sense of justice.”⁶⁰² South Korea’s firm stand vis-à-vis Japan also added grassroots pressures on Beijing’s handling of Sino-Japanese problems. An op-ed published in the popular *Southern Metropolis Daily* wrote, with implicit criticism of the Chinese foreign policy elites, “Uniting the power of a whole nation-state to support its foreign policy elites is a country’s fortune as well as the people’s hope...For today’s foreign policy elites, they need to better understand the people’s heart, respect the people’s feeling, and trust the people’s opinion.”⁶⁰³

On relations with Southeast Asia, China maintained a strong confidence in its charm offensive and reassurance of its small neighbors. In particular, a historical tripartite agreement that China concluded with Vietnam and the Philippines in March 2005 to carry out joint seismic surveys in the disputed Spratly islands was hailed by Beijing as “a new breakthrough” in implementing Deng

⁶⁰⁰ “Director of the State Oceanic Administration: China has the determination to confront Japan” [国家海洋局长：中国有决心抗日], *China Review News* [中國評論新聞網], Apr. 29, 2006, <http://cn1.crntt.com/crn-webapp/doc/docDetailCreate.jsp?coluid=9&kindid=550&docid=100133784&mdate=0911123624>, accessed Dec. 30, 2019.

⁶⁰¹ QQ, “Dokdo: testifies to a nation-state’s courage” [独岛：见证一个民族的血性], the special coverage page is dysfunctional. So I used Google web cache, https://webcache.googleusercontent.com/search?q=cache:yAOLnGW_LF0J:https://news.qq.com/zt/2005/Dokdodao/+&cd=1&hl=en&ct=clnk&gl=us&client=firefox-b-l-e.

⁶⁰² Wan, *Sino-Japanese Relations*, p. 258.

⁶⁰³ “Comment: ROK-Japan Dokdo dispute shows the power of civilians benefits a country’s diplomacy” [评论：韩日独岛之争显示民间力量有益国家外交], *Southern Metropolis Daily* [南方都市报], Mar. 20, 2005, <http://news.sina.com.cn/w/2005-03-20/10416138018.shtml>, accessed Aug. 19, 2019.

Xiaoping's formula of "shelving disputes and developing jointly."⁶⁰⁴ In April, during Hu Jintao's state visit to Manila, China and the Philippines declared that their relations were entering a "golden age," suggesting Beijing's optimistic outlook on the South China Sea front.⁶⁰⁵

China's Strong Nonmilitary Escalation and Restrained Military Escalation

The clear dominance of the domestic audience costs during this period decidedly rendered a moderate Japan policy indefensible and incentivized Beijing to take an escalatory posture on the gas dispute. From the outset of the gas dispute in June 2004, Japan's threat to explore the side east to the median line raised the prospect of creating a *fait accompli* that Beijing believed would undermine China's claims. In an attempt to signal a firm Chinese position and deter Japan from forging ahead, Beijing launched a strong nonmilitary escalation by permitting MLE patrols near the gas field and unleashing large-scale anti-Japanese street protests. Tokyo's announcement in July 2005 to award the drilling contract to a Japanese oil company presented Beijing with a *fait accompli*. As Beijing sought to reverse the *fait accompli* through negotiation, it resorted to a restrained military escalation in order to signal its resolve and deter Japan from taking further moves while keeping the gas talks undisrupted.

Phase One (June 2004- July 2005): Strong Nonmilitary Escalation

The CMS was brought to the forefront as part of the nonmilitary escalation and has since remained one of the most active nonmilitary actors in the East China Sea disputes. In July 2004, Beijing gave the greenlight to the CMS's request to dispatch aircraft and patrol vessels to shadow and

⁶⁰⁴ MFA, "China, Philippines and Vietnam signed South China Sea cooperation agreement" [中菲越三国石油签署南海合作协议], Mar. 14, 2005, <https://www.fmprc.gov.cn/ce/cemx/chn/xw/t187175.htm>, accessed Aug. 23, 2019.

⁶⁰⁵ MFA, "China and the Philippines releases a joint statement" [中国与菲律宾发表联合声明], Apr. 28, 2005, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676452/1207_676464/t193789.shtml, accessed Aug. 23, 2019.

monitor the Japan-commissioned Norwegian survey ship near the equidistance line,⁶⁰⁶ although some Japanese media accounts claimed that the Chinese surveillance ship was a PLAN vessel “disguised as a research ship.”⁶⁰⁷ During the one-year period from July 2004 to July 2005, the CMS established a constant presence in the area reportedly with one or two patrol voyages per month and two patrol flights per week, paving the way for the agency’s push for regularizing its patrols in China’s near-seas.⁶⁰⁸ In 2006, the Chinese State Council approved the regularization of the CMS patrols, a decision hailed by the SOA as a milestone and a leap forward in China’s maritime rights protection work.⁶⁰⁹

Meanwhile, Beijing and Tokyo started bilateral negotiations in October 2004 for a mutually acceptable resolution to the Chunxiao dispute. The talks soon deadlocked on the sharing of China’s seismic data on the gas field.⁶¹⁰ On April 1, 2005, Japan announced its intention to start procedures to grant permission to Japanese oil companies for exploring the disputed area if China persisted with its operations in the gas field and continued to refuse sharing the seismic data.⁶¹¹

The Japanese announcement came amidst the mass anti-Japanese mobilization in the Chinese public, enabling Beijing to conveniently use the large-scale street protests as another escalatory measure – to be clear, the popular anger was directed at a wide variety of Sino-Japanese bilateral

⁶⁰⁶ Yu, et al., “Soul in the East China Sea, p. 59; “Japan starts surveying gas field in own EEZ. In E. China Sea,” *Japan Economic Newswire*, Jul. 7, 2004.

⁶⁰⁷ Manicom, *Bridging Troubled Water*, p. 142. One possible explanation is that this ship was decommissioned from the PLAN and transferred to the CMS.

⁶⁰⁸ Dong Liwan [董立万], “CMS East China Sea Corps summarizes and shares experience in East China Sea energy resource protection law enforcement activities” [中国海监东海总队总结交流东海油气资源维权执法经验], *China Ocean News*, Aug. 19, 2005; Zhang Huirong, “Speech at Conference of 2006 CMS Commanders” [在 2006 年中国海监总队会议上的讲话], *Ocean Development and Management*, issue 2, 2006, p. 59.

⁶⁰⁹ Building on this major success, the CMS began to push for extending its regular patrols to the Yellow Sea and the South China Sea, for which Beijing granted permission in 2007. CIMA, *China Ocean Development Report 2009* [中国海洋发展报告 2009] (Beijing: Haiyang Chubanshe, 2009), p. 424.

⁶¹⁰ “Japan, China fail to resolve gas dispute in 1t talks,” *Japan Economic Newswire*, Oct. 25, 2004; “Japan, China End Natural Gas Talks without Accord,” Jiji Press, Mar. 28, 2005.

⁶¹¹ “Japan to Grant Mining Rights in Disputed Areas of East China Sea,” Jiji Press, Apr. 1, 2005; “Govt ups ante in gas field dispute,” *The Daily Yomiuri*, Apr. 2, 2005.

controversies at the time, including but not limited to the gas field dispute. On April 2, anti-Japan demonstrations erupted in fifteen Chinese cities including Shenzhen and Chengdu. The protests escalated over the weekend of April 9-10 as tens of thousands of Chinese people participated in demonstrations in Beijing, Shanghai, Guangzhou, Shenzhen and other Chinese cities. Demonstrations quickly degenerated into violence and attacks targeting Japanese businesses and diplomatic compounds.⁶¹² As the gas talks continued to deadlock on the provision of the seismic data,⁶¹³ Tokyo declared on April 13 that it would grant permission for Japanese oil companies to test drill in waters east of the equidistance line.⁶¹⁴ Beijing responded fiercely, calling Japan's decision a "serious provocation" and an attempt to impose its "unilateral conceived" demarcation line on China.⁶¹⁵

While starting to rein in the street protests after Koizumi offered an apology for Japan's history of aggression at the Asian-African summit in late April,⁶¹⁶ Beijing proposed to continue the gas talks. Roughly at the same time, Teikoku Oil, a Japanese oil company, submitted a request to METI to conduct test drilling in the area east of the median line.⁶¹⁷ In May, China for the first time tabled a concrete proposal for joint development and suggested a joint development zone be established between the equidistance line and the Okinawa Trough, the area where the Chinese and Japanese claims overlapped. Tokyo quickly rejected the proposal for being "not quite acceptable as it is."⁶¹⁸

⁶¹² Chisaki Watanabe, "Japan considers posting soldiers to protest embassies abroad in wake of China violence," Associate Press, Apr. 14, 2005; "Machimura Protests Anti-Japan Violence, Seeks China's Apology," Jiji Press, Apr. 10, 2005.

⁶¹³ "Japan sets condition for joining China in E. China Sea gas project," *Japan Economic Newswire*, Apr. 8, 2005.

⁶¹⁴ "Chinese FM spokesman urges Japan to be prudent on East China Sea issue," Xinhua News Service, Apr. 7, 2005; Mari Yamaguchi, "Japan will allow test-drilling of East China Sea gas exploration," Associated Press, Apr. 13, 2005.

⁶¹⁵ "China accuses Japan of 'provocation ahead of Machimura visit,'" *Japan Economic Newswire*, Apr. 14, 2005.

⁶¹⁶ "Speech by H.E. Mr. Junichiro Koizumi, Prime Minister of Japan," Ministry of Foreign Affairs of Japan, Apr. 22, 2005, <https://www.mofa.go.jp/region/asia-paci/meet0504/speech.html>, accessed Dec. 13, 2018.

⁶¹⁷ "China ready for consultation with Japan on dispute over East China Sea resources," Associated Press, Apr. 28, 2005; Audrey McAvoy, "Oil Company Seeks to Drill in Disputed Area," Associated Press, Apr. 28, 2005.

⁶¹⁸ "Japan, China remain apart on gas but proposal tabled," *Japan Economic Newswire*, May 31, 2005; "China rejects Japan's call to halt gas projects," *Japan Economic Newswire*, May 31, 2005.

Phase Two (July 2005-early 2006): Restrained Military Escalation

On July 14, Japan upped the ante by awarding Teikoku Oil the permission to test drill in the East China Sea, presenting China with a *fait accompli*. Beijing reacted immediately. Calling Japan's decision "a severe provocation and violation" of China's sovereignty and interests, Cui Tiankai, then head of the Asian Affairs Department of the Chinese Foreign Ministry, warned that if Japan attempted to impose its unilateral action on China as a *fait accompli* (既成事实), Beijing would firmly oppose and never accept it.⁶¹⁹

Tensions remained high throughout the summer, as China implied that military options were not ruled out. On July 22, a Xinhua article warned that the East China Sea gas dispute had become "the flashpoint that is most likely to trigger an accident" (擦枪走火) between China and Japan. This article went so far as to assert that "eruption of small-scale conflict is not impossible" should Japan choose to press on.⁶²⁰ In an article published in August in SOA's official newspaper *China Ocean News*, Liu Jingbo, then Deputy Director of the Strategic Studies Institute of the PLA's National Defense University, urged for a "maritime defense consciousness" of "competing for each inch of the sea and never surrendering an inch of water" (寸海必争, 寸水不让). Safeguarding China's maritime rights and interests, Liu wrote, required not only internal administration but also "military, political, and diplomatic struggles."⁶²¹

⁶¹⁹ "MFA protests over Japan's violation of China's sovereignty and interests in the East China Sea" [外交部抗议日方侵犯我国东海主权权益], Jul. 16, 2005, *People's Daily*; "China lodges solemn representations to Japan," Xinhua News Agency, Jul. 15, 2005; "China protests Japan's decision to drill E. China Sea gas," *Japan Economic Newswire*, Jul. 15, 2005.

⁶²⁰ Wang Dajun [王大军], "Japan grab oil and gas from the East China Sea, unilateral act driven by its secret calculus" [日本东海抢油气, 一意孤行有“玄机”], *Xinhua Daily Telegraph*, Jul. 22, 2005.

⁶²¹ Liu Jinbo [刘静波], "Thoughts on China's national interest needs and maritime strategy" [我国国家利益需求与海洋战略思考], *China Ocean News*, Aug. 16, 2005.

Amidst the heightened tensions, actions by the oil companies of the two sides only added more fuel to the flame. On August 26, Teikoku Oil's President Sugioka Masatoshi requested assurance from the GOJ that the company's workers on the project would be safe, while at the same time confirming the company's willingness to explore for in the East China Sea despite "the risk of Chinese interruption."⁶²² A few days later, CNOOC's Chairman Fu Chengyu announced that production in Chunxiao might begin in September, prompting MOFA to summon Cheng Yonghua, then Minister at the Chinese Embassy in Tokyo, to express its "regrets."⁶²³

The escalation suddenly took on a military aspect on September 9 when a Chinese flotilla – comprised of a Sovremenny-class missile destroyer, two Jianghu I-class missile frigates, a 23,000-ton replenishment vessel and a 6,000-ton missile observation support ship – sailed near Chunxiao, a move Beijing characterized this deployment as "a regular military training."⁶²⁴ This was the first time that Japan had spotted Chinese warships near the gas field, though the PLAN vessels did not enter the Japanese side of the median line.⁶²⁵ When a JMSDF P-3C aircraft was sent to monitor the Chinese warships, one of the ships reportedly pointed its 100-mm gun on the aircraft, an action that Japan described as "a clear threat."⁶²⁶

This military move seemed to be intended to deter Japan from initiating drilling and to reverse Japan's decision of permitting Teikoku Oil to drill in the disputed area. Zhou Yongsheng, a Japan expert at the MFA-affiliated China Foreign Affairs University, claimed that the warship

⁶²² "Teikoku to drill despite risk of China action," *Japan Times*, Aug. 27, 2005.

⁶²³ "Japan 'regrets' China drilling," *Japan Times*, Sept. 1, 2005.

⁶²⁴ "Japan paves the way for military intervention in disputed sea areas in the East China Sea" [日本为军事介入东海争议海域造势], CCTV, Oct. 9, 2005, <http://www.cctv.com/news/world/20051009/101900.shtml>, accessed Jan. 14, 2019.

⁶²⁵ "5 Chinese naval ships spotted near E. China Sea gas field," *Japan Economic Newswire*, Sept. 9, 2005; Bush, *Perils of Proximity*, p. 94.

⁶²⁶ Eric A. McVadon, "The PLA Navy as an Instrument of Statecraft," in Saunders, et al., ed., *The Chinese Navy*, p. 221; Bush, *The Perils of Proximity*, pp. 77-78; Hamish McDonald, "China raises stakes in row with Japan over seabed oil and gas," *The Age* (Australia), Oct. 4, 2005.

deployment was intended as “a warning to Japan” that it must not explore near Chunxiao: “If Japan starts drilling in that area, it would be very unfavorable [for China] to solve the East China problem in future.”⁶²⁷ Sun Zhihui, then head of the SOA, implied similar concerns: “If Japan really starts drilling here, I think we will lose the initiative not only at sea but also in the international arena.” Therefore, Sun argued, even though severe conflict with Japan was the last thing China wanted, China adopted an assertive posture in order to demonstrate its resolve to defend national sovereignty and thus to deter Japan.⁶²⁸

China’s strong rhetoric notwithstanding, the military episode was quietly called off and did not recur during the gas dispute. Meanwhile, the bilateral gas talks were kept undisrupted despite the fact that the first few rounds made little headway. The relatively restrained manner that China undertook the military escalation and the continuation of the gas talks reflected China’s calculation that Japan’s decision to drill could be reversed through negotiations. This Chinese calculation was likely grounded in the fact that the East China Sea natural gas was commercially unprofitable for Japan due both to transportation barriers and to the uncertainty in the prospect for commercial discoveries in the area east of the equidistance line. To transmit natural gas produced in the disputed area to mainland Japan requires an undersea pipeline, which was technically extremely difficult and economically very expensive due to the long distance as well as to the more than 2,000-meter depth of the Okinawa Trough. Moreover, the Japanese assessment was pessimistic about the prospect for commercial discoveries in this area.⁶²⁹ As a very knowledgeable Japanese maritime strategist plainly acknowledged in interview, “the East China Sea [gas field] is not

⁶²⁷ Feng Yifei [冯亦斐], “East China Sea field: a difficult area for Sino-Japanese cooperative development” [东海油田：中日合作开发的难题], *China News Week* [中国新闻周刊], Sept. 22, 2005, reprinted on Sina, <http://news.sina.com.cn/c/2005-09-22/11387836539.shtml>, accessed Jan. 14, 2019.

⁶²⁸ “Director of the State Oceanic Administration.”

⁶²⁹ Manicom, *Bridging Troubled Waters*, p. 154.

commercially profitable for Japan...transport[ing] and sell[ing] the energy from Shirakaba to Shanghai, then sharing the profits between Japanese and Chinese companies, that is the only profitable way [for Japanese investors].”⁶³⁰ While it remains unclear how many technical details that China knew during the dispute, Chinese media reports surfacing during this period indicated that China was aware of these problems confronting Japan.⁶³¹ Considering these circumstances, it is possible that Beijing perceived Japan’s announcement to permit drilling in the East China Sea more as a bluffing or a bargaining chip, and concluded that there was still room for China to negotiate the fait accompli away.

The 2008 Joint Development Agreement and the Sabotaged Implementation

Koizumi’s visit to Yasukuni on October 17, 2005 brought Japan’s top-level contacts with China to a complete halt.⁶³² Frustrated with Koizumi and anticipating Japan’s upcoming leadership change in September 2006, Beijing decided to wait Koizumi out. From early 2006, China started actively reaching out to Koizumi’s likely successors, including Abe Shinzon, Aso Taro and Fukuda Yasuo, to pave the way for cultivating ties with the next Japanese leader.⁶³³

The gas talks continued albeit moving forward extremely slowly. In October 2005, the hardliner METI minister Nakagawa Shoichi was replaced by Nikai Toshihiro, who was seen to favor warmer relations with China.⁶³⁴ Four rounds of gas talks were held between October 2005

⁶³⁰ Author’s interview, Tokyo, August 2018.

⁶³¹ Yue Shaoyan [乐绍延], “Japan encounters opposition in approving East China Sea drilling; calls for cautious handling grow” [日本审批东海油气开发遇阻力, 谨慎处理呼声渐起], *International Herald Leader* [国际先驱导报], Apr. 25, 2005, reprinted on Sina, <http://finance.sina.com.cn/j/20050425/12261547640.shtml>, accessed Dec. 31, 2019.

⁶³² Tang, *Heavy Storm and Gentle Breeze*, p. 32; Dai, *Strategic Dialogue*, p. 309.

⁶³³ Tang, *Heavy Storm and Gentle Breeze*, pp. 37-44; Dai, *Strategic Dialogue*, pp. 310-316.

⁶³⁴ Hidetoshi Ikebe, “Gas talks all smoke, no fire,” *The Daily Yomiuri*, Mar. 9, 2006.

and July 2006 with both sides bargaining hard on the central issues of whether the proposed JDZ should straddle the equidistance line and encompass waters near the Diaoyu/Senkaku Islands.⁶³⁵

In September 2006, Beijing decided to invite Japan's newly elected Prime Minister Abe Shizon to visit China without an explicit pledge from Abe not to visit Yasukuni. During his trip to Tokyo from September 22-27, China's Deputy Foreign Minister Dai Bingguo reportedly delivered a private message from Hu Jintao to Abe inviting him to visit Beijing provided that Abe would commit to not visit Yasukuni.⁶³⁶ Tough negotiations ensued in the following days. The Hu-Wen administration eventually decided to take the political risk and host Abe without the latter explicitly pledging not to visit Yasukuni.⁶³⁷ Such a bold decision by Beijing was reportedly enabled by a major move that Hu Jintao took in consolidating his power. According to an account by a group of prominent Japanese China experts, only a few days before extending the invitation to Abe, Hu removed Chen Liangyu, Shanghai party chief and a powerful ally of Jiang Zemin. This removal, according to the Japanese scholars, considerably weakened Jiang's influence on policy and untied the hands of the Hu-Wen administration in their diplomacy toward Japan.⁶³⁸ Abe visited Beijing in October, hailed by China as an "ice-breaking trip." In the joint statement issued during Abe's trip, both sides pledged to accelerate negotiation and seek a mutually acceptable resolution in the "broad direction of joint development."⁶³⁹

⁶³⁵ "China rejects gas field demand," *The Daily Yomiuri*, Oct. 1, 2005; "China tables new plan in gas talks with Japan, signs of rift," *Japan Economic Newswire*, Mar. 7, 2006; "Japan rejects China's Senkaku gas offer," *Japan Times*, Mar. 9, 2006; "Japan, China remain deadlocked over how to resolve gas row," *Japan Times*, May 19, 2006; "Japan, China apart on main points in gas row, agree on panel," Jul. 9, 2006.

⁶³⁶ Reilly, *Strong Society, Smart State*, p. 182.

⁶³⁷ Dai, *Strategic Dialogue*, pp. 318-321; Ma Ting [马挺], "Truth underlying Abe's 'sudden' visit to Beijing" [安倍"突然"赴京内情], ifeng.com, Oct. 16, 2006, http://news.ifeng.com/opinion/detail_2006_10/16/1334801_0.shtml, accessed Aug. 22, 2019; Yun Sun, "Chinese National Security Decision-Making Processes and Challenges," Brookings Institution, Center for Northeast Asian Policy Studies, May 6, 2013, <https://www.brookings.edu/research/chinese-national-security-decision-making-processes-and-challenges/>, accessed Aug. 22, 2019.

⁶³⁸ Kokubun, et al, *Japan-China Relations in the Modern Era*, p. 171.

⁶³⁹ Japan-China Joint Press Statement, Ministry of Foreign Affairs of Japan, Oct. 8, 2006, <https://www.mofa.go.jp/region/asia-paci/china/joint0610.html>, accessed Dec. 13, 2018.

Meanwhile, Beijing began to curb its compromise-averse stakeholders, especially the energy sector. In January 2006, CNOOC's Executive Vice President Yang Hua, when speaking on the company's strategy preview for the year, said that although construction at Chunxiao had completed and conditions were "ripe for production," when production would start "is not up to the producer."⁶⁴⁰ A few days later, production delays at Chunxiao became widely reported, with CNOOC citing necessary pipeline fine-tune work as the reason.⁶⁴¹ In August, CNOOC's homepage posted a report about an inspection tour to Chunxiao by NDRC's Deputy Director Zhang Guobao. According to the report, during his tour Zhang praised that the commencement of the first stage of production. As Japanese media quickly picked up the story, the report was quietly removed from CNOOC's website after Beijing weighed in. According to one Chinese industrial executive, "[c]entral government said CNOOC should not have publicized the news."⁶⁴² In 2007, CNOOC stopped featuring Chunxiao in its strategy preview.⁶⁴³ In March, when asked to confirm media reports that production at Chunxiao had started, CNOOC's Chairman Fu Chengyu declined to comment, claiming that "the issue is too sensitive for me to say." Instead, he implied that after Abe's visit, the chance for bilateral cooperation became higher.⁶⁴⁴

In April, Chinese Premier Wen Jiabao paid a return visit to Tokyo, which Beijing positively dubbed "the ice-thawing trip." When delivering a landmark speech at the Japanese Diet, Wen called on both sides to "conduct active consultations so as to make substantive progress towards peaceful settlement of the differences and make the East China Sea a sea of peace, friendship and

⁶⁴⁰ "China expects production from disputed gas field in first half," *Japan Economic Newswire*, Jan. 23, 2006.

⁶⁴¹ Winnie Lee, "China puts hold on disputed East China Sea gas field," *Platts Oilgram News*, Jan. 24, 2006; Steven Knell, "CNOOC Delaying East China Sea Gas Production," *IHS Global Insight*, Jan. 27, 2006.

⁶⁴² "CNOOC says production under way at Chunxiao gas field," *Japan Economic Newswire*, Aug. 4, 2006; "Japan confirms China has not begun production at Chunxiao gas field," *Japan Economic Newswire*, Aug. 7, 2006; "China starts plan to develop Chunxiao," *Platts International Gas Report*, Oct. 20, 2006.

⁶⁴³ "Gas production in disputed water ongoing as planned: CNOOC," *Japan Economic Newswire*, Jan. 30, 2007.

⁶⁴⁴ "CNOOC chief mum on gas field in disputed water," *Kyodo News International*, Mar. 29, 2007.

cooperation.”⁶⁴⁵ Moreover, Wen proposed to establish a maritime crisis management mechanism between the two defense forces,⁶⁴⁶ which, after more than ten years of marathon negotiations, culminated in the China-Japan Maritime and Aerial Communication Mechanism in June 2018.

The gas talks began to pick up speed after Abe’s successor Fukuda Yasuo visited Beijing in December 2007. According to one Chinese source, even with improved ties with Tokyo, Beijing was worried by the uncertainty associated with the short-lived Japanese cabinets and calculated that the negotiations could not be delayed for too long. Thus, Hu set a deadline for the MFA to hammer out a deal while Fukuda was in office. The talk was then accelerated while compromise-averse stakeholders, including NDRC and SOA, were by and large kept in the dark.⁶⁴⁷ In May 2008, Hu Jintao’s visit to Japan cemented what the leaders of both countries viewed as an acceptable deal on the East China Sea gas resources.

The agreement, signed on June 18, designated two areas in the East China Sea for collaborative development. One was a 2,700-square-kilometer JDZ straddling the equidistance line while not including areas near the Diaoyu/Senkaku Islands. This arrangement reflected a major compromise made by the Hu-Wen leadership on the two core components of China’s bottom line with respect to joint development in the East China Sea as laid out in the 2002 SOA internal study. The other area was Chunxiao. In this agreement, China welcomed Japanese enterprises’ participation “in accordance with Chinese laws regarding cooperation with foreign enterprises in the exploration

⁶⁴⁵ “Speech by Premier Wen Jiabao of the State Council of the People's Republic of China at the Japanese Diet Tokyo,” Apr. 12, 2007, Ministry of Foreign Affairs of the People’s Republic of China, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/yzs_663350/gjlb_663354/2721_663446/2725_663454/t311544.shtml, accessed Dec. 13, 2018.

⁶⁴⁶ “Premier Wen Jiabao meets with Japanese Prime Minister Abe Shinzo in Tokyo on April 11” [温家宝总理 11 日 在东京同日本首相安倍晋三会谈], Xinhua, Apr. 12, 2007, http://www.gov.cn/ldhd/2007-04/12/content_579429.htm, accessed Aug. 22, 2019.

⁶⁴⁷ Author’s interview, Beijing, March 2019.

and exploitation of offshore petroleum resources.”⁶⁴⁸ This arrangement was not a joint development venture, as Japanese Foreign Minister Komura Masahiko explained, “Given that the Japanese side will invest in a development that the Chinese side has already undertaken, one could not say that it will truly be a 50-50 joint development.”⁶⁴⁹ In return for Beijing’s opening Chunxiao to Japanese investors, Tokyo was expected to revoke exploration rights granted to Teikoku Oil.⁶⁵⁰

However, no sooner had the agreement been signed than it was met with backlashes and resistance from China’s compromise-averse stakeholders at home. NDRC leveled a thinly veiled criticism of the deal, and Zhang Guobao, reportedly a strong opponent to the agreement, leveraged his political clout to block the conclusion of an implementation treaty of the agreement.⁶⁵¹ According to a source in the Chinese energy sector, the agreement was deeply resented because the JDZ extended into the “uncontested area” (i.e. waters west of the equidistance line) while at the same time excluding the Diaoyu/Senkaku area.⁶⁵² The agreement was also resisted, albeit in a quieter way, by the SOA. As a Chinese scholar well versed in Sino-Japanese relations recalled, “At that time, the MFA asked CIMA and other government think tanks to write some articles defending the agreement. But few people were willing to do that.”⁶⁵³ During the three months following the signing of the agreement, *People’s Daily* published only one commentary defending the agreement and it was authored by the newspaper’s own Tokyo correspondent.⁶⁵⁴ Yu Zhirong,

⁶⁴⁸ “China and Japan reached consensus with respect to the East China Sea issue” [中日就东海问题达成原则共识], Ministry of Foreign Affairs of the People’s Republic of China, Jun. 18, 2008, <https://www.fmprc.gov.cn/123/xwfw/fyrth/1056/t466568.htm>, accessed on Jan. 17, 2019.

⁶⁴⁹ “Joint Press Conference by Minister for Foreign Affairs Masahiko Koumura and Minister of Economy, Trade and Industry Akira Amari (Regarding Cooperation between Japan and China in the East China Sea),” Ministry of Foreign Affairs of Japan, Jun. 18, 2008, https://www.mofa.go.jp/announce/fm_press/2008/6/0618.html, accessed Jan. 17, 2019.

⁶⁵⁰ “Japan, China Agree on Joint Gas Field Development,” Jiji Press, Jun. 16, 2008.

⁶⁵¹ International Crisis Group, *Dangerous Waters: China-Japan Relations on the Rocks* (Asia Report N°245), Apr. 8, 2013, p. 44.

⁶⁵² Author’s interview, Beijing, June 2019.

⁶⁵³ Private conversation, November 2018.

⁶⁵⁴ Yu Qing [于青], “Let the East China Sea be a sea of peace, cooperation and friendship: commenting on the Sino-Japanese consensus on the East China Sea issue” [让东海成为和平、合作、友好之海：评中日就东海问题达成

former Deputy Director of the CMS East China Sea Corps, explicitly criticized on the deal: “China’s proposal of jointly developing the East China Sea has generated huge negative impacts...it gave the greenlight to Japan’s claim that the equidistance line should be used to delimit the East China Sea between China and Japan, thus rejecting or [at least] undermining China’s traditional position.”⁶⁵⁵

At the same time, reports emerged in Japanese media celebrating this agreement as a vindication of Japan’s claims on the East China Sea, rendering the deal all the more domestically indefensible in China. A *Kyodo News* report published on June 18, citing Japanese Foreign Minister Komura Masahiko, asserted the deal as a de facto Japanese victory over Chunxiao: “We have won the opportunity for Japanese firms to take a stake in a place that the Chinese side has already begun developing. For us, it doesn’t really matter whether that is referred to literally as joint development.”⁶⁵⁶ The location of the JDZ as it was eventually agreed upon, asserted a *Yomiuri Shimbun* editorial, “can be interpreted that China accepted Japan’s proposal based on the median line claim, even if it was in a limited manner.”⁶⁵⁷ Another *Yomiuri Shimbun* report cited a Japanese government official who claimed that the median line “surfaced as a de factor boundary of the EEZ” and this would have “significant implications” for Japan’s future negotiations with China.⁶⁵⁸ Such Japanese reports, as a former Japanese diplomat involved in Sino-Japanese relations during this period, did not go unnoticed by China’s domestic audience and indeed quickly

原则共识], *People’s Daily*, Jun. 19, 2008. I conducted a full-text search using the key words “East China Sea” and “consensus” and specified the period from June 18-September 30, 2008. The same article was reprinted in the overseas edition of *People’s Daily* on Jun. 20. I count both printings as one article.

⁶⁵⁵ Yu, *Rights Protection in the East China Sea*, p. 39.

⁶⁵⁶ “Japan, China agree on investment, joint gas project in E. China Sea,” *Japan Economic Newswire*, Jun. 18, 2008.

⁶⁵⁷ “Editorial: Gas field agreement helps Japan-China ties,” *The Daily Yomiuri*, Jun. 19, 2008.

⁶⁵⁸ Osamu Kawakami, “Mutual gas benefit stressed; East China Sea exploration pact highlights Japan-China ties,” *The Daily Yomiuri*, Jun. 20, 2008.

brought the Chinese Foreign Ministry under fire – “even the NPC began to criticize the agreement.”⁶⁵⁹

In the Chinese public, the deal was also perceived as having compromised the country’s sovereignty and thus unacceptable. Protests against the deal were allowed to take place outside the Japanese Embassy in Beijing on June 18. The protest was unusual in that it came as an open opposition to what at the time had been articulated as Beijing’s official policy line regarding the East China Sea gas dispute. Chinese authorities reportedly made no efforts to disperse the crowd, and even allocated a space for media to interview the protesters.⁶⁶⁰ A group of Baodiao activists petitioned to the NPC to nullify the agreement on the basis that this consensus was “unconstitutional” and “unprecedentedly humiliating in the 60 years’ history of the PRC.” This petition was first reported by Hong Kong media and soon reprinted by the mainland-based news portal Sina,⁶⁶¹ suggesting that at the very least acquiescence was granted by some strands within Chinese authorities to opposing voices.

The Chinese Foreign Ministry issued multiple statements to defend the agreement and reassure the domestic audience that this deal did not compromise China’s claims.⁶⁶² On June 19, China’s Vice Foreign Minister Wu Dawei held a press conference to explain the agreement to the public.⁶⁶³ Five days later, Chinese Foreign Minister Yang Jiechi had to hold another press conference to

⁶⁵⁹ Author’s interview, Tokyo, August 2018.

⁶⁶⁰ “Japan, China strike landmark gas-sharing deal,” Agence France Presse, Jun. 18, 2008; “Chinese protestors oppose gas deal with Japan,” *Japan Economic Newswire*, Jun. 18, 2008.

⁶⁶¹ “Sino-Japanese East China Sea consensus accused of being unconstitutional, grassroots Baodiao alliance petitioned to NPC demanding nullification” [中日东海共识被指危险民间保钓联会上书人大, 要求否决], Oct. 11, 2009, *Ming Pao*, reprinted on Sina, <http://dailynews.sina.com/gb/chn/chnoverseamedia/mingpao/20091011/1424741955.html>, accessed Jan. 17, 2019.

⁶⁶² “MFA spokesperson discusses the principle consensus reached between China and Japan” [就中日就东海问题达成原则共识外交部发言人发表谈话], *People’s Daily*, Jun. 18, 2008.

⁶⁶³ Zhang Huizhong [张慧中], “Vice Foreign Minister Wu Dawei discusses the East China Sea issue” [外交部副部长武大伟谈东海问题], *People’s Daily*, Jun. 20, 2008; “China defends ‘interim’ Japan gas deal amid online criticism,” BBC, Jun. 19, 2008.

defend the agreement amidst mounting criticism. Yang emphasized that, despite the JDZ straddling the equidistance line, China “has never recognized and will never recognize Japan’s claim about the so-called ‘median line,’” and the role of Japan in Chunxiao was “no different from that of Unocal and Shell.”⁶⁶⁴

MFA’s endeavor turned out largely unsuccessful. The agreement was never implemented, not even during the two years following its conclusion when China and Japan strived to recover the lost ground in their bilateral relationship.⁶⁶⁵

CONCLUSION

Between 2002 and 2008, the domination of domestic audience costs best explains China’s decision to opt for escalation in both the Diaoyu/Senkaku lease incident and the offshore gas field dispute with Japan. In the Diaoyu/Senkaku lease episode, with no fait accompli that Beijing perceived as having to be reversed or a likely fait accompli that needed to be deterred, China undertook a restrained nonmilitary escalation. In contrast, China responded to the offshore gas field disputes with a combination of a strong nonmilitary escalation and a restrained military escalation after Japan granted drilling permission to a Japanese oil company but continued gas talks, which presented Beijing with a fait accompli that could possibly be reversed through negotiations.

The joint development deal concluded in June 2008 presented Beijing and Tokyo with an opportunity to lower the temperature on the East China Sea and mend fences, culminating in Japanese Prime Minister Fukuda Yasuo’s visit to Beijing and attendance at the grand opening ceremony of the Beijing Olympic Games in August. The rapid warmup, however, soon turned out

⁶⁶⁴ “Sino-Japanese agreement on the East China Sea does not prejudice to China’s sovereign rights” [中日东海协议, 无损中国主权权利], *Xinhua Daily Telegraph* [新华每日电讯], Jun. 25, 2008.

⁶⁶⁵ “China, Japan Make Little Headway on Fields,” *International Oil Daily*, Jul. 29, 2010.

to be short lived when two Chinese government ships entered the highly sensitive 12-nautical-mile territorial sea of the Diaoyu/Senkaku Islands in December.

5. The China Maritime Surveillance Diaoyu/Senkaku Patrol and the Fishing Trawler Collision

On December 8, 2008, two China Marine Surveillance (CMS) patrol ships entered the territorial sea of the Diaoyu/Senkaku Islands, marking the very first time that China's government ships were present in the highly sensitive area. A few days later, Japanese Prime Minister Aso Taro raised this issue with Chinese Premier Wen Jiabao during a sideline meeting of a trilateral China-Japan-South Korea summit in the Japanese city of Fukuoka. Upon Japan's protest, Beijing quickly de-escalated and tightened control over its MLE agencies.

Firsthand information confirmed that this episode was likely planned and carried out by the CMS with little knowledge of the foreign policy apparatus or authorization by Beijing. This incident demonstrates how behavior of compromise-averse actors in China (and in Japan as well) can create unexpected foreign policy ramifications that drag in central governments and may be interpreted by the other party as a signal of strategic intention.

Following Japan's 2009 election in which the Democratic Party (DPJ) replaced the conservative LDP as the ruling party, reconciliation between China and Japan appeared to have gained new momentum as Prime Minister Hatoyama Yukio attempted to balance Japan's relations with the U.S. by drawing closer to China and South Korea.⁶⁶⁶ However, the bilateral relationship hit another bump in September 2010 when a Chinese fishing trawler collided with JCG vessels in the Diaoyu/Senkaku territorial sea. As Tokyo considered subjecting the captain of the fishing boat to Japan's domestic legal procedure, Beijing launched a strong escalation along multiple nonmilitary dimensions over the course of two weeks.

⁶⁶⁶ Smith, *Japan's New Politics and the U.S.-Japan Alliance*, pp. 8-16.

This chapter traces China's handling of two major incidents arising from the East China Sea disputes during and immediately after the Global Financial Crisis (GFC). As will be demonstrated below, China's increased international audience costs especially from the improved Sino-Japanese relationship and declined domestic audience costs that accompanied the improved mutual perceptions incentivized Beijing to de-escalate the incident in December 2008. By contrast, the combination of a perceived decline in international audience costs and a surge in domestic audience costs on the heels of the financial crisis created incentives for China to take an escalatory response in 2010.

THE 2008 CMS PATROL IN THE DIAOYU/SENKAKU TERRITORIAL SEA

In 2006, the CMS received the greenlight from the State Council to regularize its maritime rights protection patrols in the Chinese EEZ and continental shelf in the East China Sea. The SOA's official newspaper *China Ocean News* reported that the CMS routine patrols in the East China Sea was conducted on a daily basis, consisting of six law enforcement ships and four patrol flights.⁶⁶⁷ Although rights protection patrols had henceforth taken the pride of place in CMS's missions,⁶⁶⁸ the Diaoyu/Senkaku territorial sea remained consistently off-limits. This restriction appeared to be made largely out of foreign policy considerations. As observed by a Japan expert affiliated with the MFA: "The CMS had long been very dissatisfied about being pressured by the MFA. When Sino-Japanese relations were good, the foreign ministry would forbid the CMS from patrolling the Diaoyu/Senkakus so as to prevent the positive political climate from being tarnished. When the

⁶⁶⁷ CIMA, *China's Ocean Development Report 2007*, p. 288; Su Tao [苏涛] and Zhao Yingfei [赵颖翡], "Build a first-tiered CMS team" [高起点高标准打造一流海监队伍], *China Ocean News*, Oct. 21, 2008.

⁶⁶⁸ Yang Yan [阳妍], "Rights protection law enforcement is the priority for this year's work" [维权执法是今年重点工作], *China Ocean News*, Mar. 21, 2006; Hai Xuan [海轩], "CMA headquarter identifies eight priorities for this year's work" [中国海监总队确定今年八大重点工作], *China Ocean News*, Apr. 3, 2007; Yang Xuan [杨璇], "CMS identifies six priorities for this year's work" [中国海监确定今年六大重点工作], *China Ocean News*, Mar. 11, 2008.

relations soured, the MFA would not let CMS conduct such patrols either out of the concern that the patrols would only add fuel to the fire.”⁶⁶⁹

According to an SOA source, considering the sensitivity of the islets, “As long as the CMS wants to patrol in waters near the Diaoyu/Senkakus – usually understood as being in the 12 nautical miles’ territorial sea, it must be reported to and approved by the SOA, CMS headquarters, and the MFA.” Requests to patrol the Diaoyu/Senkaku territorial sea would be reviewed on a case-by-case basis: “For each proposed patrol [in the Diaoyu/Senkaku territorial sea], it requires a separate reporting procedure (一事一报). But the fact is: up to August 8, 2008, no such request had been approved, because Fukuda was coming [to the Olympic Games opening ceremony].”⁶⁷⁰ This observation converges with information from Japanese sources. As noted by a Japanese interlocutor close to both Japanese and Chinese foreign ministries: “CMS had this plan and vowed as early as in 2006 to regularize its patrols to cover all of China’s seas. But its implementation was put on hold until the end of 2008, because [patrols in the Diaoyu/Senkaku territorial sea] definitely could not be carried out before the Olympics. Therefore, in late 2008, the CMS was under time pressure to carry out such a patrol by the end of the year which it considered as long overdue.”⁶⁷¹

Time was tight because the patrol had to be completed between August 8 and December 31.⁶⁷² At the same time, the CMS appeared to have doubled down on its lobbying for the greenlight from above for this patrol. On October 18, speaking at the institution’s 10th anniversary of foundation and perhaps signaling the institution’s intention to forge ahead with the patrol, Sun Shuxian, Deputy Director of the CMS, vowed that the agency’s next step would be strengthening its administration and control over the disputed sea areas. Sun emphasized specifically that in order

⁶⁶⁹ Author’s interview, Beijing, March 2019.

⁶⁷⁰ Author’s interview, Shanghai, April 2019.

⁶⁷¹ Author’s interview, Tokyo, August 2018.

⁶⁷² Author’s interview, Shanghai, April 2019.

to perform the mission of safeguarding the country's maritime rights and interests, the CMS must show its presence and demonstrate effective administration in territorial seas and contiguous waters as well as in China's EEZ and continental shelf; therefore, with respect to some disputed sea areas, Sun said the CMS would "appeal to its supervisory agency in seeking to boost patrols and demonstrate jurisdiction."⁶⁷³

The patrol was slated to take place on December 7-8. According to a firsthand account, the dates were picked because December 8 fell on a Monday, the same day that the JCG vessels in the area would be taking their shift, enabling the CMS ships to take advantage of the time gap between shifts.⁶⁷⁴ After determining the time, the next step would be reporting and getting approval. "For this patrol, it was *only reported to the CMS headquarters. The MFA was not notified.*"⁶⁷⁵ Two participating CMS patrol vessels, *Haijian 46* and *Haijian 51*, both newly commissioned in 2005, departed respectively from Shanghai and Ningbo on December 4.

On the morning of December 8, 2008, the Japanese coast guard spotted the CMS ships sailing six kilometers (approx. 3.3 nautical miles) southeast of the Diaoyu/Senkaku islets. After loitering at its first stop location for roughly an hour, the CMS ships started circling the islands. The JCG claimed that the CMS ships remained within the Diaoyu/Senkaku territorial sea for about nine

⁶⁷³ Xu Xiao [徐潇], "CMS Plans to Strengthen Administration over Disputed Sea Areas to Defend Maritime Rights and Interests" [中国海监加强对争议海域管辖捍卫海洋权益], Oct. 20, 2008, China News Agency [中新社], reprinted on People, <http://military.people.com.cn/GB/8196567.html>, accessed on Nov. 4, 2017.

⁶⁷⁴ Xie Tao [谢韬], "Details of China's patrol of the Diaoyu Island: the Japanese side attempted to ram CMS ships" [中国巡航钓鱼岛细节: 日方企图碰撞中国海监船], *International Herald Leader* [国际先驱导报], Dec. 12, 2008, reprinted on ifeng.com, http://news.ifeng.com/mil/2/200812/1212_340_919318.shtml, accessed on Nov. 4, 2017; author's interview, Shanghai, April 2019.

⁶⁷⁵ Author's interview, Shanghai, April 2019. Emphasis added.

hours, despite repeated verbal warnings from JCG patrol ships.⁶⁷⁶ According to a Chinese source, *Haijian 46* was less than one nautical mile away from the islets at its closest point.⁶⁷⁷

Tokyo immediately lodged a strong protest with Beijing. Prime Minister Aso Taro called the incident “an obvious intrusion of (Japan’s) territorial waters” and “very regrettable.”⁶⁷⁸ MOFA summoned the Chinese Ambassador Cui Tiankai to lodge a formal protest while simultaneously lodging a protest with the Chinese Foreign Ministry through the Japanese Embassy in Beijing.⁶⁷⁹ The MFA initially responded by stating that it “was checking the facts” and later dismissed Tokyo’s protest, claiming that it was legitimate for Chinese vessels to conduct normal patrol activities in waters under Chinese jurisdiction.⁶⁸⁰ The MFA’s spokesperson Liu Jianchao claimed that this issue would not have any impacts on the upcoming China-Japan-South Korean leadership summit.⁶⁸¹

Four days later, however, Aso and Premier Wen Jiabao reportedly “clashed” over the incident during their one-hour meeting in Fukuoka.⁶⁸² According to information from both Chinese and Japanese sources, Wen was apparently not even briefed on this incident and thus was apparently caught off guard when Aso raised the issue.⁶⁸³ Wen was reportedly embarrassed by this unexpected

⁶⁷⁶ “Chinese Survey Ships Enter Japanese Waters,” Jiji Press, Dec. 8, 2008; “Japan urges Chinese ships to leave disputed waters,” Associated Press, Dec. 8, 2008; Xie Tao [谢韬], “Details of China’s patrol of the Diaoyu Island: the Japanese side attempted to ram CMS ships” [中国巡航钓鱼岛细节：日方企图碰撞中国海监船], *International Herald Leader* [国际先驱导报], Dec. 12, 2008, reprinted on ifeng.com, http://news.ifeng.com/mil/2/200812/1212_340_919318.shtml, accessed on Nov. 4, 2017.

⁶⁷⁷ Yu, *Rights Protection in the East China Sea*, p. 170.

⁶⁷⁸ “Chinese Survey Ships Enter Japanese Waters,” Jiji Press.

⁶⁷⁹ “Japan makes a big fuss about Chinese vessels ‘invading territorial sea’ to establish Diaoyu Island intelligence division,” [日炒作中國船隻“入侵領海”增設釣魚島情報室], *China Review* [中國評論新聞], Dec.13, 2008, <http://hk.crnrt.com/doc/1008/2/7/9/100827994.html?coluid=7&kindid=0&docid=100827994>, accessed Sept. 3, 2018.

⁶⁸⁰ “Japan: Chinese ships intruded in disputed waters,” Associated Press, Dec. 8, 2008; “MFA spokesperson: CMS vessels’ entry into Diaoyu Island’s surrounding sea areas is ‘irreproachable’” [外交部发言人表示：中国海监船只进入钓鱼岛海域活动是“无可非议”的], *People’s Daily*, Dec. 9, 2008.

⁶⁸¹ “Liu Jianchao: Frictions over the Diaoyu Islands would not have impacts on China-Japan-South Korea leadership summit” [刘建超：钓鱼岛摩擦不会影响中日韩领导人会议], Dec. 10, 2008, *Beijing News* [新京报], reprinted on People.com, <http://military.people.com.cn/GB/8221/51755/141011/141012/8510783.html>, accessed on Nov. 4, 2017.

⁶⁸² “Aso, Wen Clash over Disputed Islands,” Jiji Press, Dec. 13, 2008.

⁶⁸³ Author’s interviews, Beijing, August 2017; Tokyo, August 2018; Beijing, March 2019.

issue,⁶⁸⁴ and could merely respond by a reiteration of China's position.⁶⁸⁵ Even Chinese diplomats accompanying Wen at the meeting were not prepared for this situation, according to a knowledgeable source.⁶⁸⁶ A Chinese interlocutor deeply involved in the East China Sea issues recalled: "I was in Japan when this incident happened and Premier Wen was in Fukuoka. One day I suddenly got a call from the [Chinese] Embassy and asked whether I knew anything about the patrol. It seems neither the Embassy nor Wen had any idea about the patrol beforehand."⁶⁸⁷

The Cost Trade-off: Swing to the International End

The initial high media coverage of the CMS patrol notwithstanding, it was quickly played down in subsequent reports on the Aso-Wen meeting, and Chinese MLE patrols in Diaoyu/Senkaku territorial waters were put on hold until August 2011,⁶⁸⁸ a sign that some Chinese interlocutors pointed to as proof that this 2008 CMS patrol was unauthorized.⁶⁸⁹

Both domestic and international factors created incentives as well as political room for Beijing to curb its maritime law enforcement actors. By the time when the CMS episode took place, Beijing and Tokyo were striving to manage touchy issues including the offshore gas field disputes and the history issues through a modus vivendi that both countries had tenuously reached in the post-Koizumi years. Moreover, China's domestic opposition to a moderate policy line with Japan appeared to be on a slow decline, freeing up, albeit to a limited extent, the Chinese leaders' hands

⁶⁸⁴ Author's interview, Beijing, March 2019.

⁶⁸⁵ "Wen Jiabao meets with Aso Taro and elaborates on China's position: 'Prevent the Diaoyu Island issue from poisoning the broad Sino-Japanese relations'" [温家宝会见麻生太郎阐述中方立场: "防钓鱼岛问题影响中日关系大局"], *Beijing News*, Dec. 13, 2008, reprinted on People.com, <http://military.people.com.cn/GB/1076/52984/8515029.html>, accessed on Nov. 4, 2017

⁶⁸⁶ Author's interview, Beijing, March 2019.

⁶⁸⁷ Author's interview with Chinese security expert, Beijing, August 2017.

⁶⁸⁸ The second Chinese patrol inside the Diaoyu/Senkaku territorial seas was made by the FLE in August 2011 following the fishing trawler collision, followed by a third one conducted by CMS in March 2012. Japan Coast Guard, "Policing the territorial seas around the Senkakus" [尖閣諸島周辺海域における領海警備], *Japan Coast Guard Annual Report 2017* [海上保安レポート 2017], https://www.kaiho.mlit.go.jp/info/books/report2017/html/tokushu/toku17_01-1.html, accessed July 28, 2018.

⁶⁸⁹ Author's interview, Beijing, August 2017.

in navigating relations with Japan. At the same time, the recovering Sino-Japanese relationship, in which the Hu-Wen leadership had invested much of their political capital to patch up, considerably raised China's perceived international audience costs in the event of another downturn in the bilateral relationship.

Domestic Audience Costs Declined: Improving Mutual Perceptions and Curbing Opposition

When the CMS episode took place, domestic audience costs on the Hu-Wen leadership had substantially decreased should they choose to de-escalate this incident. At the top, Hu Jintao had gradually consolidated his power base after Jiang Zemin stepped down as the Chairman of the CMC in the fall of 2004, and thus was politically less constrained and less vulnerable as compared to the first few years of his stewardship. As noted by Joseph Fewsmith, Hu began to consolidate his power from 2006 with the promotion of ten senior PLA officers to the rank of full-general.⁶⁹⁰ Observing the outcomes of the 17th Party Congress in October 2007, James Mulvenon similarly concluded that Hu was already “firmly in charge” of both the civil and military apparatuses.⁶⁹¹

Meanwhile, the PLA, while continuing to cast a wary eye on Japan, had been expanding military-to-military contact with the Japanese defense force since 2007, and therefore might have relatively softened its tone on the maritime disputes. High-level military exchanges were on an uptick following the visit to Japan by Cao Gangchuan, then CMC's Vice Chair and China's Defense Minister, in August 2007.⁶⁹² In 2008, both Xu Qiliang, then commander of the PLA Air Force, and Wu Shengli, then commander of the PLA Navy, visited Japan. During his visit, Wu

⁶⁹⁰ Joseph Fewsmith, *China since Tiananmen: From Deng Xiaoping to Hu Jintao* (Cambridge: Cambridge University Press, 2008), 2nd edition, p. 270.

⁶⁹¹ James Mulvenon, “Chinese Military Leadership After the 17th Congress: Hu's Guys or Whose Guys?” *China Leadership Monitor*, winter 2008, issue 23, p. 6.

⁶⁹² MFA, *China's Foreign Affairs 2008* (Beijing: Shijie Zhishi Chubanshe), p. 113. In the previous three years' yearbooks, *China's Foreign Affairs 2005* (p. 147), *China's Foreign Affairs 2006* (p. 145), *China's Foreign Affairs 2007* (p.141), there are only reference to the annual Defense and Security Consultation meetings.

told his Japanese counterpart that navies should be the major actors in the bilateral military exchanges.⁶⁹³ As a confidence building measure and part of the bilateral naval diplomacy, Chinese and Japanese warships made historical reciprocal visits. In November 2007, a PLA missile destroyer made a four-day port call at Tokyo Bay, marking the first such visit in the history of Sino-Japanese relations.⁶⁹⁴ In June 2008, a JMSDF destroyer paid a visit to Zhanjiang in Guangdong, the first one by a Japanese warship to China since the end of WWII.⁶⁹⁵ In a *PLA Daily* commentary, Jiang Xinfeng, an Japan expert at the PLA's AMS, hailed the warship visits as “a new start for Sino-Japanese exchanges in defense affairs with the bilateral political relationship having moved out of the shadow.”⁶⁹⁶ At the same time, bilateral negotiations jumpstarted in 2008 to institutionalize a crisis prevention and management mechanism. In April, a bilateral expert group convened in Beijing to initiate the talks on establishing a maritime communication mechanism between the Chinese and Japanese defense agencies,⁶⁹⁷ which later incorporated the air domain and in 2018 culminated in the Maritime and Aerial Communication Mechanism between the Chinese and Japanese militaries.

At the grassroots level, popular resentment towards a moderate Japan policy had substantially declined, to a large extent due to Tokyo's cautious handling of the thorny historical issues. Koizumi's successors – Abe, Fukuda, and Aso – had consistently refrained from visiting the Yasukuni shrine in their official capacity as prime ministers. Indeed, the GOJ even demonstrated

⁶⁹³ Sheng Xin [盛欣] and Xiao Wei [肖伟], “The Maturing Sino-Japanese relations” [日趋成熟的中日关系], in Institute for Strategic Studies, National Defense University, *International Strategic Analysis 2008/2009* [国际战略形式分析] (Beijing: Shishi chubanshe, 2009), p. 237.

⁶⁹⁴ “Missile destroyer sets off for visit to Japan,” *China Daily*, Nov. 21, 2007, http://www.chinadaily.com.cn/china/2007-11/21/content_6269831.htm, accessed Aug. 26, 2019.

⁶⁹⁵ “Japan destroyer arrives in South China,” *China Daily*, Jun. 24, 2008, http://www.chinadaily.com.cn/china/2008-06/24/content_6791255.htm, accessed Aug. 26, 2019.

⁶⁹⁶ “Create a new situation for Sino-Japanese exchanges in defense affairs” [开创中日防务交流新局面], *PLA Daily*, May 6, 2008.

⁶⁹⁷ *Ibid.*

a preemptive approach in containing diplomatic fallout from controversies over the wartime history before such controversies could further poison the broad bilateral relationship. Notably, on October 31, 2008, the Aso cabinet fired the Air Self-Defense Force Chief Tamogami Toshio, who wrote an award-winning revisionist essay defending Japan's wartime atrocities including comfort women and the Nanjing massacre.⁶⁹⁸ Calling Tamogami's essay "inappropriate," the Aso cabinet immediately distanced itself from the views expressed in the essay. Foreign Minister Nakasone Hirofumi stated that views expressed by Tamogami by no means represented the official position of the GOJ and reaffirmed Tokyo's adherence to the position expressed in the 1995 Murayama Statement,⁶⁹⁹ which Beijing had often quoted as the GOJ's official apology for its aggression. Beijing quickly took notice of – with ostensible approval – Tokyo's handling of Tamogami and aligning its position on history with the Murayama Statement. The Chinese Foreign Ministry's spokesperson Jiang Yu stated on November 1, "the Chinese side has taken notice of the GOJ's clarification about its position and the measures taken. Both sides should work collaboratively to protect the broad interests of the Sino-Japanese relationship."⁷⁰⁰

In addition, Japan's prompt disaster relief and humanitarian assistance to China in the aftermath of the May 2008 Sichuan earthquake had generated substantial positive PR effects in the Chinese public.⁷⁰¹ The annual opinion survey jointly conducted by Genron NPO and *China Daily*

⁶⁹⁸ Yoko Kubota, "Japan defense minister sacks general over WW2 views," Reuters, Oct. 31, 2008, <https://www.reuters.com/article/us-japan-war/japan-defense-minister-sacks-general-over-ww2-views-idUUSTRE49U3JS20081031>, accessed Aug. 25, 2019; Jun Hongo, "Tamogami out of ASDF, not out of range," *Japan Times*, Jun. 28, 2009, <https://www.japantimes.co.jp/news/2009/01/28/national/tamogami-out-of-asdf-not-out-of-range/#.XWLZsnt7k2w>, accessed Aug. 25, 2019.

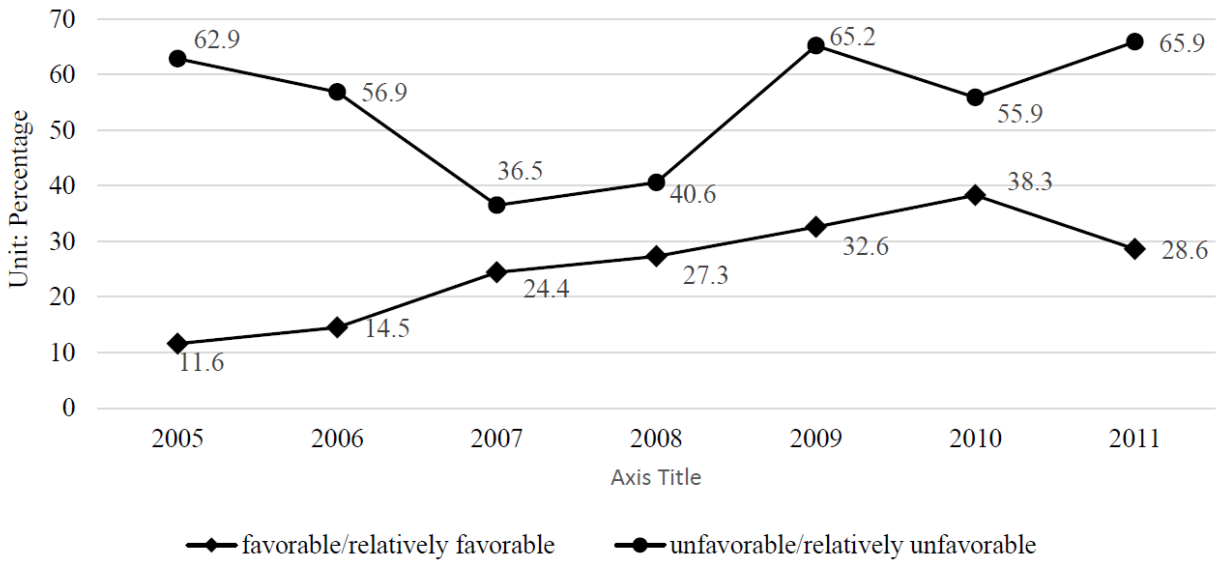
⁶⁹⁹ MOFA, "Press Conference by Minister for Foreign Affairs Hirofumi Nakasone," Nov. 4, 2008, https://www.mofa.go.jp/announce/fm_press/2008/11/1104.html, accessed Aug. 25, 2008.

⁷⁰⁰ "The Chinese side is shocked and indignant about active senior ASDF official blatantly distorting history and beautify invasion [中方对日本自卫队现役高官公然歪曲历史、美化侵略感到震惊和愤慨], *People's Daily*, Nov. 2, 2008.

⁷⁰¹ Zhang Yaowu [张耀武] and Sun Wenxue [孙文选], *Sino-Japanese Relations from the Koizumi Cabinet to the Kan Cabinet* [从小泉内阁到菅内阁时期的中日关系] (Beijing: Xinhua chubanshe, 2014), pp. 494-499 (JD ebook page number).

shows that starting from 2006 the Chinese public’s perception of Japan by and large had been bouncing back (Figure 5.1). In fact, 2007 and 2008 witnessed the smallest margins between the ratio of respondents holding unfavorable perceptions and that of those harboring favorable views (12.1 percent and 13.3 percent, respectively).

Figure 5.1: The Chinese Public’s Perception on Japan 2005-2011



Source: Adapted from Genron NPO and *China Daily*, “The 10th Japan-China Public Opinion Poll: Analysis Report on the Comparative Data,” Sept. 9, 2014, http://www.genron-npo.net/en/pp/docs/10th_Japan-China_poll.pdf, accessed Jan. 25, 2019.

Investing in Sino-Japanese Relationship: International Audience Costs Climbed

On the international end, the audience costs on an escalatory response by Beijing to Japan’s protests had increased, and the increase came primarily from the bilateral dimension. As of late 2008, Sino-Japanese relations had improved to the extent that Beijing might risk jeopardizing these improvements should it to reverse the course and be tough on Japan.

By the time Fukuda resigned as Japan’s Prime Minister in September 2008, Sino-Japanese relations had been stabilized overall and Beijing’s interest to continue pursuing cooperation with Fukuda’s successor was strong. Beijing’s initial response to Aso Taro’s election victory seemed

to be cautious and there were even concerns about potential backtracking of the relationship, given Aso's reputation as a strong conservative nationalist and China hawk. Specifically, Beijing was worried that Aso might resume his pursuit of "value-oriented diplomacy" and push for the shaping of an "arc of freedom and prosperity," two concepts he proposed in November 2006 during his term as Japan's foreign minister. "Value oriented diplomacy," as conceived by Aso, put emphasis on "universal values" such as democracy, freedom, human rights, the rule of law, and the market economy; and the "arc of freedom and prosperity" was envisioned to align Japan with "the successfully budding democracies that line the outer rim of the Eurasian continent."⁷⁰² Some Chinese analysts viewed the two concepts as key components of Japan's emerging geostrategy which aimed to form an encirclement hemming in China and Russia.⁷⁰³ In the runup to the election, *China Youth Daily*, the official publication of the Communist Youth League which constituted Hu Jintao's primary power base, articulated the concern: "[The concept of the 'arc of freedom and prosperity'] is widely interpreted as a policy that seeks to contain China. Fukuda abandoned this concept which embodies the Cold War mentality; but once Aso assumes power, whether he will again push for this arc strategy will be another test of Sino-Japanese mutual trust."⁷⁰⁴

On the other hand, Beijing did not fail to detect signs of moderation and pragmatism that Aso had demonstrated toward China. As noted by Jin Xide, a Northeast Asia expert at CASS, in a *People's Daily* commentary published on September 23 right after Aso won the election: "Recently, Aso has proposed to move WWII war criminals to a shrine separate from the Yasukuni

⁷⁰² MOFA, "Speech by Mr. Taro Aso, Minister for Foreign Affairs on the Occasion of the Japan Institute of International Affairs Seminar, 'Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons,'" Nov. 0, 2006, <https://www.mofa.go.jp/announce/fm/aso/speech0611.html>, accessed Aug. 27, 2019.

⁷⁰³ See, for example, Huang Dahui [黄大慧], "Japan's 'value-oriented diplomacy' and China in the post-Cold War era" [冷战后日本的"价值观外交"与中国], *Contemporary International Relations*, issue 5, 2007, p. 43-47.

⁷⁰⁴ Pei Jun [裴军], "Japanese government changes leader again, Sino-Japanese is facing another test" [日本政府再度易主, 中日关系又受考验], *China Youth Daily* [中国青年报], Sept. 4, 2008.

and stopped talking about ‘the arch of freedom and prosperity.’ There are signs that Aso might be cautious in words and deeds on sensitive issues in Sino-Japanese relations and pursue a more pragmatic foreign policy approach.”⁷⁰⁵ Two days later, Beijing saw a clearer sign of pragmatism in Aso’s speech at the UN General Assembly, in which he called China and South Korea “important partners for Japan and countries with which Japan must seek to increase mutual benefits and shared interests,”⁷⁰⁶ Beijing responded positively to Aso’s message. A *People’s Daily* article stated, “Aso’s remarks reflected the intention of the new Japanese government to continue to develop friendly cooperation with China.” Calling on Aso to build on the “positive legacy” left by his two immediate predecessors, Fukuda and Abe, the article stated, “We hope the new Japanese government would follow the opinion expressed in Aso’s UNGA speech...[and] carry forward China and Japan’s mutually beneficial strategic relationship.”⁷⁰⁷

Building on this positive note, Hu and Wen met with Aso in Beijing in October on the sideline of the Asia-Europe meeting. In particular, Wen told Aso that both countries should cherish the “hard earned” improvement in Sino-Japanese relations since the ice was broken with four high-profile mutual visits by the two countries’ leaders.⁷⁰⁸ Impressed also by Aso’s handling of the Tamogami episode, as of late 2008, Beijing seemed to have come to see Aso as a pragmatist with whom it could work with on a basis of shared interests between the two countries.⁷⁰⁹

⁷⁰⁵ Jin Xide, “Prime minister change tests Japan’s foreign policy” [“换相” 考验日本外交], *People’s Daily*, Sept. 23, 2008.

⁷⁰⁶ Kantei, “Address by H.E. Mr. Taro Aso, Prime Minister of Japan at the Sixty-Third Session of the General Assembly of the United Nations,” Sept. 25, 2008, New York, https://japan.kantei.go.jp/asospeech/2008/09/25speech_e.html, accessed Aug. 27, 2019.

⁷⁰⁷ Xia Wenhui [夏文辉], “Aso inherits ‘positive legacy,’ China and Japan mutually benefit each other and move in a positive direction” [麻生承接“良性资产”，中日互惠向好], *People’s Daily*, Sept. 28, 2008.

⁷⁰⁸ Chen Yiming [陈一鸣] and Cao Pengcheng [曹鹏程], “Wen Jiabao meets with foreign leaders attending the seventh Asia-Europe meeting in China” [温家宝会见来华出席第七届亚欧首脑会议外方领导人], *People’s Daily*, Oct. 25, 2008.

⁷⁰⁹ CIIS, *International Situation and China’s Foreign Affairs (2008/2009)* [国际形势和中国外交蓝皮书 (2008/2009)] (Beijing: Shijie zhishi chubanshe, 2009), pp. 38-39.

Beijing De-escalated – But Not without Ramifications

Presented with a decline in domestic audience costs and a simultaneous increase in international audience costs especially in the bilateral dimension, Beijing moved to de-escalate the contingency and curbed the CMS's activity. According to a knowledgeable Chinese source: "After the patrol, the MFA took the issue directly to Hu Jintao. Hu's instruction was to prioritize maintaining stability. Of course, He understood the [rationale and incentive of] the CMS's work, otherwise the head of the SOA certainly would have been fired. The CMS had stayed low-profile and treaded very carefully for quite a long period of time after the patrol."⁷¹⁰ The reporting and approval requirement was more strictly enforced, according to this source, "The bureaucracy to which such patrols need be reported is the Central Foreign Affairs Office, even the [later established] Maritime Rights Protection Office does not have the authority to approve such patrols." The reporting requirement was for both pre-planned and ad-hoc patrol operations. For pre-planned routine patrols, the reporting and approval was on an annual basis. For contingencies that requires countermeasures, the proposed countermeasures need to be separately reported and approved.⁷¹¹ Quite noteworthy, this reporting requirement for both pre-planned and ad-hoc patrol operations seems not only applicable to CMS patrols but also to the FLE's fishing protection patrols after the latter launched regular patrols in the Diaoyu/Senkaku area following the 2010 fishing trawler collision. Speaking at the FLE 2012 annual work conference, Zhao Xingwu, Chief of the Fisheries Enforcement Bureau, underscored the importance of complying with the reporting requirement and reporting in a timely manner when conducting patrols in the Diaoyu/Senkakus and the Spratlys for stabilizing China's peripheral environment.⁷¹²

⁷¹⁰ Author's interview, Shanghai, April 2019.

⁷¹¹ Author's interview, Shanghai, April 2019.

⁷¹² "MOA Fisheries Enforcement Bureau Chief Zhao Xingwu's speech at the National Fisheries Work Conference" [农业部渔业局局长赵兴武在全国渔政工作会议上的讲话], Feb. 25, 2012, *China Fisheries Yearbook 2013*, p. 287.

Despite Beijing's decision to play down the episode and keep CMS vessels away from the Diaoyu/Senkaku territorial waters (until March 2012), this incident did not go away without implications for the preexisting security dilemma between China and Japan. Japanese sources in the foreign policy establishment, defense and academia, as well as some Chinese sources explicitly identified this incident as what began to alter Japan's assessment about Beijing's strategic intention and security pressure from China.⁷¹³ In the words of a Japanese source, "Japan read the incident as a sign of Chinese irredentism, that China is planning on 'recovering its lost land.'"⁷¹⁴

To boost the defense around the Diaoyu/Senkaku Islands, beginning February 1, 2009, the JCG reportedly added a helicopter-bearing large patrol vessel in the Diaoyu/Senkaku area and temporarily increased its patrol ships in the area from two to three.⁷¹⁵ Moreover, according to a report by the *PLA Daily*-run newspaper *China Defense News*, Japan created a three-layer alert zone: the area within 12 nautical miles of the islands was an off-limits zone where foreign vessels must be expelled "at all costs;" the contiguous water between 12-24 nautical miles of the islands was a "strict surveillance zone" where foreign ships would be identified, closely monitored, and ordered to leave; and beyond 24 nautical miles, foreign ships, depending on their place of origin, would be coped with employing different tactics, ranging from tailing, warning to expelling.⁷¹⁶

Tokyo began to actively seek an explicit reaffirmation from the newly inaugurated Obama administration with respect to the coverage of the Diaoyu/Senkaku under Article Five of the U.S.-Japan Defense Treaty. This issue was reportedly raised during Aso's summit with President Barack Obama in Washington. On February 26, upon returning from his trip to Washington, Aso told a

⁷¹³ Author's interviews, Tokyo, August 2018; Beijing, August 2017.

⁷¹⁴ Author's interview, Tokyo, August 2018.

⁷¹⁵ James J. Przystup, "Japan-China Relations: New Year, Old Problems," *Comparative Connections*, vol. 11, issue 1, April 2009.

⁷¹⁶ Li Daguang [李大光], "Japan deploys patrol vessels to monitor China's Diaoyu island areas" [日派巡视船监视我钓鱼岛海域], *China Defense News* [中国国防报], Feb. 10, 2009.

Lower House committee that “since the Senkaku Islands are Japan’s inherent territory, the Japan-US. Security treaty covers them.”⁷¹⁷

This incident also to a large extent laid the ground for how the 2010 fishing trawler collision was started and managed. As noted by a Chinese interlocutor in private communication:

Japan seemed to have been shocked by the CMS patrol, seeing it as a prelude to China’s deliberate change of the status quo [in the Diaoyu/Senkakus]. When the fishing trawler collision happened in 2010, Japan insisted that it was China who made the first move to have changed the status quo (referring to the 2008 CMS incident). The Japanese side thought the Chinese government was behind the scene, using the fishing trawler to further change the status quo. To compound the situation, Japan had a hardliner minister of land, industry, and tour [when the fishing trawler incident occurred]. These in combination led to Tokyo’s sudden departure from the traditional practice of simply expelling the fishing boat [from the Diaoyu/Senkaku area] or deporting the crew [after detention].⁷¹⁸

In this sense, the CMS episode is a telling case of the interrelatedness between crises, in particular consecutive ones in protracted territorial disputes.

THE 2010 FISHING TRAWLER COLLISION

The imperative to set up bilateral mechanisms to regulate encounters and prevent incidents at sea was heightened after China and Japan experienced a series of dangerous air-sea encounters in early 2010.⁷¹⁹ During his trip to Tokyo in late May 2010, Wen Jiabao reached an agreement with Japanese Prime Minister Hatoyama Yukio to set up a hotline for communications between the two

⁷¹⁷ Przystup, “Japan-China Relations: New Year, Old Problems.”

⁷¹⁸ Author’s interview, Beijing, August 2017.

⁷¹⁹ In April, Chinese naval helicopters reportedly twice buzzed Japanese MSDF destroyers which were dispatched to monitor Chinese naval vessels operating in international waters off Okinawa. In May, the CMS patrol ship *Haijian 51* approached and chased a Japanese survey vessel in the East China Sea about 173 nautical miles northwest of Japan’s southern Amami Oshima island, demanding the latter leave Chinese waters. “Japan protests China naval helicopter’s ‘dangerous’ fly-by,” Agence France Presse, Apr. 13, 2010; “China defends navy chopper approach as ‘necessary measure:’ minister,” *Japan Economic Newswire*, Apr. 23, 2010. “Japan protests to Beijing over chasing in East China Sea,” Agence France Presse, May 4, 2010. “China says chasing of Japanese boat ‘legitimate,’” Agence France Presse, May 5, 2010.

countries' political leaders in the event of a contingency or political emergency.⁷²⁰ On June 13, the hotline was activated through a phone call between Wen and Hatoyama's successor Kan Naoto.⁷²¹ During the phone call, Wen and Kan reaffirmed the pledge to establish mechanisms for maritime communications in addition to the hotline so as to more effectively "avert misunderstanding and incidents."⁷²² Both the hotline and the political will to move toward a fully-fledged crisis prevention and management mechanism were soon put to the test when a Chinese fisher trawler collided with JCG patrol ships in the Diaoyu/Snkaku territorial sea.

On September 7, 2010, a Chinese fishing trawler collided with two JCG patrol ships in waters some nine kilometers (approx. 4.85 nautical miles) north of the Diaoyu/Senkaku Islands. The fishing boat first collided with a JCG patrol ship *Yonakuni*, and then with another JCG vessel *Mizuki*. After chasing and forcing the fishing ship to stop, Japanese inspectors boarded the Chinese ship and detained the 15 crew members, including the captain who was believed to be drunken at the time, on suspicion of violating Japan's fisheries law.⁷²³ On the same day, MOFA informed Chinese Ambassador Cheng Yonghua of the GOJ's intention to handle the incident based on Japan's domestic law and to pursue a criminal case against the captain of the fishing boat.⁷²⁴

On September 8, the JCG announced the arrest of the skipper on the charge of obstructing the coast guard from performing public duties.⁷²⁵ Japanese Chief Cabinet Secretary Sengoku Yoshito

⁷²⁰ "China, Japan premiers agree hotline after naval incidents," Agence France Presse, May 31, 2010. This hotline was initially agreed upon between the two countries in 1998 and briefly functional in 2000. Tuosheng Zhang, "Strengthening crisis management, the most urgent task in current China-US and China-Japan security relations," *China International Strategic Review*, 2021, <https://doi.org/10.1007/s42533-021-00067-x>.

⁷²¹ "Wen Jiabao talked with Kan Naoto on phone, activating the Sino-Japanese premier hotline" [温家宝与菅直人通电话, 启动中日总理热线], Xinhua, Jun. 13, 2010, reprinted on GOC.cn [中国政府网], http://www.gov.cn/ldhd/2010-06/13/content_1627486.htm, accessed Jan. 31, 2019.

⁷²² "China for treaty talks with Japan on oil, gas fields; The two countries' premiers also agree to set up hot line for top-level contacts," *Business Times* (Singapore), Jun. 1, 2010.

⁷²³ "Japan China exchange protests over ship collision near Senkaku islands," *Japan Economic News*, Sept. 7, 2010. Smith, *Intimate Rivals*, p. 190.

⁷²⁴ "China ship captain taken to Japan island over collisions near Senkakus," *Japan Economic Newswire*, Sept. 8, 2010; "China demands Japan free skipper in tense maritime row," Agence France presse, Sept. 8, 2010.

⁷²⁵ "China Boat Skipper Nabbed over Collisions with Japan Patrol Ships," Jiji Press, Sept. 8, 2010.

stated that the collision would be handled “strictly in accordance with Japan’s domestic law” on the ground that there was no sovereignty dispute over the Diaoyu/Senkaku Islands.⁷²⁶

Shortly after the collision, the two countries became engaged in a PR battle with each side, blaming the other for causing the clash. China’s state media CCTV dismissed Japan’s claim that the Chinese fishing boat rammed the JCG ship as being “unthinkable,” asserting that the Chinese fish trawler “was rammed by” the modern, armed JCG patrol ship.⁷²⁷ Japanese Foreign Minister Okada Katsuya dismissed the Chinese account as being “not true,” adding that the trawler had been caught on video as it rammed into the JCG ships.⁷²⁸

Some subsequent Chinese analyses insist that Japan’s detention of the Chinese fisherman violated the Sino-Japanese Fishery Agreement; in other words, this incident could have been avoided had Japan abided by the agreement. This line of argument goes that since the two countries pledged in the agreement “not to apply domestic fisheries law and ordinance” to citizens of the other party operating in waters south of 27°N, where the Diaoyu/Senkaku Islands are located, Japan has no jurisdiction over Chinese fishing boats operating in the Diaoyu/Senkaku territorial sea – regardless of whether Japan recognizes China’s sovereignty claims or not.⁷²⁹

However, as already discussed in Chapter 3, the scope of the agreement covers only the two countries’ EEZs and thus is not applicable to territorial sea or contiguous waters. Beijing was not unaware of this subtle exclusion of the Diaoyu/Senkaku waters from the agreement. As noted in a

⁷²⁶ “Japan to Apply Domestic Law to Accident near Disputed Isles,” Jiji Press, Sept. 8, 2010; “September 8, 2010 Morning Press Conference by the Chief Cabinet Secretary” [官房長官記者発表平成22年9月8日午前], transcript retrieved at Kantei [首相官邸], https://www.kantei.go.jp/jp/tyoukanpress/201009/8_a.html, accessed Jan. 31, 2019.

⁷²⁷ “Global Watch: China expressed grave concerns about fishing ship being rammed near the Diaoyu Island” [全球视线：我严重关注钓鱼岛渔船被撞事件], CCTV [央视网], Sept. 8, 2010, <http://tv.cntv.cn/video/C10642/490fdec20302448b0bc132b5864fbc4c>, accessed Feb. 1, 2019.

⁷²⁸ “China demands Japan release fishermen held after Senkaku collision,” *Japan Economic Newswire*, Sept. 10, 2010; “Japan Ministers Call for Calm in Face of China Protests,” Jiji Press, Sept. 14, 2010.

⁷²⁹ Hu Bo [胡波], “Japan Finds it Difficult to Cope with China’s ‘Fishing Vessel Threats’” [日本难以应对中国“渔船威胁”], *Phoenix Weekly* [凤凰周刊], issue 524, Nov. 5, 2014, <http://www.ifengweekly.com/detil.php?id=1060>, accessed Oct. 18, 2018.

2002 SOA internal publication, “For the time being, fishery disputes between China and Japan primarily concentrate in the sea area surrounding the Diaoyu Islands. This sea area is not covered by the adjustment as stipulated in the Sino-Japanese fishery agreement.”⁷³⁰ A former Chinese diplomat acknowledged plainly in private communication:

The Diaoyu/Senkaku dispute was circumvented [in the fishery agreement], as Japan insists there are no disputes over the islands and the surrounding territorial waters. Therefore, this point was addressed in an ambiguous way subject to [China and Japan’s] respective interpretations. When the agreement was signed, [Beijing] already knew the Diaoyu/Senkaku problem would resurface in future. But at that time the priority was to solve the fishery problem in the much vaster sea areas.⁷³¹

This explanation is consistent with information from other Chinese interlocutors and corroborated with Japanese sources. A Chinese Japan expert acknowledged, “[That ‘no enforcement’ does not apply to the Diaoyu/Senkaku territorial sea] cannot be put in writing, otherwise the agreement would not have been acceptable at home.”⁷³² A Japanese maritime security analyst similarly noted in a separate interview, “[That the “no enforcement” does not cover the Diaoyu/Senkaku territorial sea] was understood and accepted by China – until 2010.”⁷³³

The Cost Trade-off: Overshadowed by the Growing Domestic Costs

When the collision took place, Beijing seemed to have every reason to worry about strong domestic backlashes if it was seen as being weak on Japan. First and perhaps most importantly, the incident was particularly ill-timed – it occurred ten days prior to September 18, the 79th anniversary of the Mukden Incident that marked Japan’s invasion of Manchuria. Nationalist emotions were often running high in the Chinese public on the eve of September 18, which was unofficially but widely

⁷³⁰ CIMA, *Exclusive Economic Zone and Continental Shelf*, p. 128.

⁷³¹ Author’s interview, Beijing, July 2019.

⁷³² Author’s interview, Beijing, March 2019.

⁷³³ Author’s interview, Tokyo, August 2018.

recognized as China's "Day of National Humiliation." Moreover, China at the time had just emerged from the global financial crisis as the world's major economic powerhouse and in the second quarter of 2010 replaced Japan as the second largest economy. The boosted public confidence, combined with the still strong mentality of victimization, means that the backlash at home had the potential to be even stronger than in the past should Beijing appear weak in responding to a perceived Japanese insult.

On the international end, the prospective costs seemed not adequate to prevail over the potential costs on the domestic end. On the U.S. front, the Obama administration maintained an ambivalent position before and during the collision incident with respect to the coverage of the Diaoyu/Senkakus under the U.S.-Japan Defense Treaty, which Beijing seemed to have perceived as working to its advantage. Meanwhile, that Washington prioritized global issues led Beijing to conclude that the United States was eagerly seeking Chinese cooperation such that it would be careful to maintain a positive relationship with China. In addition, other regional stakeholders especially those having maritime disputes with China were either preoccupied with other priorities or not responding to Chinese behavior during the incident in a way which would clearly signal to China that its handling of the collision would generate a strong spillover effect.

The cost trade-off created an incentive for China to launch an escalatory response to avoid a strong backlash at home.

Preempting the Domestic Audience: Getting Tough on Japan to Avoid Backlash

At the outset of the collision, Beijing expected to quickly resolve the incident as it did in past fishery disputes between China and Japan. The Chinese confidence was not unfounded. Comparing with the South China Sea and Yellow Sea, incidents involving Chinese fishing ships and Japanese government vessels in the East China Sea had traditionally come in a smaller number

and at a lower level of intensity.⁷³⁴ Beijing seemed to be satisfied overall with the implementation of the Sino-Japanese Fishery Agreement as a bilateral provisional arrangement in the undelimited waters in the East China Sea. In June 2010, just two months prior to the collision, *China Fishery News*, the official newspaper under direction of the Ministry of Agriculture (MOA) and Fisheries Enforcement Bureau, published an article penned by the FLE headquarters celebrating the 10th anniversary of the agreement and making an ostensibly upbeat evaluation on the implementation of the agreement. Specifically, the article mentioned that detention of Chinese fishermen by Japanese authorities occurred at times: “When Chinese fishermen are detained and fishing ships seized, the diplomatic and fishery agencies can coordinate in a timely manner and actively intervene and negotiate to ensure the safety of Chinese fishermen’s personal life and property.”⁷³⁵ While the lack of data in open sources leaves unknown whether there had been incidents in which Chinese fishermen were detained by Japanese authorities when operating in the Diaoyu/Senkaku territorial sea and/or contiguous waters prior to the 2010 collision, this *China Fishery News* article indicated that a quick release and deportation of detained Chinese nationals had become a routinized if not standardized procedure accepted and long practiced by both parties.

Apart from the confidence in securing a rapid resolution to the collision, there was also a sense of urgency in Beijing to quickly resolve the incident on China’s term in order to forestall grassroots mobilization, as nationalist emotions tend to surge as the highly sensitive Mukden Incident anniversary approaches. Progress in the Sino-Japanese relationship since 2008 notwithstanding,

⁷³⁴ Ning Qingtong [宁青同], “The demand, supply and innovation of China’s fishery rights system in the face of foreign states’ infringement on Chinese fishery rights in the South China Sea” [南海涉外侵权中我国渔业权制度的需求、供给和创新], *Science of Law* (Journal of Northwest University of Political Science and Law) [法律科学 (西北政法大学学报)], issue 2, 2015, p. 164. I discuss this disparity with more details in Chapter 10.

⁷³⁵ China Fishery Law Enforcement Center Peripheral Agreement Department [中国渔政指挥中心周边协定处], “Implementation of the Sino-Japanese Fishery Agreement over the past ten years” [中日渔业协定生效十年执行情况], *China Fishery News* [中国渔业报], Jun. 7, 2010.

China's self-image of a victim of Japanese militarism was still deeply rooted and colored the lens through which the general public understood China's relations with Japan. Meanwhile, China at the time had just emerged from the global financial crisis as the world's major economic powerhouse and in the second quarter of 2010 replaced Japan as the world's second largest economy. With growing confidence in the country, as noted by Shi Yinhong, a scholar at Renmin University, the Chinese public became increasingly critical of Beijing's traditional, relatively moderate foreign policy as being "not compatible with people's impression that China is rising."⁷³⁶ The combination of the victimization mentality with the shift of power distribution favorable to China seemed to have engendered a particularly strong nationalist impulse in the Chinese domestic audience. An online survey conducted by the populist Phoenix TV between September 7-9 reported that 79.8 percent of the Chinese respondents supported using force as an option to permanently solve the Diaoyu/Senkaku disputes.⁷³⁷

Strong reactions from Baodiao activist groups added extra weight to Beijing's prospective domestic costs in the event of a backing down. On September 8, some 30 Baodiao activists from the Diaoyu Action Committee staged a protest at the Japanese Consulate in Hong Kong, vowing to undertake a protest voyage to the disputed islets. Notably, the activists blamed Beijing for failing to adopt a sufficiently tough attitude in dealing with the Japanese.⁷³⁸ On the same day, Li Yiqiang, a mainland Baodiao activist who sought to rent a boat to sail to the Diaoyu/Senkaku criticized Beijing's diplomatic negotiation with Japan over the detained Chinese fishermen as "the old

⁷³⁶ Calum Macleod, "China's aggressive posture stuns Japan; Nation dishes out 'shock and awe' in territorial disputes," *USA Today*, Sept. 28, 2010.

⁷³⁷ Yu Zeyuan [于泽远], "Sino-Japanese fishing trawler collision flares up, China dispatch fishery law enforcement ships to the Diaoyu sea areas" [中日撞船事件升温, 中国派渔政执法船前往钓鱼岛海域], *Lianhe Zaobao* [联合早报], Sept. 10, 2010, <https://www.zaobao.com.sg/special/report/politic/cn-japan/story20100910-94213>, accessed Sept. 4, 2019.

⁷³⁸ "Hong Kong activist protests outside Japanese consulate over boat collision," BBC, Sept. 9, 2010.

playbook.”⁷³⁹ The Chinese security apparatus reportedly took pains to block Baodiao protest voyages sailing from the mainland,⁷⁴⁰ which in turn only created more pressures on Beijing to deliver an quick diplomatic victory.

In light of these circumstances, it seemed that Beijing had accepted the logic of pressuring Tokyo in order to preempt strong reactions from domestic audience and forestall grassroots mobilization. Early in the crisis, Liu Jiangyong, a Japan expert at Tsinghua University and a frequent contributor to the *People’s Daily*, clearly set out this logic in an interview, “China wants a rapid resolution to the sensitive territorial issue without arousing nationalist backlash against the government.”⁷⁴¹ A very knowledgeable source close to both Chinese foreign policy and security establishments noted in private, “The public gets upset with the [Chinese] government usually when the latter is seen as not being tough enough on Japan.”⁷⁴²

Tokyo’s insistence on prosecuting the Chinese skipper under Japan’s domestic law even after releasing the other fourteen crew members took Beijing by surprise. As the crisis dragged on and September 18 drew closer, the mounting grassroots pressure became even more pronounced. Chinese interlocutors acknowledged that Beijing miscalculated Tokyo’s willingness to follow past practice and cooperate in managing the incident. As a Chinese interlocutor familiar with the incident noted, by elevating the levels of diplomatic protests to Tokyo, Beijing expected that “at some point the DPJ government would feel satisfied and release the detained [Chinese fishermen] ... But apparently China misjudged the situation.”⁷⁴³ Japanese sources attributed

⁷³⁹ “Chinese, Hong Kong and Taiwan Baodiao activists planning on undertaking protest voyage” [中港台民间保钓者正在计划出海抗议], BBC, Sept. 8, 2010, https://www.bbc.com/zhongwen/simp/china/2010/09/100908_china_japan_nongovt, accessed Sept. 9, 2019,

⁷⁴⁰ Weiss, *Powerful Patriots*, p. 170.

⁷⁴¹ “Diplomat haled in again over seize boat; China raised pressure on Japan in sea row,” *South China Morning Post*, Sept. 13, 2010.

⁷⁴² Author’s interview, Beijing, March 2019.

⁷⁴³ Author’s interview, Shanghai, April 2019.

Tokyo's recalcitrance to the DPJ government's inexperience in handling Sino-Japanese tensions. A China expert in the Japanese defense community portrayed this incident as being "poorly managed by the Kan administration" which "did not know how the past LDP cabinets managed such incidents."⁷⁴⁴ In addition, both Japanese and Chinese sources familiar with the crisis also ascribed Tokyo's recalcitrance to the influence of China hawks within the DPJ on the crisis management process, naming in particular Maehara Seiji, who was the head of the Ministry of Land, Infrastructure and Transport which oversees the JCG when the collision occurred and was appointed as the Foreign Minister on September 17 in a cabinet reshuffling.⁷⁴⁵ Maehara urged that Japan take "a rigid and resolute response to any threat to Japan's sovereignty" when inspecting the rammed JCG patrol ships in Ishigaki.⁷⁴⁶

On September 18, the MFA itself became a target of nationalistic backlash from the Chinese public who believed that the ministry was liable for a weak approach to Japan. A group of protesters held a rally marching outside the ministry, shouting "down with the traitors to the motherland" and "retake the Diaoyu Islands."⁷⁴⁷ The Chinese Foreign Ministry building, one mile to the north of the Japanese Embassy, was as heavily guarded as the embassy on that day.⁷⁴⁸ Backlash from Chinese netizens intensified further following Japan's decision to extend the

⁷⁴⁴ Author's interview, Tokyo, August 2018.

⁷⁴⁵ Author's interviews, Tokyo, August 2018; Beijing, March 2019; "China wary of Maehara's potentially tough stance toward Beijing," *Japan Economic Newswire*, Sept. 17, 2010; "Maehara Seiji: the 'DPL hawk' in charge of Japan's foreign policy" [前原诚司: "民主党之鹰" 执掌日本外交], *21st Century Business Herald* [21 世纪经济报道], Sept. 21, 2010.

⁷⁴⁶ "Japan's new FM talks tough against China," Agence France Presse, Sept. 17, 2010.

⁷⁴⁷ "Japan notes China's 'restraint' of protests," Agence France Presse, Sept. 19, 2010; Goh Sui Noi, "A long and involved conflict," *Strait Times*, Sept. 28, 2010.

⁷⁴⁸ Austin Ramzy, "Anti-Japan Sentiment Gains Strength in China," *TIME*, Sept. 22, 2010, <http://content.time.com/time/world/article/0,8599,2020721,00.html>, accessed Feb. 2, 2019. This was not the first time the foreign ministry coming under fire. The week before the collision, a group of Baodiao activists staged a protest outside the ministry on September 3, demanding a termination of the bilateral talks to implement the East China Sea gas agreement, calling it a "traitorous agreement" and a "renunciation of sovereignty and humiliation of the nation." "Demonstration staged in front of the Chinese foreign ministry protesting Sino-Japanese East China Sea talks" [中国外交部门前周五发生反对中日东海谈判的抗议], *Tiexue.net* [铁血网], Sept. 5, 2010, http://bbs.tiexue.net/post2_4466528_1.html, accessed Feb. 2, 2019.

captain's detention. Online bulletin board and blogs on China's major news portals were quickly filled up with charged posts pressing for a hardline approach toward Japan so as not to "let the public lose confidence."⁷⁴⁹

Apart from the impetus to preempt grassroots pressures, parochial interests – especially the competition between MLE agencies for greater maritime administrative clout – were also at play in shaping the way that Beijing reacted to the collision. That a Chinese fishing boat was involved in this incident offered the FLE an opportunity to expand its presence in the East China Sea, a traditional turf of the CMS. Prior to the collision, although the FLE was designated as the principal implementer of the three bilateral fishery agreements that China concluded with its neighbors, this agency traditionally had more actively conducted “fishing and maritime rights protection patrols” (护渔维权巡航) in the South China Sea than in the East China Sea.⁷⁵⁰ Huang Zuoping, Deputy Director of the General Office of the FLE South China Sea Bureau, stated that the FLE had traditionally conducted joint exercises and patrols in the South China Sea, joined by vessels from the East China Sea Bureau, but rarely were such activities conducted in the East China Sea.⁷⁵¹ This traditional division of labor – and their corresponding “spheres of influence” – between the CMS and FLE first became blurred after the CMS proposed its ambitious plan to regularize rights protection patrols in the East China Sea in 2006 and soon expanded its patrols to areas claimed by

⁷⁴⁹ “China Focus: Public outrage flares up again over Japan's extended detention of Chinese trawler captain,” Xinhua, Sept. 20, 2010.

⁷⁵⁰ According to the *China Fisheries Yearbook* published by the Fisheries Enforcement Bureau of the Ministry of Agriculture, the FLE launched fishing protection and maritime rights patrols in China's EEZ in 1998 with a geographical focus on the South China Sea. *China Fisheries Yearbook 2000* [中国渔业年鉴 2000], p. 21; *China Fisheries Yearbook 2003*, p. 133; *China Fisheries Yearbook 2004*, p. 132; *China Fisheries Yearbook 2005*, pp. 143-144; *China Fisheries Yearbook 2006*, p. 160; “*China Fisheries Yearbook 2007*, p. 139; *China Fisheries Yearbook 2008*, p. 138; *China Fisheries Yearbook 2009*, p. 150; *China Fisheries Yearbook 2010*, p. 124. From its 2011 edition, the yearbook began to include sections specifically on fishing protection patrols in the Diaoyu/Senkaku waters, see, *China Fisheries Yearbook 2011*, pp. 130-131. All accessed through CNKI yearbook database.

⁷⁵¹ Hu Ben [胡贲], “‘Five feudatories’ compete for China's maritime administration power” [“五路诸侯” 竞逐中国海上管理权], *Southern Weekly* [南方周末], Sept. 23, 2010.

China in the Yellow Sea and South China Sea. Being a capable MLE agency on par with the CMS and vying for greater influence in China's maritime administrative system, FLE reportedly had been aspiring to expand its fishing protection patrols in the East China Sea conversely.⁷⁵²

The collision provided the *raison d'être* for strengthening state protection for Chinese fishermen operating in the East China Sea. Sun Chen, an aquaculture economist at Shanghai Ocean University and an advisor to the MOA on fisheries and aquaculture trade, stated in a September 8 *Global Times* article, "When operating at sea, [Chinese] fishermen are a highly vulnerable group working in a dangerous environment. As more and more Chinese fishermen risk their lives at sea, their safety should be protected and respected."⁷⁵³

While it is true that when the collision occurred, the Hu-Wen leadership was not facing a lack of consensus on the importance of maintaining good relations with Japan, this leadership consensus appeared to have easily succumbed to pressures from compromise-averse pressures, in particular pressures from the general public. This might be best explained by the mounting challenge that the Hu-Wen administration was facing in maintaining domestic stability at the time, considering the fact that it was in 2010 that China's internal security expenditure for the first time surpassed its defense budget.

Discounting International Audience Costs: Regional Stakeholders' Ambivalence

The inaugural year of Barack Obama engendered a strong confidence in Beijing that the new administration was eagerly seeking a stable and cooperative relationship with China. Obama's Asian policy team took pains to ensure the president would start on a right track on U.S.-China relations once in office. According to Jeffrey Bader, Obama's principal Asian policy advisors

⁷⁵² Ibid.

⁷⁵³ Yu et al, "Japanese Patrol Vessels Rammed Chinese Fishing Ship, Expert Says '[Japan] Must Provide an Explanation.'"

during the campaign and senior director for Asian affairs on the National Security Council from 2009 to 2011, the team “had taken pains in campaign to avoid the mistakes of the presidential campaign of 1980s, 1992, and 2000, which had damaged U.S.-China relations early on and taken anywhere from one to three years to get past. We wanted to put a floor under the relationship.”⁷⁵⁴ The Chinese Foreign Ministry’s annual bluebook noted with satisfaction that China-U.S. relations had “achieved a stable transition” following the 2008 presidential election.⁷⁵⁵

In November 2009, Obama made a state visit to China in his first year in office and shunned the Dalai Lama in the lead-up to his visit. At the top of the agenda of his trip were Iran’s nuclear program, North Korea, and economic issues especially China’s currency exchange rate, among others.⁷⁵⁶ During Obama’s visit, the two countries issued a joint statement that included a line that read “[t]he two sides agreed that respecting each other’s core interests is extremely important to ensure steady progress in U.S.-China relations.”⁷⁵⁷ The inclusion of the expression “respecting each other’s core interests” in a formal bilateral statement, according to Michael Swaine, had been something Beijing increasingly pressed Washington on, and the 2009 joint statement marked the first time that this term had been accepted and used in a top-level official U.S.-China document.⁷⁵⁸ The Obama administration’s endeavors to reassure China, as noted by Thomas Christensen, led many in China to view the administration as “more accommodating and sensitive to Chinese concerns than its predecessors” either because it “realized that the United States was weaker than before the financial crisis” or because the new president and his team “had a different philosophical

⁷⁵⁴ Jeffrey A. Bader, *Obama and China’s Rise: An Insider’s Account of America’s Asia Strategy* (Washington D.C.: Brookings Institute, 2014), p. 10.

⁷⁵⁵ MFA, *China’s Foreign Affairs 2010*. P. 25.

⁷⁵⁶ Bader, *Obama and China’s Rise*, p. 54.

⁷⁵⁷ “US-China Joint Statement,” Beijing, China, Nov. 17, 2009, <https://obamawhitehouse.archives.gov/realitycheck/the-press-office/us-china-joint-statement>, accessed Sept. 6, 2019.

⁷⁵⁸ Michael Swaine, “China’s Assertive Behavior – Part One: On ‘Core Interests,’” *China Leadership Monitor*, issue 34, winter 2011.

approach to the bilateral relations.”⁷⁵⁹ Assessments by Chinese analysts corroborate Christensen’s observation. The PLA’s National Defense University stated in its annual report on China’s strategic environment published in early 2010 that the Obama administration’s reaching out to China was “both an inevitable choice as America’s power declines, as well as a pragmatic response to the deepening globalization.”⁷⁶⁰ The continued U.S. “retrenchment” in years to come, as the assessment went, would benefit China’s “continued expanding and consolidating international space” because “China is not one of the problems, it is part of the solution to the problems.”⁷⁶¹

From the outset of 2010, however, U.S.-China relations became plagued by controversies revolving around Taiwan arms sale in January, Obama’s meeting with the Dalai Lama in February, the sinking of South Korean naval vessel *Cheonan* by North Korea in March, the consequent series of U.S.-ROK military exercises as well as the looming deployment of a U.S. aircraft carrier in the Yellow Sea, and in July a diplomatic clash between State Councilor Yang Jiechi and the U.S. Secretary of State Hillary Clinton in Hanoi over the South China Sea.⁷⁶² Bader admitted that by mid-2010, there had emerged a “somewhat different China from the one the United States had been dealing with for several decades.”⁷⁶³ While acknowledging that it had locked horns with Washington “at a high frequency and on a wide arrange of issues that are rarely seen in recent years,”⁷⁶⁴ Beijing’s confidence did not seem to have substantially waned. In its 2010/2011 bluebook on China’s foreign relations, the MFA-affiliated CIIS claimed that the U.S.-China

⁷⁵⁹ Christensen, *The China Challenge*, pp. 254-255.

⁷⁶⁰ Institute of Strategic Studies, National Defense University, *International Strategic Analysis 2009/2010* [国际战略形势与中国国家安全 2009/2010], (Beijing: Shishi Chubanshe, 2010), p.153.

⁷⁶¹ *Ibid.*, p. 162.

⁷⁶² At a closed-door session of the 2010 annual meeting of the ASEAN Regional Forum (ARF) in Hanoi, Clinton delivered a speech asserting vital U.S. interests in preserving freedom of navigation and respect for international law in the South China Sea. Yang replied that “China is a big country, bigger than any other countries here.” Bader, *Obama and China’s Rise*, p. 105.

⁷⁶³ Bader, *Obama and China’s Rise*, pp. 79-80.

⁷⁶⁴ CIIS, *International Situation and China’s Foreign Affairs (2010/2011)* [国际形势和中国外交蓝皮书 (2010/2011)] (Beijing: Shishi Chubanshe, 2011), pp. 213-214.

relationship retained “a high level of resilience and self-reparation capability.” One of the major factors that contributed to this high level of resilience, according to this assessment, was that the two countries need each other on many global and regional undertakings, such as Iran, counter-terrorism initiatives, anti-piracy operations, and the reconstruction of Afghanistan.⁷⁶⁵ In other words, Beijing seemed to believe that Washington had an agenda that made China politically indispensable and still could offset the adverse aspects in the bilateral relationship.

When it comes to Japan and the Diaoyu/Senkaku dispute, the Obama administration’s position might have confirmed Beijing’s calculation. Despite Prime Minister Aso’s open statement upon his return from a summit with Obama in February that the U.S.-Japan Defense Treaty covers the Diaoyu/Senkakus, Washington did not appear to be on the same page with Tokyo regarding this issue. Michael Auslin, an East Asia expert with American Enterprise Institute (AEI), stated in his testimony at a US-China Economic and Security Review Commission hearing in March:

The broader concern for the Japanese is a political one, will the United States maintain its commitment to its presence in the Western Pacific to supporting Japan’s claims? And there is right now, of course, a bit of contention over our interpretation of the Senkaku Islands, whether or not it falls under the auspices of the security treaty. The previous administration indicated that it did; the current administration has made some comments that it may not.⁷⁶⁶

On August 16, 2010 – less than a month before the collision, a report came out in Kyodo News, which, citing sources “familiar with the matter,” stated that the Obama administration had shifted from the position articulated by the Bush administration and had decided not to state explicitly that the Diaoyu/Senkakus was covered by the security treaty. According to the report, the Obama

⁷⁶⁵ Ibid., pp. 219-220.

⁷⁶⁶ Michael Auslin, “China’s Military and Security Activities Abroad,” hearing before the U.S.-China Economic and Security Review Commission, Mar. 4, 2009, <https://www.uscc.gov/sites/default/files/transcripts/3.4.09HearingTranscript.pdf>, p. 168. Accessed Aug. 2, 2019.

administration had already notified Tokyo that it had decided not to state explicitly that the Japan-US security pact covers the islands “so as not to irritate Beijing as it wanted to secure cooperation in the US economy’s recovery from the financial crisis.”⁷⁶⁷ Later that day, U.S. Assistant Secretary of State Philip J. Crowley dismissed the report as being “incorrect,” claiming that Washington’s position on the Diaoyu/Senkakus remained unchanged. When asked by media to reaffirm that the treaty covers the contested islets, Crowley said: “Article 5 of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security states that the treaty applies to the territories under the administration of Japan,” stopping short of making a statement as unequivocal as the one given by the Bush administration in March 2004 (i.e., the statement by the State Department’s spokesperson Adam Ereli during the Baodiao landing). Pressed time and again by the media to make an explicit statement that the treaty applies to the Diaoyu/Senkakus, Crowley eventually modified his statement by saying: “The Senkaku Islands are under the administrative control of the Government of Japan. Article 5 states that the treaty applies to the territories under the administration of Japan. So that if you ask today would the treaty apply to the Senkaku Islands, the answer is yes.”⁷⁶⁸

This episode between Japan and the United States did not go unnoticed in China. On August 17, the website of the *People’s Daily* published both the Kyodo report and Crowley’s response.⁷⁶⁹ While delighted to see what Beijing might consider as a sign of Washington’s reassurance to China and reluctance to interpose itself in the Sino-Japanese territorial dispute, Chinese observers suggested that there was essentially nothing new in Washington’s position with respect to the treaty’s coverage of the Diaoyu/Senkakus. Zhou Yongsheng, a Japan expert at the MFA-affiliated

⁷⁶⁷ “US not to state security pact with Japan covers Senkaku Islands,” *Japan Economic News*, Aug. 16, 2010.

⁷⁶⁸ Daily Press Briefing, U.S. Department of State, Aug. 16, 2010, <https://2009-2017.state.gov/r/pa/prs/dpb/2010/08/146001.htm>, accessed Jan. 30, 2019.

⁷⁶⁹ “U.S. decided the U.S.-Japan security treaty would not explicitly covers Diaoyu islands, which Japan calls a setback [美决定美日安保条约不直接提及钓鱼岛，日称倒退], *People.com.cn*, Aug. 17, 2010, <http://japan.people.com.cn/35469/7106509.html>, accessed Sept. 7, 2019.

China Foreign Affairs University, noted that avoiding making an explicit statement did not change the logic that the treaty applies to the islets. As U.S.-China relations became tense in the first half of 2010, said Zhou, the United States might “want to reduce the tensions by sweetening China up a bit.”⁷⁷⁰

During the collision crisis, the Obama administration dodged an open, explicit statement reaffirming the extension of America’s treaty obligations to the Diaoyu/Senkakus,⁷⁷¹ which was intended to avoid further provoking Beijing while signaling Washington’s dissatisfaction with Tokyo’s “maladroit” handling of the collision.⁷⁷² As a former U.S. government official recalled, there was a “definite aversion” in Washington of making an open reiteration of its treaty obligation out of the concern that a public clarification would only provoke China and led to further tit-for-tat escalation. Also, by withholding such a statement during the crisis, the Obama administration conveyed its message to Japan, “accidents as such happened a lot in that area, you have to act more prudently on incidents like this;” otherwise, “they would drag in the United States.”⁷⁷³ Or, as more bluntly put by another former senior official in the Obama administration, “They [the Japanese] can’t assure that the United States would intervene if they act imprudently.”⁷⁷⁴

⁷⁷⁰ “Hong Kong media: U.S.-Japan security treaty does not make direct reference to the Diaoyu Islands, avoiding unnerving China” [港媒：美日安保条约不直接提钓鱼岛，避免刺激中国], Chinanews, Aug. 17, 2010, <http://www.chinanews.com/hb/2010/08-17/2472747.shtml>, accessed Sept 17, 2019.

⁷⁷¹ On September 14, Crowley urged both parties to peacefully resolve the incident through dialogue while emphasizing that “the U.S.-Japanese alliance is a cornerstone of security and stability across Asia.” A week later, U.S. Deputy Secretary of State James Steinberg called on both parties to have “engagement and discussion” to defuse the tensions during his trip to Tokyo. Daily Press Briefing, U.S. Department of State, Sept. 14, 2010, <https://2009-2017.state.gov/r/pa/prs/dpb/2010/09/147112.htm>, accessed Feb. 2, 2019; “US Official Urges Japan, China to Ease Tensions thru Dialogue,” Jiji Press, Sept. 21, 2010.

⁷⁷² Bader, *Obama and China’s Rise*, p. 106; author’s interview, Los Angeles, August 2019.

⁷⁷³ Author’s phone interview, August 2019.

⁷⁷⁴ Author’s interview, Los Angeles, August 2019.

Chinese analysts acknowledged that the U.S. ambivalence during the crisis was perceived as working to China's advantage, allowing the tensions to cool down in a face-saving way for Beijing.

As a Japan expert put it plainly:

The United States refrained from making an explicit statement [regarding application of Article 5 to the Diaoyu/Senkakus] to avoid intensifying the situation during the crisis by making China lose face. But it was almost certain that the United States would make an explicit statement after the crisis was over, otherwise there would be a risk that Japan might drift apart. [The U.S.] waited till the situation had cooled down such that it would not have an explosive effect...In China's evaluation, it would be to China's advantage as long as the U.S. would not openly side with Japan [during the crisis].⁷⁷⁵

This argument was consistent with information from interviews with other Chinese sources. A Chinese strategist familiar with the incident noted that the U.S. "would for sure side with Japan...but at the same time the U.S. does not want to be dragged into a conflict between China and Japan."⁷⁷⁶ Another Japan hand suggested that a U.S. reaffirmation was unsurprising from a structural perspective: "As the distribution of power between China and Japan shifted, Japan has constantly been pressing the U.S. for a clarification on the applicability of Article 5 to a Diaoyu/Senkaku contingency."⁷⁷⁷

During the crisis, the South China Sea factor appeared to have received little consideration in Beijing's calculation, although in post hoc evaluations Chinese analysts expressed the concern about how disputants to the South China Sea would perceive China's assertive response to Japan.⁷⁷⁸ Both time pressure and the perceived weak linkage between the East and South China

⁷⁷⁵ Author's interview, Beijing, March 2019.

⁷⁷⁶ Author's interview, Beijing, March 2019.

⁷⁷⁷ Author's interview, Shanghai, April 2019.

⁷⁷⁸ See, for example, Zhang Jie [张洁] and Zhong Feiteng [钟飞腾], "2010: Peripheral Security Situation and China's Response" [2010: 周边安全形势与中国对策] in Zhang Jie, ed., *China's Peripheral Security Situation Evaluation* (2011) [中国周边安全形势评估 (2011)] (Hong Kong: Hong Kong Press for Social Sciences Ltd., 2011), pp. 8-9.

Seas at the time explained Beijing's underestimation of this part of geopolitical cost. As researchers affiliated with the Chinese Foreign Ministry noted in interviews: "[China] had not expected that Japan would quickly reach out to ASEAN after the collision. At the time, the South China Sea had only witnessed the outer continental shelf claim [disputes] and the *Impeccable* [incident], and thus was not considered as a hot-button issue [as what it grew into in subsequent years]. For these reasons, priority was given to getting the people back. [We thought] after the crisis was resolved, it would be put behind us."⁷⁷⁹

On the South Korea front, little evidence shows that Seoul was even factored into Beijing's audience costs calculations when responding to the collision, although at the time the China-ROK relationship had witnessed a sharp downturn following the torpedoing of *Cheonan*. Assessments by the Chinese foreign policy community similarly stressed that it was Beijing's reluctance to support tougher U.N. sanctions against North Korea following the *Cheonan* incident and its diplomatic clash with Washington and Seoul over the U.S.-ROK joint military exercises in the Yellow Sea that had taken a heavy toll on the China-ROK relationship.⁷⁸⁰

China's Strong Nonmilitary Escalation

In the collision incident, China's goal was similar to that of the 2004 Baodiao landing incident: preventing Japan from subjecting Chinese nationals to Japanese domestic law and getting them back, thereby blocking what Beijing perceived as Japan's attempt to use this collision to set a legal

⁷⁷⁹ Author's interviews, Beijing, June 2019.

⁷⁸⁰ Yuan Peng [袁鹏] and Wang Honggang [王鸿刚], "The Eastward Tilting of U.S. Strategy and Obama's Asia Pacific Policy" [战略重心东移与美国的亚太战略调整], in Li Xiangyang [李向阳] ed., *Annual Report on Development of Asia-Pacific (2011)* [亚太地区发展报告 (2011)] (Beijing: Social Sciences Academic Press, 2011), p. 149; CIIS, *International Situation and China's Foreign Affairs (2010-2011)*, pp. 88-97; Dong Xiangrong [董向荣], "South Korea in the shadow of the 'Cheonan incident'" ["天安舰事件"阴影下的韩国], in Li, ed., *Annual Report on Development of Asia-Pacific (2011)*, p. 229; Yang Danzhi [杨丹志], "Evolution of situation on the Korean Peninsula and its impacts on China's national security" [朝鲜半岛局势的演变及对中国国家安全的影响], in Zhang, ed., *China's Peripheral Security Situation Evaluation (2011)*, pp. 58-60.

precedent which would be negatively biased toward China's sovereignty claims. Until September 19, Beijing seemed to believe that there was still room for securing a quick release of the Chinese fishermen through negotiations and dissuasion, and thus China's escalation in this period was nonmilitary and moderately strong.

Japan's decision on September 19 to extend the captain's detention, a step closer to what China perceived as "legitimizing" Japanese control over the islands, considerably reduced Beijing's perceived room for negotiation while at the same time raising the possibility of presenting China with a fait accompli through legal means. As noted on September 20 by Liang Yunxiang, a Japan expert at Peking University, Beijing felt compelled to "vigorously oppose" Japan's decision to subject the captain to Japanese domestic law, otherwise it would be tantamount to accepting Japan's sovereignty claims over the islands.⁷⁸¹ In this sense, Japan's decision created strong incentives for Beijing to undertake a forceful escalation along multiple nonmilitary dimensions in order to deter Japan from indicting the skipper.

Phase One (September 7-18, 2010): Moderately Strong Nonmilitary Escalation

In this period, China launched a moderately strong nonmilitary escalation comprised of small-scale anti-Japan protests, selective cancellation of bilateral exchanges, vaguely framed fishing protection patrols, and a rapid escalation of diplomatic protests.

With the CMS maintaining an active presence on the forefront of the East China Sea dispute,⁷⁸² on September 9 Beijing announced the deployment of FLE vessels to "relevant waters" purportedly to "maintain order for fishing and production activities" and "protect the safety of

⁷⁸¹ Christopher Bodeen, "Japan urges calm after Chia severs contacts," Associated Press, Sept. 20, 2010.

⁷⁸² "Chinese ship asks Japan ships to stop survey amid tense row," Agence France Presse, Sept. 11, 2010.

Chinese fishermen's lives and property.”⁷⁸³ In the small hours on September 10, the FLE vessel *Yuzheng 202* encountered a JCG patrol ship in the Diaoyu/Senkaku area. The JCG warned the Chinese vessel against entering the Diaoyu/Senkaku territorial waters. As both sides refused to budge and called in reinforcement, a standoff ensued until September 13 when the released Chinese fishing boat joined the FLE ships and was escorted back to China.⁷⁸⁴ Following the first deployment, *Yuzheng 201* and *Yuzheng 204* conducted another three-day fishing protection patrol near the Diaoyu/Senkakus from September 14.⁷⁸⁵ Notably, until August 2011, FLE ships had kept clear of the Diaoyu/Senkaku territorial waters.⁷⁸⁶

The diplomatic front saw an unusual rapid escalation, which was intended as a clear illustration of Beijing's revolve to dissuade and deter Tokyo from pressing charges against the Chinese fishermen under Japan's domestic law. On September 7, China's Vice Foreign Minister Song Tao summoned the Japanese Ambassador Niwa Uichiro to lodge a protest. The next day, China's Assistant Foreign Minister Hu Zhengyue summoned Niwa, the second summoning within 24 hours, demanding the immediate release of the Chinese boat and its crew.⁷⁸⁷ On September 10, in

⁷⁸³ “MFA Spokeswoman Jiang Yu held Regular Press Conference on September 9, 2010” [2010年9月9日外交部发言人姜瑜举行例行记者会], <http://www.chinaconsulatechicago.org/chn/fyrth/t738955.htm>, accessed Sept. 9, 2019.

⁷⁸⁴ Cheng Gang [程刚], “China's fisheries law enforcement vessel disclose the Diaoyu Island standoff: it was closely maneuvered and harassed by Japanese vessels” [我渔政船披露钓鱼岛对峙内幕：遭日舰贴身骚扰], *Global Times* [环球时报], Sept. 21, 2010, reprinted on Chinanews, <http://www.chinanews.com/gj/2010/09-21/2548168.shtml>, accessed Sept. 12, 2019; Yu Xiangdong [余向东] and Kang Cundong [康存栋], “Sovereignty must not be violated, fishermen must not be hurt—FLE actively supports and participates in rescuing Chinese fishermen and fishing boat illegally detained by Japan” [主权不容侵犯 渔民不容伤害——渔政部门积极配合参与营救我被日本非法抓扣渔船渔民], *China Fisheries News*, Sept. 20, 2010.

⁷⁸⁵ “Special Report: Moving to become an ocean-oriented nation-Safeguarding Japan's seas-Situations surrounding the Senkakus” [特集 新たな海洋立国に向かって > II 日本の「海」を守る > 尖閣諸島をめぐる情勢], *Japan Coast Guard White Paper 2011* [海上保安レポート 2011], https://www.kaiho.mlit.go.jp/info/books/report2011/html/tokushu/p018_02_01.html#kakomi3, accessed Jul. 28, 2018.

⁷⁸⁶ JCG, “Policing the territorial seas around the Senkakus;” “China Ships Enters Japanese Waters Near Disputed Islands,” Jiji Press, Aug. 24, 2011.

⁷⁸⁷ Shino Yuasa, “China calls in Japan envoy over boat collision,” Associated Press, Sept. 8, 2010; Ian Johnson, “China and Japan Bristle Over Disputed Chain of Islands,” *New York Times*, Sept. 9, 2010.

response to Japan's decision to keep the Chinese captain in detention till September 19,⁷⁸⁸ Beijing announced the postpone of bilateral talks on the implementation of the 2008 joint development agreement, which was scheduled for mid-September.⁷⁸⁹ On the same day, Chinese Foreign Minister Yang Jiechi summoned Niwa, the third time since the collision took place, to reiterate China's "unswerving and firm determination to defend the sovereignty of the Diaoyu Islands."⁷⁹⁰ In the small hours of September 12, China's State Councilor Dai Bingguo summoned Niwa, warning Tokyo to avoid "making a misjudgment."⁷⁹¹ This meeting, as noted by the Japanese media, was an "extremely rare" situation in that a senior Chinese official of Dai's ranking summoned a foreign ambassador in the early hours on a Sunday.⁷⁹²

At the grassroots level, Chinese authorities took pains at the outset of the incident to constrain public mobilization. Only sporadic, small-scale protests were allowed to take place to convey a message of Chinese dissatisfaction. On September 8, a group of some thirty Chinese activists, obviously with the greenlight from the public security authorities, staged a brief protest at the Japanese Embassy in Beijing.⁷⁹³ Baodiao voyages originating from the mainland were blocked by Chinese authorities as of September 11.⁷⁹⁴

⁷⁸⁸ "10-day detention granted for Chinese skipper over Senkaku incident," *Japan Economic Newswire*, Sept. 10, 2010.

⁷⁸⁹ "The Chinese side postponed the second East China Sea talk" [中方推迟第二次东海问题政府间谈判], Xinhua, Sept. 11, 2010, reprinted on People, <http://world.people.com.cn/GB/8212/9491/181874/12696875.html>, accessed Jan. 31, 2019.

⁷⁹⁰ "Foreign Minister demanded the Japanese side to immediately and unconditionally release Chinese fishermen" [外交部长要求日方立即无条件释放中国渔民], *People*, Sept. 10, 2010, <http://world.people.com.cn/GB/12691750.html>, accessed Jan. 31, 2019.

⁷⁹¹ "State Council Dai Bingguo urgently summon Japan's ambassador to China Niwa Uichiro" [国务委员戴秉国紧急召见日本驻华大使丹羽宇一郎], Xinhua, Sept. 12, 2010, http://www.gov.cn/ldhd/2010-09/12/content_1700979.htm, accessed Jan. 31, 2019; "Top China Official Demands Japan's 'Political Resolution' to Ship Row," Jiji Press, Sept. 12, 2012.

⁷⁹² "China steps up pressure on Japan over ship collision," Kyodo News, Sept. 12, 2010.

⁷⁹³ Yoko Nishikawa and Ben Blanchard, "Beijing protests as Japan arrests China boat captain," Reuters, Sept. 8, 2010, <https://www.reuters.com/article/us-japan-china/beijing-protests-as-japan-arrests-china-boat-captain-idUSTRE6871BX20100908>, accessed Feb. 1, 2019.

⁷⁹⁴ Weiss, *Powerful Patriots*, p. 170. Planned Baodiao voyages departing from Hong Kong were stopped by Hong Kong authorities on September 22. "Hong Kong authorities block protest boat from Senkaku trip," *Japan Economic Newswire*, Sept. 22, 2010.

After Japan released on September 13 the fourteen Chinese crew members and the fishing boat, the Chinese Foreign Ministry summoned Ambassador Niwa on September 14, the fifth time since the collision occurred, to press for the release of the Chinese skipper who was still held in detention. Meanwhile, Beijing announced to postpone a visit to Japan planned for an NPC delegation led by Li Jianguo, vice chairman of the Standing Committee of the NPC.⁷⁹⁵

While the release of the fourteen fishermen was hailed in China as a diplomatic victory,⁷⁹⁶ popular pressure remained high as the captain was kept in detention. A Chinese health-food company announced on September 17 to cancel its sight-seeing trip to Japan, which was offered as a benefit for the company's 10,000 employees and agents.⁷⁹⁷ On the sensitive date of September 18, Beijing decided to let off some steam by allowing three waves of demonstrations outside the Japanese Embassy. Some 100 protesters chanted slogans demanding Japan release the skipper and "get out" of the Diaoyu/Senkaku Islands. Protests also erupted in Hong Kong, Shanghai, Shenyang, and Shenzhen.⁷⁹⁸ All these protests were kept in small scales and nonviolent.

⁷⁹⁵ "MFA Spokeswoman Jiang Yu held Regular Press Conference" [外交部发言人姜瑜举行例行记者会], transcript retrieved at SCIO, <http://www.scio.gov.cn/xwfbh/gbwxwfbh/xwfbh/wjb/Document/761266/761266.htm>, accessed Jan. 31, 2019; "China cancels politician's visit after ship incident," *Japan Times*, Sept. 15, 2010, <https://www.japantimes.co.jp/news/2010/09/15/national/china-cancels-politicians-visit-after-ship-incident/#.XFQRp817k2w>, accessed Feb. 1, 2019.

⁷⁹⁶ James J. Przystup, "Japan-China Relations: Troubled Waters," *Comparative Connections*, vol. 12, issue 3, October 2010.

⁷⁹⁷ "Mainland company cancelled 10,000-tourist group to Japan in protest" [内地有公司取消万人日本游表抗议], Phoenix TV, Sept. 17, 2010, http://news.ifeng.com/mainland/special/zrczdydxz/content-2/detail_2010_09/17/2546981_0.shtml, accessed Feb. 1, 2019.

⁷⁹⁸ "Chinese, HK citizens stage protests over isle dispute with Japan" *Japan Economic Newswire*, Sept. 18, 2010; "Over 100 protest at Japanese embassy in Beijing," Agence France Presse, Sept. 18, 2010; "Hong Kong citizens stage protest over Senkaku islets," *Japan Economic Newswire*, Sept. 18, 2010; "Chinese Hold Protests against Japan," Jiji Press, Sept. 18, 2010; "China expects anti-Japan protests to be held in rational manner," *Japan Economic Newswire*, Sept. 18, 2010.

Phase Two (September 19-25): Forceful Nonmilitary Escalation

Following Japan's decision on September 19 to extend the Chinese captain's detention until September 29 to decide whether to pursue formal charges,⁷⁹⁹ China resorted to a forceful escalation along multiple nonmilitary dimensions.

On the diplomatic front, China upped the ante by the indiscriminate cancellation of high-level bilateral exchanges and the elevation of diplomatic protest to the very top level. Shortly after Japan announced the decision to extend the Chinese skipper's detention, the MFA released a sternly worded statement, threatening with "robust countermeasures of which Japan will have to bear all the consequences."⁸⁰⁰ China's Vice Foreign Minister Wang Guangya summoned Ambassador Niwa, the sixth time since the occurrence of the collision, and warned again that China would take "strong countermeasures" should Japan refuse to unconditionally and immediately release the Chinese captain. On the same day, Beijing announced to suspend all bilateral exchanges at and above the provincial/ministerial levels, putting on hold talks on increasing civilian flights, and postponing a conference on coal.⁸⁰¹ On September 21, Beijing ruled out a meeting between Chinese Premier Wen Jiabao and Japanese Prime Minister Kan Naoto, both of whom would be attending the annual UN General Assembly in New York that week.⁸⁰² In a move that sent an unusually strong signal that Beijing would continue pressuring if Tokyo remained unyielding, Wen, when speaking to Chinese American leaders in New York, vowed that "China will take further

⁷⁹⁹ In the Japanese judicial system, detainees can be held for up to 20 days before a decision is made on whether to press for formal charges. Green et al., *Countering Coercion in Maritime Asia*, p. 80.

⁸⁰⁰ "If the Japanese side does not immediately, unconditionally release the Chinese captain, the Chinese side will take strong countermeasures" [日方如不立即无条件放回中方船长，中方将采取强烈反制措施], *People*, Sept. 20, 2010, <http://world.people.com.cn/GB/8212/9491/181874/12772617.html>, accessed Feb. 1, 2019.

⁸⁰¹ *Ibid.*

⁸⁰² "MFA Regular Press Conference on September 21, 2010" [2010年9月21日外交部例行记者会], transcript retrieved at SCIO, <http://www.scio.gov.cn/xwfbh/gbwxfbh/xwfbh/wjb/Document/769015/769015.htm>, accessed Feb. 2, 2019.

actions if Japan continues to act willfully.”⁸⁰³ On September 22, Beijing called off the visit of a delegation consisting of some 1,000 Japanese youths to the Shanghai World Expo.⁸⁰⁴ When speaking at the UN General Assembly on September 23, Wen sent another strong message to Japan by asserting that China would “never concede or compromise on issues concerning sovereignty, reunification and territorial integrity.”⁸⁰⁵

On the frontline of the dispute, China made clear that it would step up its regular presence in the contested waters by bringing in the FLE. On September 20, the FLE announced that it would conduct regular patrols in areas near the Diaoyu/Senkaku Islands.⁸⁰⁶ Another two FLE ships were deployed to the Diaoyu/Senkaku area for a 13-day patrol from September 23 to October 6.⁸⁰⁷ This move by FLE stood in stark contrast to the MFA’s meticulous response on September 9 which only stated that Beijing had dispatched FLE ships (without specifying whether it would be regularized or not) to “relevant waters” (without highlighting the sensitive Diaoyu/Senkaku area). Yet even more forceful countermeasures were called forth. Peng Guangqian, a PLA Major General and military strategist at the AMS, urged Beijing to indefinitely put off East China Sea gas talks and conduct military exercises in the Diaoyu/Senkaku area.⁸⁰⁸

⁸⁰³ “In New York Premier Wen Jiabao strongly urges the Japanese side to immediately, unconditionally release the captain” [温家宝总理在纽约强烈敦促日方立即无条件放人], transcript retrieved at Central People’s Government of the PRC, http://www.gov.cn/ldhd/2010-09/22/content_1707863.htm, accessed Feb. 2, 2019.

⁸⁰⁴ Aya Igarashi and Satoshi Saeki, “Government alarmed tensions could worsen,” *Daily Yomiuri*, Sept. 22, 2010.

⁸⁰⁵ “Wen Jiabao’s speech at 65th General Debate of the UN General Assembly (full text)” [温家宝在第 65 届联大一般性辩论上的讲话 (全文)], Sept. 24, 2010, transcript retrieved at Central People’s Government of the PRC, http://www.gov.cn/ldhd/2010-09/24/content_1708649.htm, accessed Feb. 2, 2019.

⁸⁰⁶ Yu and Kang, “Sovereignty must not be violated, fishermen must not be hurt.” Emphasis added.

⁸⁰⁷ “Special Report: Moving to become an ocean-oriented nation – Safeguarding Japan’s seas – Situations surrounding the Senkakus” [特集 新たな海洋立国に向かって > II 日本の「海」を守る > 尖閣諸島をめぐる情勢], *Japan Coast Guard Annual Report 2011* [海上保安レポート 2011], https://www.kaiho.mlit.go.jp/info/books/report2011/html/tokushu/p018_02_01.html#kakomi3, accessed Jul. 28, 2018.

⁸⁰⁸ “Chinese experts proposed countermeasures against Japan: conduct military drills near Diaoyu Islands, forcing Japanese Yen to appreciate” [中国专家提反制日本措施：在钓鱼岛军演，迫日元升值], *Global Times*, Sept. 20, 2010, <http://world.huanqiu.com/roll/2010-09/1114001.html>, accessed Feb. 2, 2019.

On the economic front, reports began to surface from September 22 that China's rare earth exports to Japan came to a halt.⁸⁰⁹ Rare earth is a widely used element in high-tech products such as electronic devices and hybrid cars. At the time, China accounted for 90 percent of Japan's rare earth imports, and for 97 percent of the global rare earth supply.⁸¹⁰ There were growing suspicions that this sudden halt was an unofficial economic sanction by Beijing to exert extra pressures on Tokyo while evading an open violation of WTO rules.⁸¹¹

But there have been conflicting information and assessments of whether there was a systematically implemented embargo. On September 24, Japan's Minister of Economy, Trade and Industry Akihiro Ohata stated that MOFCOM had informed Tokyo that it had not issued a ban on rare earths exports.⁸¹² It was also noted in open reports that rare earth had already been in short supply since China announced in July that it would cut export quotas by 72 percent for the year and a Japanese business delegation was in Beijing on September 7 lobbying against the reduction.⁸¹³ Some post hoc studies also pointed to the possibility that the rare earth export decline might be caused by an acceleration of the export reduction already in place before the collision or a fluctuation in shipments rather than by a systematically imposed embargo.⁸¹⁴

Information coming out of Chinese language sources both during and after the incident, however, implies that a rare earth embargo was pushed for by both elites and the general public

⁸⁰⁹ Keith Bradsher, "Amid Tension, China Blocks Vital Exports to Japan," *New York Times*, Sept. 22, 2010, <https://www.nytimes.com/2010/09/23/business/global/23rare.html>, accessed Feb. 3, 2019; "China Stops Customs Clearance for Rare Earth Exports," Jiji Press, Sept. 24, 2010.

⁸¹⁰ Smith, *Intimate Rivals*, p. 192.

⁸¹¹ Patrick Chovanec, "China-Japan Rare Earth Fracas Continues," *Forbes*, Oct. 17, 2010, <https://www.forbes.com/sites/china/2010/10/17/china-japan-rare-earth-fracas-continues/#2b33865c4885>, accessed Dec. 22, 2019.

⁸¹² Keith Bradsher, "China is Said to Blocking Minerals, Executives Say," *New York Times*, <https://www.nytimes.com/2010/09/24/business/energy-environment/24mineral.html>, Sept. 23, 2010.

⁸¹³ Bradsher, "Amid Tension."

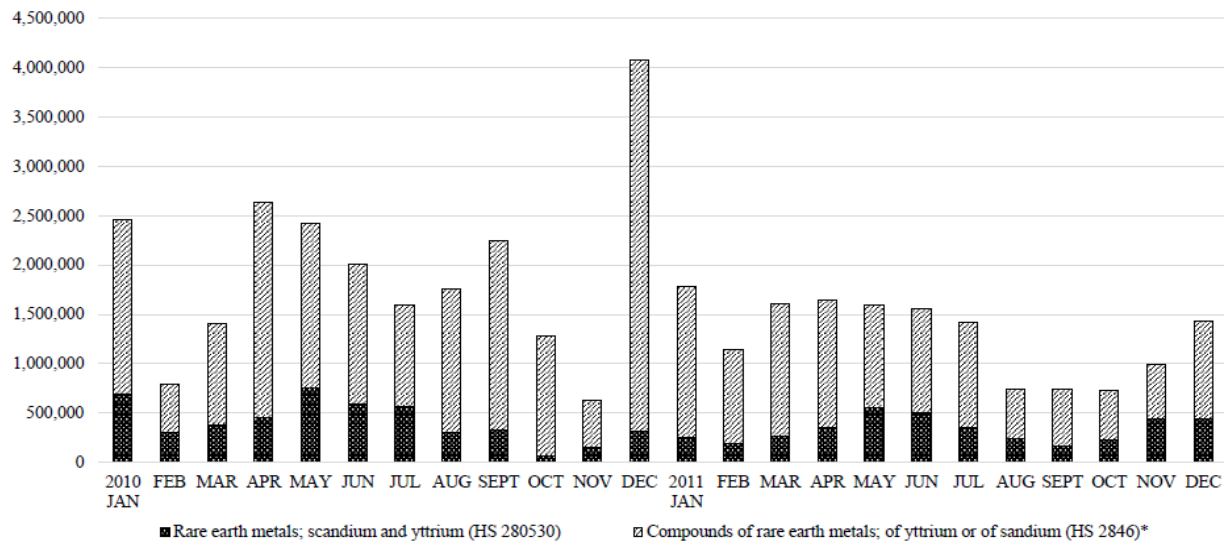
⁸¹⁴ Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?" *International Security*, vol. 37, no. 4, spring 2013 pp. 23-28; Green, et al., *Countering Coercion in Maritime Asia*, pp.84-94.

and – as a result – adopted. A *Global Times* article on September 20 discussing possible follow-up countermeasures against Japan is revealing in that rare earth restriction was proposed at the time and being considered as an option by Chinese policy elites. Tang Chunfeng, a Japan expert at the MOFCOM’s in-house research institute the Chinese Academy of International Trade and Economic Cooperation (CAITEC), stated that “Japan had large demands for natural resources exported from China, making the reduction or restriction of natural resource exports to Japan a feasible measure.” Tang did not specify which natural resource should be subject to export restriction. But in an online survey published alongside Tang’s s remarks asking readers to vote for “the most effective countermeasure suggested by the experts,” six options were listed: 1) buying Japanese Yen to drive up its exchange rate (13.7 percent); 2) restricting rare earth export to Japan (11.6 percent); 3) restricting Japanese enterprises and boycott Japanese goods (37.2 percent); 4) indefinitely postponing East China Sea gas field talks (5.6 percent); 5) routinizing fisheries law enforcement vessels’ patrol in the Diaoyu/Senkaku sea areas (28.7 percent); 6) other measures (3.2 percent).⁸¹⁵ Retrospective accounts by credible Chinese sources seemed to confirm the employment of the rare earth sanction in 2010. In 2012, amid tensions between China and Japan over the nationalization of the Diaoyu/Senkakus, Feng Zhaokui, a senior Japan expert at CASS, noted to the *People’s Daily* that China did temporarily suspend rare earth export to Japan in 2010 during the collision incident even though Beijing did not openly admit it.⁸¹⁶ Other assessments emerging during the nationalization by Chinese analysts, especially those affiliated with the MOFCOM, on the effectiveness of imposing a rare earth sanction (as will be detailed later in this chapter) also pointed to the employment of such an embargo in 2010.

⁸¹⁵ “Chinese experts proposed countermeasures against Japan.” Emphasis added.

⁸¹⁶ Yang Mu [杨牧], “In fighting economic warfare, China necessarily has greater resilience than Japan?” [打经济战，中国承受力定比日本强？], *People’s Daily*, Sept. 17, 2012, <http://world.people.com.cn/n/2012/0917/c1002-19027698.html>, accessed Mar. 2, 2019.

Figure 5.2 Japan's Rare Earth Imports from China (month-to-month by net-weight, unit: kilogram)



Source: UN Comtrade Database. * This category includes both Cetrium compounds (HS 284610) and rare earth metals (excluding cetrium) of scandium and yttrium (HS 284690)

Data wise, a month-to-month comparison of Japan's rare earth imports from China during this period (Figure 5.2) shows that in both August and September, Japan's total monthly imports of rare earth – metals and compounds combined – indeed increased as compared to the monthly total in July. Moreover, a disaggregated analysis shows that rare earth metals imports did start declining in August and continued to November before starting to bounce back in December; by contrast, rare earth compounds imports – which accounted for the bulk of Japan's rare earth imports – in August, September and October were all larger than in July, in effect offsetting the decrease in rare earth metals imports and leading to a net increase in the monthly total imports in August and September. If China had tightened its rare earth exports under the quota system, then one should expect declines in both categories after July. Indeed, the rare earth compounds imports, after a conspicuous decline in November, saw a dramatic increase in December, which again cast doubt on the quota explanation. Even the across-the-board decline in Japan's rare earth imports from China in 2011 cannot be explained by the quota factor either, because only half of China's 2011

rare earth export quota was indeed used in that year due to decreased global demand and the price of rare earth.⁸¹⁷ On top of the price factor, the decline in 2011 is more likely a result of Japan's diversification of its supply chain in the wake of the sanction.

While both evidence from the Chinese language sources and the trade data seems to confirm China's quiet use of unofficial rare earth embargo on Japan, the data raised questions about the exact extent of the embargo. At the peak of the bilateral tensions, the shipment restriction appears to be more concentrated in the category of rare earth metals. The data suggest that at the very least the embargo was selective rather than across-the-board.

In addition, Beijing used its domestic legal apparatus to hold Japanese nationals residing in China de facto political hostage – a tactic of “hostage diplomacy” that Beijing has since increasingly employed to gain bargaining leverage over foreign governments including Canada, Australia, and the United States.⁸¹⁸ Xinhua reported on September 23 that four Japanese nationals were detained in Hebei Province by Chinese state security authorities reportedly for trespassing into a local military zone and videotaping military facilities. Japan's Fujita Corp, the employer of the detained Japanese citizens, stated that these employees were working on a project to process the chemical weapons abandoned in China by the Imperial Japanese Army during WWII and that they were in Hebei to inspect a potential construction site for a processing facility.⁸¹⁹

⁸¹⁷ Wayne M. Morrison and Rachel Tang, *China's Rare Earth Industry and Export Regime: Economic and Trade Implications for the United States*, CRS Report for Congress (R42510), Apr. 30, 2012, p. 17.

⁸¹⁸ Bradley J. Murg, “Of Hostage Diplomacy and History: China and American Political Polarization,” *The Diplomat*, Oct. 19, 2020, <https://thediplomat.com/2020/10/of-hostage-diplomacy-and-history-china-and-american-political-polarization/>, accessed Feb. 5, 2021.

⁸¹⁹ “Japanese arrested in China as Clinton urges talks on dispute,” Agence France Presse, Sept. 23, 2010; Linda Sieg, Chisa Fujioka and Kiyoshi Takenaka, “Japan confirms 4 nationals detained in China,” Reuters, Sept. 23, 2010, <https://www.reuters.com/article/us-china-japan/japan-confirms-4-nationals-detained-in-china-idUSTR668M2VW20100924>, accessed Feb. 3, 2019.

As neither China nor Japan showed any willingness to compromise, Washington weighed in pressing for a rapid de-escalation “before both sides were drawn into further provocations.”⁸²⁰ U.S. President Obama and Secretary of State Hillary Clinton, both in New York for the UN General Assembly meetings, met with the Chinese and Japanese leaders separately on September 23. In advance of the leaders’ meetings, Jeffrey Bader, the senior director for Asian affairs on the National Security Council and, Kurt Campbell, the Assistant Secretary of State, met with their senior Chinese and Japanese counterparts to “explore modalities to resolve the situation.”⁸²¹ According to a firsthand account, Washington’s basic proposal was for Japan to release the captain on humanitarian grounds, as the Chinese side informed the U.S. team that one of the captain’s family had a health issue upon his arrest: “Japan could use the health issue for a humanitarian gesture to release the captain...in a face-saving way where they can maintain their position and say it’s humanitarian.” Thus, during her meeting with Maehara, Clinton pressed for a resolution along this line and was told by Maehara that Japan would find a way to de-escalate.⁸²² Application of Article 5 to the Diaoyu/Senkakus was reaffirmed – as a quid pro quo – during the Clinton-Maehara meeting. From Washington’s perspective, to privately reaffirm its treaty obligations with respect to the islands, as put by a former U.S. senior diplomat, “is just a restatement [of a longtime U.S. policy] and is not a problem.”⁸²³ After the meeting, Maehara announced that Clinton confirmed to him that the Diaoyu/Senkaku Islands were covered by the U.S.-Japan security

⁸²⁰ Bader, *Obama and China’s Rise*, p. 107.

⁸²¹ *Ibid.*, p. 107.

⁸²² Author’s interview, Los Angeles, August 2019. Zhan’s grandmother passed away on September 8. “Detained Chinese captain’s grandmother passed away, the family hoped ‘[Zhan] would return to see her off’” [中国被扣船长祖母去世，家属望“回来送老人一程”], Chinanews, Sept. 9, 2010, <http://www.chinanews.com/gn/2010/09-09/2523619.shtml>, accessed Sept. 13, 2019.

⁸²³ Author’s phone interview, August 2019.

treaty.⁸²⁴ Prime Minister Kan informed Obama during their meeting of Japan's decision to release the Chinese skipper.⁸²⁵

This outcome, in the words of a former U.S. government official with firsthand knowledge of the mediation, was intended as a “two-way message and solution” in that “the Chinese got the captain and the Japanese got Article 5.”⁸²⁶ Washington had refrained from making an open, formal reaffirmation with respect to Article 5 until October.⁸²⁷

Patriotic Hero Released, FLE Presence Regularized, and Security Dilemma Deepened

On September 24, Japan's Naha District Public Prosecutors Office announced the release of the Chinese skipper, citing considerations over the incident's “adverse impact on Japanese people and the country's relations with China.” The announcement also noted that the incident was not deliberately planned.⁸²⁸ Meanwhile, Japan rejected China's demand for an apology and compensation over the detention of the fishing boat captain.⁸²⁹ Six days later, China released three of the four detained Japanese nationals.⁸³⁰

Back home in Fujian, the Chinese captain was warmly welcomed and hailed as a national hero. Phoenix TV provided full coverage of his journey home. Officials from the Chinese Foreign Ministry and the Fujian provincial government went to the Fuzhou airport to greet him and escorted him to a medical checkup. On the Internet, the skipper was applauded by many Chinese

⁸²⁴ “Clinton tells Maehara Senkaku subject to Japan-U.S. security pact,” *Japan Economic Newswire*, Sept. 23, 2010.

⁸²⁵ Bader, *Obama and China's Rise*, p. 107.

⁸²⁶ Author's interview, Los Angeles, August 2019.

⁸²⁷ After the New York leaders' meetings, Jeffrey Bader reiterated the treaty obligation at a press conference: “[T]he U.S.-Japan Security Treaty covers all areas administered by Japan, and since the reversion of Okinawa to – from the U.S. to Japan in 1972, the Senkaku Islands have been administered by Japan, so that is what that is a reference to.” White House, “Press Briefing by Press Secretary Robert Gibbs, Special Assistant to the President and Senior Director for Asian Affairs Jeff Bader, and Deputy National Security Advisor for Strategic Communications Ben Rhodes,” Sept. 23, 2010, <https://obamawhitehouse.archives.gov/the-press-office/2010/09/23/press-briefing-press-secretary-robert-gibbs-special-assistant-president->, accessed Jan. 30, 2019.

⁸²⁸ “Japan to Release Chinese Boat Skipper,” Jiji Press, Sept. 24, 2010.

⁸²⁹ “Japan spurns China's demand for apology, compensation over skipper,” *Japan Economic Newswire*, Sept. 25, 2010.

⁸³⁰ “China: Three Japanese nationals released,” CNN, Sept. 29, 2010.

netizens as a “hero resisting Japan,”⁸³¹ a term generally referring to the Chinese soldiers and civilians resisting Japanese aggression during WWII. Chinese nationalists expressed their satisfaction with the assertive way Beijing dealt with Japan during this incident. Tong Zeng, a veteran Baodiao activist in mainland China, said he was “astonished and pleased by the Chinese government’s strong and quick response.” Tong added: “I don’t believe China acted like a bully, we have reason and evidence for our actions.”⁸³²

Diplomatic tensions began to ease following Chinese Premier Wen Jiabao’s brief, informal talk with Japanese Prime Minister Kan on the sideline of the Asia-Europe meeting forum in Brussels in October. Both leaders agreed to resume high-level bilateral talks, as well as nongovernmental exchanges and communications.⁸³³ A few days after the meeting, Beijing released the last of the four detained Japanese nationals and reversed the cancellation of the Japanese-youth delegation to the World Expo.⁸³⁴ In November 2010, Hu Jintao attended the APEC summit in Japan’s Yokohama, on the sideline of which he met briefly with Kan, signaling a modest recovery of the relationship.⁸³⁵

Rare earth exports slowly bounced back. Japanese media reported on September 29 that China’s rare earth shipments to Japan had restarted, as Chinese commerce ministry’s officials stated that China intended to speed up customs procedures for rare earth exports to Japan.⁸³⁶ The

⁸³¹ “Jinjiang residents made festival decoration to welcome Zhan Qixion back home like a hero” [晋江相亲张灯结彩英雄式欢迎詹其雄返乡], iFeng, Sept. 27, 2010, both video and transcript retrieved at http://news.ifeng.com/mainland/special/zrczdydxz/content-2/detail_2010_09/27/2638900_0.shtml, accessed Feb. 3, 2019.

⁸³² Calum Macleod, “China’s aggressive posture stuns Japan; Nation dishes out ‘shock and awe’ in territorial disputes,” *USA Today*, Sept. 28, 2010.

⁸³³ Arthur Max and Scott McDonald, “Japan says maritime spat with China over,” Associated Press, Oct. 5, 2010; “Japanese, Chinese leaders Agree to Improve Ties,” Jiji Press, Oct. 5, 2010.

⁸³⁴ “China frees last of 4 detained Japanese,” *Japan Economic Newswire*, Oct. 9, 2010; “China allows Japanese youth group visit to Shanghai Expo,” *Japan Economic News*, Oct. 10, 2010.

⁸³⁵ “Kan, Hu hold 1st bilateral talks since collision row to patch up ties,” *Japan Economic Newswire*, Nov. 13, 2010.

⁸³⁶ “China Resuming Rare Earth Exports to Japan,” Jiji Press, Sept. 29, 2010.

mineral export was not fully resumed to the pre-crisis level until November after Zhang Ping, head of China's NDRC, reassured his Japanese counterpart Ohata Akihiro in Yokohama that the Chinese customs agency had been instructed to expedite inspections and that slow shipment would be "resolved soon."⁸³⁷ On November 19, METI stated that it had "confirmed signs of improvements" in rare earth shipments from China.⁸³⁸

This incident further highlighted the need for an effective crisis prevention mechanism between the two countries. On October 11, during a sideline meeting between Chinese Defense Minister Liang Guanglie and his Japanese counterpart Kitazawa Toshimi in Hanoi, both ministers agreed to establish a liaison system between the two countries to prevent incidents at sea.⁸³⁹ In practice, both countries appeared to have adopted a more cautious attitude when handling subsequent incidents. On November 6, 2011, JCG arrested the captain of a Chinese fishing boat for intruding into Japan's EEZ off Nagasaki after a four-and-a-half-hour chase at sea. The Japanese patrol ship reportedly rammed the fishing boat to stop the latter from getting away. In response, Beijing refrained from protesting against the arrest or making a charged statement.⁸⁴⁰ While calling on Japan to "properly handle the issue as soon as possible," Beijing played down the arrest by calling it a "regular fisheries case."⁸⁴¹ Japan released the detained captain on November 9 after he paid a fine of 300,000 yen for violating Japan's fisheries law.⁸⁴²

The FLE capitalized on the collision to expand its presence in the East China Sea and influence in the Chinese maritime security system. The routinized FLE and CMS patrols in the

⁸³⁷ "China likely to resume rare earth exports to Japan: sources," *Japan Economic Newswire*, Nov. 17, 2010.

⁸³⁸ "Signs of improvement seen in stalled China rare earth shipments: Ohata," *Japan Economic Newswire*, Nov. 19, 2010.

⁸³⁹ "Kitazawa asks Liang to build liaison system for maritime contingency," *Japan Economic Newswire*, Oct. 11, 2010.

⁸⁴⁰ "Japan arrests captain of Chinese fishing boat: report," Agence France Presse, Nov. 6, 2011; "No China protest over fisherman's arrest: Japan," Agence France Presse, Nov. 7, 2011.

⁸⁴¹ "China dismisses diplomatic problems from arrest of Chinese fisherman," *Japan Economic Newswire*, Nov. 8, 2011.

⁸⁴² "Japan releases Chinese fisherman," Agence France Presse, Nov. 9, 2011.

Diaoyu/Senkaku area continued, although at a declined frequency after October until September 2012 (Figure 5.3). In November, the FLE commissioned and deployed to the East China Sea its first chopper-equipped patrol ship *Yuzheng 310*, which was intended for fishery law enforcement missions in the South China Sea when it was completed in March 2010. Li Jianhua, director of the Fisheries Enforcement Bureau, applauded the commissioning of the patrol ship as “a great leap forward in the bureau’s capabilities from single-domain enforcement at sea to air-surface enforcement.” As the FLE shouldered more responsibilities in defending China’s maritime rights and in protecting Chinese fishermen’s rights, Li added, the agency would aspire to build more cutting-edge fishery enforcement vessels during the upcoming 12th Five-Year Plan (2011-2015).⁸⁴³

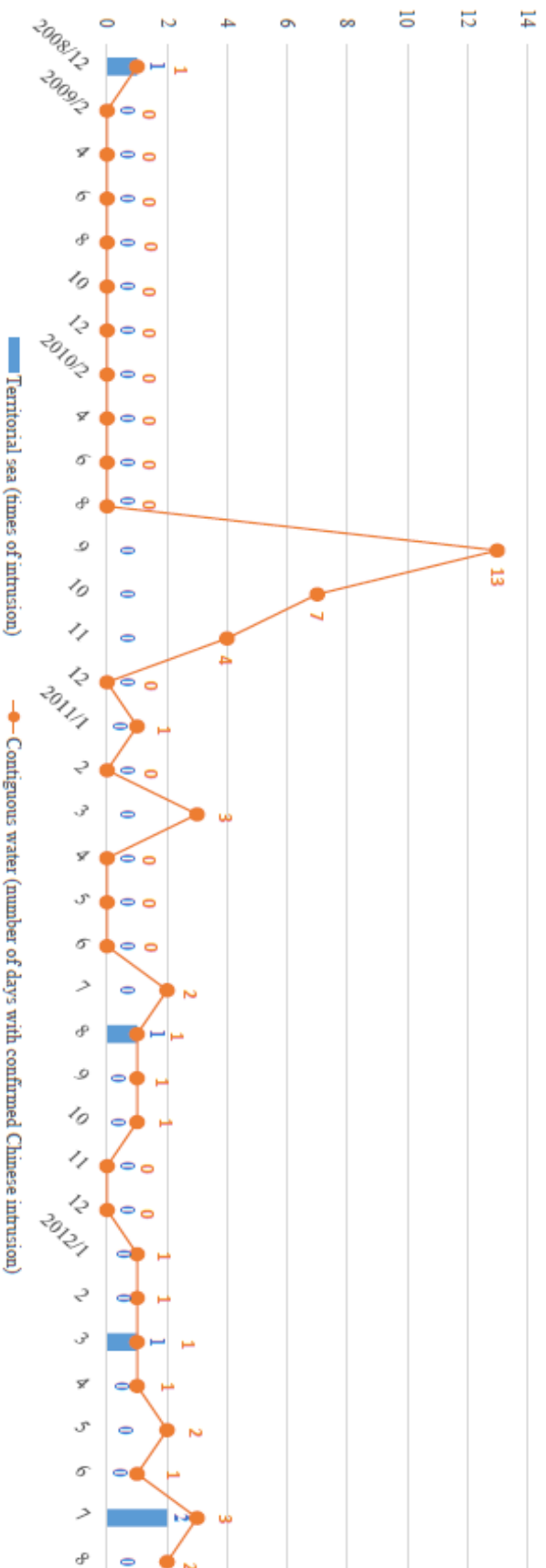
Boasting that fishing protection patrols had made a positive contribution to the defense of China’s maritime rights while raising FLE’s domestic reputation in the Chinese public, the Fishery Enforcement Bureau vowed at the MOA’s National Fisheries Work Conference to continue its regular fishing protection patrols near the Diaoyu/Senkakus in 2011.⁸⁴⁴ Ju Li, Deputy Director of the FLE, pledged that the agency would become Chinese fishermen’s “real protective god in disputed waters.”⁸⁴⁵ Ruling out a quick solution to the Diaoyu/Senkaku dispute through political or military means, Huang Zuoping, director of the South China Sea Fisheries Enforcement Bureau, called for strengthening FLE patrols in the area. Fishery law enforcement and administration activity, according to Huang’s argument, were “inherently part of the domestic fishery economic

⁸⁴³ Liang Ganghua [梁钢华], “China’s first helicopter-capable Yuzheng ship commissioned and deployed to the East China Sea for law enforcement activities” [我国第一艘载直升机渔政船入列开赴东海执法], Xinhua, reprinted on *Global Times*, Nov. 16, 2010, <http://china.huanqiu.com/roll/2010-11/1258745.html>, accessed Feb. 3, 2019; “China’s new chopper-equipped patrol ship heads toward Senkaku: report,” *Japan Economic Newswire*, Nov. 16, 2010.

⁸⁴⁴ Suo Youwei [索有为], “China will strengthen fishery law enforcement administration, safeguarding the country’s maritime rights and interests” [中国将强化渔政执法管理, 维护国家海洋权益], China News [中国新闻网], Dec. 23, 2010, reprinted on People, <http://politics.people.com.cn/GB/1026/13566443.html>, accessed Feb. 8, 2010.

⁸⁴⁵ Hu Jing [胡婧], “FLE takes the heavy lift in safeguarding maritime rights and interests” [维护海洋权益, 渔政担纲重任], *China Fisheries News*, Dec. 20, 2010.

Figure 5.3 Number of Chinese Government Ship Patrols near the Diaoyu/Senkakus prior to September



Source: Japan Coast Guard, “Safeguarding the territorial sea and EEZ-Chapter 1 Policing territorial sea around the Senkaku Islands” [領海・EEZを守る > CHAPTER 1. 尖閣諸島周辺海域における領海警備], *Japan Coast Guard Annual Report 2018* [海上保安レポート 2018], https://www.kaiho.mlit.go.jp/info/books/report2018/html/honpen/1_02_chap1.html, accessed Oct. 4, 2019.

administration” and as such constituting a “more concrete and pragmatic” way of asserting China’s sovereign claims than issuing diplomatic statements. To effectively use fishery affairs to defend China’s sovereignty over the Diaoyu/Senkakus, Huang proposed that China should organize and support fishermen to operate in the Diaoyu/Senkaku waters. Moreover, according to Huang, the regularized FLE patrols near the Diaoyu/Senkaku Islands should be elevated to an “important national operation on a par with the anti-piracy escorts in the Gulf of Aden.”⁸⁴⁶

Beyond China’s diplomatic victory, boosted maritime presence in the East China Sea, and the signs of recovery in the bilateral relations on the surface, issues fundamental to the crisis remained unaddressed, and in a sense paved the way for the Senkaku nationalization crisis in 2012. The immediate and arguably most pressing issue was that bilateral crisis management mechanisms were proved in this incident to be only as strong as the two countries’ political will to utilize them. Multiple sources in both China and Japan confirmed that the premiers’ hotline, activated only a few months prior to the collision, was completely unused during the course of the incident.⁸⁴⁷ Discussions on installing and institutionalizing more effective bilateral crisis prevention and management mechanisms proved futile, if not utterly lip service, in the more serious 2012 crisis.

Moreover, it did not take long before Beijing realized that the primary consequences of the incident would play against China’s long-term security interests in multiple aspects. First, this incident served as a key thrust for Tokyo and Washington to reconsolidate the strained alliance under the Hatoyama cabinet. The Obama administration made clear and official the coverage of the Diaoyu/Senkakus under Article 5 of the U.S.-Japan security treaty when Secretary of State

⁸⁴⁶ Huang Zuoping [黄作平], “Expert: solving Diaoyu Islands disputes through military means is only wishful thinking” [专家：军事手段解决钓鱼岛一厢情愿], *Global Times*, Dec. 1, 2010, reprinted on Sina, <http://news.sina.com.cn/c/2010-12-05/112221584717.shtml>, accessed Feb. 9, 2019.

⁸⁴⁷ Author’s interviews, Tokyo, August 2018; Beijing, March 2019; Shanghai, April 2019; Beijing, May and June 2019.

Hillary Clinton reiterated U.S. treaty obligations at a press conference after a meeting with Maehara in Honolulu on October 28. She said, “Let me say clearly again that the Senkakus fall within the scope of Article 5 of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security.”⁸⁴⁸ While knowledgeable sources in both China and the United States noted that the statement represented nothing new,⁸⁴⁹ the statement still came as a major diplomatic and geopolitical setback that Beijing reacted strongly to.⁸⁵⁰

Second, this incident galvanized regional concerns that China had become more willing to leverage its growing power to pressure its neighbors in maritime disputes, bringing claimant states in the South China Sea closer to Japan as security partners. Speaking at the ASEAN-China summit in Hanoi on October 29, Philippine President Aquino stated that his country viewed “with grave concern the tensions in the Diaoyu/Senkaku islands.”⁸⁵¹ Speaking at the East Asia Summit the next day, Prime Minister Kan echoed Aquino’s concerns about China’s unyielding stance in the East and South China Seas.⁸⁵² The 2011 *China Security Report* released by NIDS made clear that Japan began to link the East China Sea disputes with China’s behavior in the South China Sea:

Being in dispute with China over the EEZ and the boundary of the continental shelf in the East China Sea, Japan inevitably has to pay attention to China’s action in the South China Sea...For China, just like the South China Sea, the East China Sea is an important route for its advance into the oceans, and if China’s military

⁸⁴⁸ Remarks by Secretary Clinton: Joint Press Availability with Japanese Foreign Minister Seiji Maehara, Honolulu, Oct. 27, 2010, transcript retrieved at <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/10/150110.htm>, accessed Feb. 8, 2010.

⁸⁴⁹ Author’s interviews, Beijing, March 2019; Beijing, June 2019; Los Angeles, August 2019; telephone interview, August 2019; Minnie Chan, “Japan’s top diplomat blamed for arousing Beijing’s ire,” *South China Morning Post*, Oct. 31, 2010.

⁸⁵⁰ “MFA spokesperson Ma Zhaoxu answers media questions, Oct. 28” [10月28日外交部发言人马朝旭答记者问], transcript retrieved at SCIO, <http://www.scio.gov.cn/xwfbh/gbwxwfbh/xwfbh/wjb/document/793923/793923.htm>, accessed Feb. 8, 2019.

⁸⁵¹ “Statement of President Aquino during the 13th ASEAN-China Summit,” Hanoi, Vietnam, Oct. 29, 2010, <https://www.officialgazette.gov.ph/2010/10/29/statement-of-president-aquino-during-the-13th-asean-china-summit/>, accessed Sept. 16, 2019.

⁸⁵² “Kan airs concerns over China’s stance on Senkakus at regional summit,” *Japan Economic Newswire*, Oct. 30, 2010.

power improves in relative terms in the East China Sea as well, it is likely that China will adopt a similar assertive attitude towards this water area as shown in the South China Sea.⁸⁵³

Third, the hardening perception of China as a growing threat to Japanese maritime security translated into a strong imperative for a security strategy that would prioritize the defense of Japan's southwestern region and effectively integrate different services of the Self-Defense Force (SDF) to form a multi-domain response to China's expanding naval presence in the country's surrounding waters. Building on its 2005 National Defense Program Guideline and 2005-2009 Mid-Term Defense Program,⁸⁵⁴ Tokyo released its updated National Defense Program Guidelines and Mid-Term Defense Program in December 2010, both of which gave a greater priority to the defense of the country's southwestern islands. Specifically, Tokyo gave a high priority to enhance the SDF's mobility to respond to attacks on Japan's southwestern offshore islands. To achieve this goal, Tokyo announced its intention to permanently station "the minimum necessary" SDF units as a first response force on the offshore islands.⁸⁵⁵ Tokyo also aimed to enhance Japan's ISR capabilities in the southwestern region, announcing that the Ground Self-Defense Force (GSDF) would establish a new coastal surveillance unit and assign mobile ground-based radar to the southwestern islands.⁸⁵⁶ The new defense programs, as noted by Liu Jiangyong, a Japan expert at

⁸⁵³ National Institute for Defense Studies, *NIDS China Security Report 2011*, Feb. 2012, p. 26.

⁸⁵⁴ The 2005 National Defense Program Guideline states that Japan would "maintain necessary defense force structure to respond effectively to the invasion of Japan's offshore islands, improve and strengthen capabilities to transport and deploy forces, and deal with the invasion in a flexible manner." The Mid-Term Defense Program FY 2005-2009 laid out goals of capability-building along two lines germane to coping with contingencies in the East China Sea: first, strengthening capabilities to effectively respond to "invasion of Japan's offshore islands;" second, making defense equipment procurement, modernizing early warning system, and modernizing patrol aircrafts and fighters to "patrol and survey in the sea and airspace surrounding Japan constantly and continuously and to deal with properly with armed special purpose ships or submerged foreign submarines navigating under Japanese territorial sea." Ministry of Defense of Japan, "The National Defense Program Guidelines, FY 2005-," Dec. 10, 2004; "Mid-Term Defense Program FY 2005-2009," Dec. 10, 2004. Both documents were retrieved at https://www.mod.go.jp/e/d_act/d_policy/national.html, accessed Jul. 30, 2018.

⁸⁵⁵ Ministry of Defense of Japan, "The National Defense Program Guidelines for FY 2011 and beyond," Dec. 17, 2010, https://www.mod.go.jp/e/d_act/d_policy/national.html, accessed Jul. 30, 2018.

⁸⁵⁶ Ministry of Defense of Japan, "Mid-Term Defense Program FY 2011-2015," Dec. 17, 2010, https://www.mod.go.jp/e/d_act/d_policy/national.html, accessed Jul. 30, 2018.

Tsinghua University, in a *People's Daily* article, “have conceived China as the number one rival against whom Japan needs defend itself.”⁸⁵⁷

These profound security ramifications did not go unnoticed among Chinese analysts. Noting all these fallout in a 2011 report on China's peripheral security environment, a researcher at CASS cautioned that “after the collision, adverse changes have emerged in China's peripheral security environment.”⁸⁵⁸ Likewise, Lin Limin, a senior researcher at the MSS-affiliated CICIR, wrote in the PLA-run *China National Defense News*:

For its peripheral security, China faces three major dangerous trends. First, two or more neighboring countries' conflicts with China simultaneously inflame, overwhelming the imperative for cooperation and forming a united front against China; second, China's conflict with the U.S. increases to an extent that it prevails over the need for cooperation; third, China's conflicts with the U.S. and one of our neighbors grow simultaneously and give rise to a strategic coalition [against China].⁸⁵⁹

As China has become the world's second largest economy and in light of the heightened tensions in the East China Sea as well as in the South China Sea and the Yellow Sea in 2010, Lin cautioned, the prospect of China's peripheral security falling prey to the three trends in the upcoming years might be greater than any time in the past since the end of the Cold War.⁸⁶⁰

At the grassroots level, mutual perceptions between the Chinese and Japanese publics deteriorated rapidly. In China, several waves of anti-Japan protests were staged nationwide in October 2010. Thousands of Chinese citizens held three-day anti-Japanese demonstrations from

⁸⁵⁷ Liu Jianguo [刘江永], “The dangerous inclination in Japan's new National Defense Program Guidelines” [日本新防卫大纲的危险倾向], *People's Daily* (overseas edition), Dec. 24, 2010.

⁸⁵⁸ Li Zhifei [李志斐], “International fallout of the collision at Diaoyu Islands and China's foreign policy” [钓鱼岛撞船事件的国际效应与中国外交], in Zhang, ed., *China's Peripheral Security Situation Evaluation* (2011), pp.70-75.

⁸⁵⁹ Lin Limin [林利民], “Evaluating China's peripheral strategic environment” [中国周边战略环境浅析], *China National Defense News* [中国国防报], Nov. 16, 2010.

⁸⁶⁰ Ibid.

October 16 in Chengdu, Xi'an, Wuhan, and Zhengzhou, asserting Chinese sovereignty over the Diaoyu/Senkakus and calling for the boycotting of Japanese goods. Protests resulted in vandalism of local Japanese businesses including Ito-Yokado, Panasonic and Isetan.⁸⁶¹ Violent protest erupted in Mianyang, a city 100 kilometers northeast of Chengdu, prompting the local authorities to dispatch armed police to patrol the city.⁸⁶² Another wave of protests was staged over the weekend of October 23 in three inland cities.⁸⁶³ Three days later, a third wave of protest took place in Chongqing. The annual Japan-China joint opinion survey reported in 2011 that the Chinese public harboring favorable views on Japan declined from 38.3 percent in August 2010 – right before the collision – to 28.6 percent while the ratio of those with unfavorable perceptions jumped from 55.9 percent to 65.9 percent.⁸⁶⁴

Mirroring the deteriorating Chinese perception of Japan, the Japanese domestic perception of China worsened off to an even greater extent in the wake of the incident – the “Senkaku shock” so to speak. The Cabinet Office annual survey conducted in October 2010 shows that Japanese respondents with favorable views on China plunged from 38.5 percent in 2009 to 20 percent, while those reporting unfavorable views jumped from 58.5 percent to 77.8 percent.⁸⁶⁵

More important but probably somewhat underappreciated by Beijing was the surge of the so-called “Senkaku nationalism” mantra in Japanese domestic politics. On September 29, a bus

⁸⁶¹ “Chinese hold Anti-Japan Protests over Disputed Islands,” Jiji Press, Oct. 16, 2010; “Anti-Japan Protests in China Regrettable: Kan,” Jiji Press, Oct. 18, 2010; “Anti-Japan Protest Held in China for 3rd Straight Day,” Jiji Press, Oct. 18, 2010.

⁸⁶² “Anti-Japan protests go into 3rd day, violence reported in Wuhan,” *Japan Economic Newswire*, Oct. 18, 2010.

⁸⁶³ “Chinese protests against Japan in Sichuan Province, 1st since Mon.,” *Japan Economic Newswire*, Oct. 23, 2010; “Chinese protest against Japan in 2 inland cities,” *Japan Economic Newswire*, Oct. 24, 2010.

⁸⁶⁴ Genron NPO, Horizon Consulting Group and Peking University, “The comparison of results from the seventh Japan-China joint public opinion survey” [第 7 回日中共同世論調査比較結果], August 2011, <http://www.genron-npo.net/pdf/forum2011.pdf>, accessed Jan. 25, 2019.

⁸⁶⁵ Cabinet Office, Government of Japan, “Foreign Policy Public Opinion Survey (survey conducted in 2010 October)” [外交に関する世論調査（平成 22 年 10 月調査）], Dec. 20, 2010, <https://survey.gov-online.go.jp/h22/h22-gaiko/2-1.html>, accessed Jan. 25, 2019.

carrying Chinese tourists was attacked by a group of Japanese right-wing protesters in Fukuoka.⁸⁶⁶ On October 2, some 1,500 Japanese nationalists held a rally in Tokyo to protest what they saw as the Kan cabinet's weak position toward China.⁸⁶⁷ Another massive rally was held in central Tokyo on October 16 protesting against China's "invasion" of Japanese territories.⁸⁶⁸ The Chinese embassy in Tokyo received two threatening letters containing rifle bullets with anonymous notes warning against Chinese activities near the Diaoyu/Senkaku Islands.⁸⁶⁹ Japanese nationalism centered on the Diaoyu/Senkaku dispute intensified still further after a 44-minute long JCG video capturing the collision in its entirety was leaked on the Internet in November. Some 4,000 Japanese citizens held anti-China demonstrations calling the collision "an act of terrorism."⁸⁷⁰ During Hu Jintao's trip to Yokohama in November for the APEC summit, another anti-China protest was staged near the site of the summit.⁸⁷¹

Alongside nationalist activists and civil organizations, Japan's local authorities and individual politicians became two other increasingly active components in the "Senkaku nationalism." Ishigaki, the city that administers the Diaoyu/Senkaku area, adopted a resolution on October 20, 2010, expressing the intention of its mayor and assembly members to inspect the islets in preparation for the construction of a shelter for fishermen.⁸⁷² Denied by the GOJ the permission for the proposed inspection, two members of the Ishigaki municipal assembly sailed a voyage to and landed on Minami Kojima on December 10. Beijing lodged a strong complaint protesting the

⁸⁶⁶ Kwan Weng Kin, "China issues Japan travel warning; Advisory comes after Chinese tour group was harassed in Fukuoka," *Strait Times*, Oct. 2, 2010; "Freed Japanese fly home, but protest fuels China row," Agence France Presse, Oct. 1, 2010.

⁸⁶⁷ "Japan nationalists rally against center-left PM, China," Agence France Presse, Oct. 2, 2010.

⁸⁶⁸ "Over 1,000 Japan nationalists protests China 'invasion,'" Agence France Presse, Oct. 16, 2010.

⁸⁶⁹ Liang Shan [梁杉], "Chinese embassy received a second threat letter containing bullet, Japanese police launches investigation" [中国驻日大使馆再次收到恐吓子弹信, 日警方展开调查], *China Daily*, Oct. 26, 2010.

⁸⁷⁰ "Anti-China rally held in Japan after video leak of collision," Agence France Presse, Nov. 6, 2010.

⁸⁷¹ Eric Talmadge, "Thousands stage anti-China protest in Japan," Associated Press, Nov. 14, 2010.

⁸⁷² "Ishigaki Mayor, Assembly Members Eager to Visit Disputed Isles," Jiji Press, Oct. 20, 2010.

landing despite Japan's reiteration of its policy that no one was allowed to land on any of the islands.⁸⁷³ In response to Beijing's protest, Ishigaki adopted a city ordinance, designating January 14, the day in 1895 on which Japan incorporated the Diaoyu/Senkakus into its territories, as "the Day of Senkaku." The ordinance claimed that the designation was meant to "send the message to the international community that the Senkaku Islands have historically been an integral part of Japan and to enlighten public opinion in Japan."⁸⁷⁴ Unsurprisingly, Beijing responded with another statement denouncing the ordinance. In June 2011, Ishigaki's mayor Nakayama Yoshitaka, during a meeting with the JCG's commandant Suzuki Hisayasu, requested the JCG enhance its patrols in the disputed waters in the East China Sea, introduce patrol ships with advanced capabilities and increase coast guard manpower. Nakayama claimed that if Chinese fishing boats entered the disputed waters in large numbers, "operations by Okinawa fishermen could be disrupted and their lives could be put in danger."⁸⁷⁵ A week later, 550 local residents and fishermen of Ishigaki held a rally urging Tokyo to reinforce safety measures in the surrounding sea areas.⁸⁷⁶ On January 3, 2012, another four Ishigaki city assembly members landed on the Diaoyu/Senkakus, provoking a furious complaint from Beijing.⁸⁷⁷

The "Senkaku nationalism" was perhaps the most profound legacy of the incident on the Japanese side. It eventually culminated in the nationalization crisis, which was initiated when Ishihara Shintaro, Governor of Tokyo and one of Japan's most prominent conservative right-wing politicians, announced his plan to purchase the disputed islets in April 2012.⁸⁷⁸

⁸⁷³ "China Protests Japanese Landing on Disputed Isle," Jiji Press, Dec. 11, 2010; "2 Japanese local assembly members visit one of Senkaku Islands," *Japan Economic Newswire*, Dec. 10, 2010.

⁸⁷⁴ "City assembly passed ordinance for Senkaku Memorial Day," *Japan Economic Newswire*, Dec. 17, 2010.

⁸⁷⁵ "Ishigaki Mayor Seeks Enhanced Patrol Around Disputed Isles," Jiji Press, Jun. 10, 2011.

⁸⁷⁶ "Over 500 Japan citizens hold rally urging better security in disputed islands," BBC, Jun. 18, 2011.

⁸⁷⁷ "4 local municipal assembly members land on disputed Senkaku Islands," *Japan Economic Newswire*, Jan. 3, 2012; "China protest Japanese visit to disputed isles," Agence France Presse, Jan. 3, 2012.

⁸⁷⁸ Smith, *Intimate Rivals*, p. 224.

6. The Diaoyu/Senkaku Nationalization and the East China Sea Air Defense

Identification Zone

The 2010 collision left Sino-Japanese relations, as correctly characterized by a *Nikkei* commentary afterwards, “potentially very fragile.”⁸⁷⁹ Despite bilateral attempts to mend fences after the incident, mutual perceptions between the two countries deteriorated considerably.⁸⁸⁰ Most importantly, the Diaoyu/Senkaku dispute remained the major flashpoint for the bilateral relations. As China’s Foreign Minister Yang Jiechi acknowledged at a press conference in March 2011: “The [Diaoyu/Senkaku] issue is highly sensitive, and it must be handled very cautiously.”⁸⁸¹

The tinderbox was ignited in 2012 after Ishihara Shinaro announced his intention to purchase the islands, which compelled the Noda cabinet to opt for a preemptive state purchase and led to the most serious Sino-Japanese bilateral crisis since normalization. China viewed the Noda administration as a complicit with Ishihara in attempting to alter the status quo of the islands at the expense of China’s sovereignty claims. Rather than playing down the issue out of concerns for the 40th anniversary of normalization, China’s growing troubles on the South China Sea front, or the upcoming leadership transition at the 18th Party Congress, Beijing instead issued repeated and ever-tougher warnings against the purchase. When it became clear that Japan would unlikely be

⁸⁷⁹ Masahiko Ishizuka, “Seismic change in Japan’s position rattles people’s psyche,” *Nikkei Weekly*, September 28, 2010.

⁸⁸⁰ The Chinese public holding unfavorable/relatively unfavorable views on Japan rose from 55.9 percent in 2010 (released in August 2010 shortly before the collision) to 65.9 percent in 2011 and fell only slightly to 64.5 percent in spring 2012 right before the nationalization. The Japanese public holding unfavorable/relatively unfavorable views on China rose from 72 percent in 2010 to 78.3 percent in 2011 and continued to rise to 84.3 percent in spring 2012. Genron NPO, Public Opinion Research Center (Japan) and Horizontal Research Consultancy Group (China), “The 14th Joint Public Opinion Poll between Japan and China,” October 2018, <http://www.genron-npo.net/en/archives/181011.pdf>, accessed Jan. 25, 2019; Genron NPO, “Results of the 8th Japan-China Joint Opinion Survey” [「第8回日中共同世論調査」結果], Jun. 20, 2012, <http://www.genron-npo.net/world/archives/4347.html>, accessed Oct. 5, 2019.

⁸⁸¹ “Foreign Minister Yang Jiechi answers questions from domestic and overseas journalists” [外交部长杨洁篪答中外记者问] Mar. 7, 2011, transcript retrieved at GOV.cn, http://www.gov.cn/2011lh/zhibo/index_wzjz.htm, accessed Sept. 18, 2019.

deterred from proceeding with the island nationalization, Beijing did not hesitate to undertake a string of measures that constituted a strong nonmilitary escalation. Moreover, in contrast to the 2010 collision incident, the Chinese response to the Diaoyu/Senkaku nationalization involved elements of a strong military escalation, namely, with the PLA being brought from the “second line” to the “first line” to declare the establishment of an Air Defense Identification Zone (ADIZ) in the East China Sea.

That domestic audience costs outweighed international audience costs best explains why China chose to escalate in response to the nationalization. Interactions between the Chinese and Japanese central governments following Ishihara’s initial announcement of his island purchase considerably increased the salience of the island nationalization in both countries’ domestic political environments. Furthermore, it lent more legitimacy to the compromise-averse coalition’ advocacy for an assertive policy line on maritime disputes. Thus, the domestic audience costs continued to build up during the process of interactions, squeezing Beijing’s (and also the GOJ’s) room for even mere inaction, let alone compromise.

After Tokyo announced the nationalization as a done deal in September 2012, Beijing was then presented with what it regarded as China’s loss that needed to be reversed or compensated for. This loss-aversion rationale created incentives for Beijing to employ military escalatory measures in combination with a forceful nonmilitary escalation.

Moreover, the ill timing of the nationalization appeared to have magnified its ramifications in at least three ways. First, the Noda cabinet announced the final decision of nationalization on the eve of September 18, the sensitive anniversary of the Mukden Incident that tends to arouse much stronger nationalist emotion in China than usual. Second, Japan made the announcement the day after Hu Jintao met with Noda in Vladivostok in an attempt to prevent the purchase, which was

regarded as a slap in the face to the Chinese top leader and thus an intentional insult to China. Third, the management of the incident on the Chinese side came in the middle of a precarious transition of power. While there is a lack of definitive evidence at the time of writing, available information indicates that the new leadership under Xi Jinping, with an aim to consolidate power by garnering support among the general public and the military top brass, might have caved into popular demands for a hardline approach toward Japan and later to the PLA's longtime push for an ADIZ in China's near seas.

SHORT-LIVED RECONCILIATION: THE DISPUTE NEVER WENT AWAY

The bilateral relationship saw a brief reconciliation in late 2011 after Noda Yoshihiko succeeded Kan as Prime Minister and reached out to Beijing. Early in his term, Noda made a phone call with Chinese Premier Wen Jiabao, during which both leaders agreed to fully capitalize on the upcoming 40th anniversary of normalization to improve relations. Wen extended an invitation to Noda for a visit to China.⁸⁸² In November, Japan's Foreign Minister Gamba Koichiro, who at the time visited Beijing and met with his Chinese counterpart Yang Jiechi in preparation for Noda's upcoming trip, called for the creation of a "crisis management mechanism" to avoid potential maritime incidents in the East China Sea. This mechanism was envisaged as a regular dialogue scheme involving the two countries' foreign and defense ministries, fishery and energy agencies, as well as the coast guards.⁸⁸³ Noda made a two-day state visit to Beijing in December, but his meetings with Hu Jintao

⁸⁸² "State Council Premier Wen Jiabao talks with Japanese Prime Minister Noda Yoshihiko on phone" [国务院总理温家宝应约与日本首相野田佳彦通电话], Sept. 7, 2011, <http://www.scio.gov.cn/zxbd/gdxw/Document/1001284/1001284.htm>, accessed Sept. 19, 2019; James J. Przystup, "Japan-China Relations: Another New Start," *Comparative Connections*, vol. 13, issue 3, January 2012.

⁸⁸³ "Japan, China to cooperate over maritime crisis management system," *Japan Economic Newswire*, Nov. 23, 2011; "Japan, China eye 'crisis' plan to avoid sea disputes," Agence France Presse, Nov. 23, 2011.

and Wen Jiabao heavily focused on the Korean Peninsula with North Korea's leader Kim Jong-il's death on December 17.⁸⁸⁴

The reconciliation soon turned out to be nothing more than a fleeting episode, with the GOJ announcing its plan to name a set of unnamed remote islands near the Diaoyu/Senkakus in January 2012. The “Zhongsheng” column in the *People's Daily* published a strongly worded article in response, calling Japan's plan “a brazenfaced move to harm China's core interests.”⁸⁸⁵ This article marked the first time that China's state media had described the Diaoyu/Senkakus as a “core interest.” In contrast to the *People's Daily* article, the Chinese Foreign Ministry, while making it clear that “any unilateral move by Japan regarding the Diaoyu and its affiliated islands is illegal and invalid,” refrained from using the term “core interests.”⁸⁸⁶

In a retaliation to Japan's official announcement on March 2 of names for 39 unnamed islets near the Diaoyu/Senkakus, Beijing announced its own list of names for 70 islands in the area.⁸⁸⁷ In a follow-up move, the CMS staged a rights protection patrol on March 16 by deploying two of the agency's newest vessels to the Diaoyu/Senkaku waters.⁸⁸⁸ One of the CMS ships entered the

⁸⁸⁴ Michael Wines, “Japan and China Focus on North Korea,” *New York Times*, Dec. 26, 2011.

⁸⁸⁵ Zhong Sheng [钟声], “China's resolve to defend its sovereignty cannot be tested” [中国维护领土主权的意志不容试探], *People's Daily*, Jan. 17, 2012.

⁸⁸⁶ “January 16, 2012 MFA spokesperson Liu Weimin holds regular press conference” [2012年1月16日外交部发言人刘为民举行例行记者会], <http://www.scio.gov.cn/xwfbh/gbwxwfbh/xwfbh/wjb/Document/1083635/1083635.htm>, accessed Mar. 7, 2019; “MFA spokesperson Liu Weimin answers media question regarding the Japanese side's plan to name islands near the Diaoyu” [外交部发言人刘为民就日方拟对钓鱼岛附属岛屿命名事答记者问], Jan. 30, 2012, <http://www.china-embassy.org/chn/FYRTH/t900027.htm>, accessed Sept. 19, 2019; Luo Sha [罗沙], “China announced official names for the Diaoyu Island and part of its affiliated islands” [我钓鱼岛及其部分附属岛屿标准名称公布], Mar. 4, *Xinhua Daily Telegraph*, Mar. 4, 2012; James J. Przystup, “Japan-China Relations: Happy 40th Anniversary,” *Comparative Connections*, vol. 14, issue 1, May 2012.

⁸⁸⁷ Luo, “China announced official names for the Diaoyu Island and part of its affiliated islands.”

⁸⁸⁸ Qu Yantao [曲延涛], “CMS flotilla patrols the Diaoyu Island again” [中国海监编队再巡钓鱼岛], *China National Defense News*, Mar. 20, 2012.

Diaoyu/Senkaku territorial waters, prompting Tokyo to lodge a protest with Chinese Ambassador Cheng Yonghua.⁸⁸⁹

Ishihara Shintaro, then Governor of Tokyo and Japan's most prominent right-wing politician, dropped the bomb on April 16, 2012 when he made the announcement in Washington that the Tokyo Metropolitan Government would purchase the three privately-owned Diaoyu/Senkaku islets, Uotsuri, Kita Kojima and Minami Kojima, which Japan's central government had been leasing on a year-to-year contract. Criticizing the GOJ's reluctance to confront China's campaign to undermine Japan's effective control over the islands, Ishihara vowed that the Tokyo city government would defend the Diaoyu/Senkakus and block the Chinese access to the area should the deal be finalized by the end of the year.⁸⁹⁰

The GOJ found itself in a predicament as a result of Ishihara's announcement. Japan's Chief Cabinet Secretary Fujimura Osamu claimed that the Noda cabinet was unaware of the plan although the central government had its own separate contact channel with the islands' private owner. Japanese Foreign Minister Gamba likewise denied foreknowledge of Ishihara's plan.⁸⁹¹ However, regardless of whether the GOJ was aware of Ishihara's initiative beforehand, the Noda cabinet was pushed to make a choice between action and inaction.

The idea of nationalization was first raised on April 17 when Japan's Chief Cabinet Secretary Fujimura suggested that the GOJ might consider purchasing the islands.⁸⁹² The next day, when questioned at a Diet session about the prospect of a national purchase, Noda suggested that

⁸⁸⁹ "Chinese surveillance ship briefly enters Japan territorial waters," *Japan Economic Newswire*, Mar. 16, 2012; "Japan Protests Chinese Ship's Intrusion," Jiji Press, Mar. 16, 2012; Yu Jianbin [余建斌], "Exclusive interview with CMS: patrols around Diaoyu Islands harassed by Japanese fighter jet" [专访中国海监船: 巡航钓鱼岛遭日战机阻挠], *People's Daily*, Mar. 21, 2012.

⁸⁹⁰ "Tokyo Metropolitan Govt to Buy Senkaku Islands: Ishihara," Jiji Press, Apr. 17, 2012; "Tokyo to buy disputed islands: governor," Agence France Presse, Apr. 17, 2012; Mari Yamaguchi, "Tokyo governor says city will buy disputed islands," Associated Press, Apr. 17, 2012.

⁸⁹¹ Jun Hongo and Masami Ito, "Governor seen as goading administration into action," *Japan Times*, Apr. 18, 2012.

⁸⁹² "Tokyo Governor Raps China over Senkaku Islands," Jiji Press, Apr. 18, 2012.

nationalizing the islands could be an option.⁸⁹³ While Ishihara began to discuss plans to develop the Diaoyu/Senkaku areas for fishing, energy exploration and natural preservation,⁸⁹⁴ Japanese analysts suspected that the real intention of his initiative was to prod the GOJ into actions to defend Japan's sovereignty over the Diaoyu/Senkakus in the face of China's expanding presence. Miyake Kunihiko, a former diplomat and research director at the Canon Institute for Global Studies, characterized Ishihara's purchase announcement as "shock therapy" intended to prompt the GOJ to take firm actions by highlighting its inability to act on "something the country should be working on instead of the Tokyo Metropolitan Government."⁸⁹⁵ Interviews with Japanese defense analysts, former government officials and scholars indicated that this interpretation was widely held within the Japanese foreign policy community.⁸⁹⁶

Pressures on the Noda cabinet to make a national purchase built up quickly while at the same time a growing number of politicians gave their endorsement to Ishihara's plan. On April 19, the Ishigaki municipal assembly adopted an opinion paper which called for a national purchase while criticizing the GOJ's failure to enhance Japan's effective control over the Diaoyu/Senkakus in the face of China's expanding presence.⁸⁹⁷ Ishigaki mayor Nakayama Yoshitaka welcomed Ishihara's plan and expressed the city's desire to establish joint ownership over the islands with Tokyo city government.⁸⁹⁸ Nakaima Hirokazu, Governor of Okinawa Prefecture, claimed that ownership by Tokyo would help "stabilize" the Senkaku tensions.⁸⁹⁹ Maehara Seiji, the hardline DPJ policy chief

⁸⁹³ "Japan's Senkaku Nationalization One Option: PM Noda," Jiji Press, Apr. 16, 2012.

⁸⁹⁴ "Tokyo's intentions for Senkaku islets," *Japan Times*, Apr. 19, 2012.

⁸⁹⁵ Jun Hongo and Masami Ito, "Governor seen as goading administration into action," *Japan Times*, Apr. 18, 2012.

⁸⁹⁶ Authors interviews, Tokyo, August 2018.

⁸⁹⁷ "Ishigaki Assembly Votes to Seek State Purchase of Senkaku," Jiji Press, Apr. 19, 2012.

⁸⁹⁸ "Ishihara seeking to buy Senkaku Islands," *Japan Times*, Apr. 18, 2012, <https://www.japantimes.co.jp/news/2012/04/18/national/ishihara-seeking-to-buy-senkaku-islands/#.XY7D2ZS82w>, accessed Sept. 21, 2019.

⁸⁹⁹ Green, et al, *Countering Coercion in Maritime Asia*, p. 130; Przystup, "Japan-China Relations: Happy 40th Anniversary."

and former Japanese foreign minister who handled the 2010 fishing trawler collision, also called on the GOJ to buy the islands in order to consolidate Japan's control over them.⁹⁰⁰ Meanwhile, nationwide donations poured into the special account set up by the Tokyo Metropolitan Government to finance the purchase.⁹⁰¹

The question of how to forestall Ishihara's initiative while minimizing the potential diplomatic fallout from a national purchase for the Sino-Japanese relationship presented a conundrum not only to the GOJ but also to the United States. While allowing Ishihara to move forward with the purchase would surely "be a disaster in the making," nationalization represented a no less worrisome option, as recalled by a former senior U.S. diplomat who was directly involved in communication with the GOJ regarding the purchase:

We knew certainly this would be a huge political problem for China and was going to create a lot of turmoil and anger. Our message to the Japanese was that they need to have a quiet dialogue with the Chinese and make the Chinese understand what this is. Namely, it was not a provocation; instead, it was a preventive measure. It was a solution to a problem, not the creation of a problem.⁹⁰²

MUTUAL MISJUDGMENT AND MIS-SIGNALING WHILE DOMESTIC COSTS BUILDING UP

During the five-month period between Ishihara's initial announcement of his island purchase plan and the Noda cabinet's conclusion of the national purchase, the interactions between China and the GOJ might be best characterized as a process of mutual misjudgment and consequent mis-signaling. Beijing appeared to have overestimated the GOJ's ability to block Ishihara's initiative without having to nationalize the islands; and as a result, Beijing's repeated warnings against the nationalization turned out to be ineffective as a deterrent. On the other hand, the Noda

⁹⁰⁰ "Japan national Govt Should Buy Senkaku Islands: DPJ Maehara," Jiji Press, Apr. 20, 2012.

⁹⁰¹ "Donations Pouring in for Tokyo's Senkaku Island Purchase," Jiji Press, May 2, 2012.

⁹⁰² Author's Skype interview, September 2019.

administration seemed to have underestimated the difficulty of convincing Beijing about the necessity of nationalization as well as China's resolve to back up its verbal warnings with escalatory actions; and consequently, Tokyo's repeated clarification that nationalization would be a lesser destabilizing option than a purchase by Ishihara failed to reassure Beijing.

China's initial response to the proposed island purchase was relatively measured and laid the blame primarily on Ishihara while seeking a "soft landing" with the GOJ. After Ishihara announced his purchase plan, the Chinese Foreign Ministry's spokesperson Liu Weimin warned on April 18 "irresponsible words and deeds by some Japanese politicians" would not only violate China's sovereignty but also poison the broad Sino-Japanese relations.⁹⁰³ A *People's Daily* commentary published on April 20 criticized Ishihara for seeking to sabotage Sino-Japanese relations and the 40th anniversary of normalization with the highly provocative proposal of island purchase.⁹⁰⁴ Four days later, Xi Jinping, then China's Vice President and Hu Jintao's heir apparent, told the visiting Japanese Lower House Speaker Kono Yohei that "sensitive issues" should be handled properly.⁹⁰⁵ While some reports on the meeting said that Xi used the term "core interests" during the meeting,⁹⁰⁶ both the Chinese and English versions⁹⁰⁶ of the statement released by MFA used the term "sensitive issues" without any mention of the words "core interests." There was an equal chance that the phrase was not mentioned at all or it was used by Xi but was later deleted from the versions

⁹⁰³ "April 18, 2012 MFA spokesperson Liu Weimin held regular press conference" [2012年4月18日外交部发言人刘为民举行例行记者会], <https://www.fmprc.gov.cn/ce/cees/chn/fyrth/t924078.htm>, accessed Feb. 10, 2019. Emphasis added.

⁹⁰⁴ Liu Jianguo [刘江永], "What is the ulterior motivation of Ishihara's 'island purchase scheme'" [石原“买岛论”安的什么心?], *People's Daily* (overseas edition), Apr. 20, 2012.

⁹⁰⁵ "Xi Jinping Meets with the Japanese Association for the Promotion of International Trade Delegation" [习近平会见日本国际贸易促进协会访华团], Ministry of Foreign Affairs of PRC, Apr. 24, 2012, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676836/xgxw_676842/t925959.shtml, accessed Feb. 11, 2019.

⁹⁰⁶ Przystup, "Japan-China Relations: Happy 40th Anniversary;" "China urges Japan to "appropriately handle issues of 'core interest,'" BBC, Apr. 25, 2012. "China's Xi Seeks Japan's Restraint over Senkaku Purchase Plan," Jiji Press, Apr. 24, 2012.

released by MFA. In either case, it was indicative of Beijing's tentative moderation toward the island purchase. On May 2, the "Zhongsheng" column of the *People's Daily* warned again that Ishihara's "irresponsible words and deeds" would only create problems for Japan in its conduct of diplomacy.⁹⁰⁷

Nevertheless, after the Tokyo Metropolitan Government disclosed on May 2 that it had received a total donation of 76 million yen within five days of launching its nationwide fundraising drive, China's tone sharpened.⁹⁰⁸ The term "core interests" began to appear frequently in the standard lexicon of Chinese leaders in their reference to the Diaoyu/Senkaku issue. On May 3, Xi Jinping told the visiting former Japanese Foreign Minister Komura Masahiko that Japan must "prudently handle sensitive issues especially those of great concerns and relating to the core interests of the other party."⁹⁰⁹ Ten days later, when meeting with Noda on the sideline of a China-Japan-ROK trilateral summit in Beijing, Chinese Premier Wen Jiabao raised the issue of the island purchase and urged the GOJ to "respect China's core interests and major concerns, and handle relevant issues in a cautious and appropriate manner."⁹¹⁰ On May 22, Wang Jiarui, the head of the CCP International Liaison Department in charge of the party's relations with foreign political parties, reportedly declared that the Diaoyu/Senkaku Islands was part of China's core interests when meeting with former Japanese House of Councilors President Eda Satsuki in Beijing.⁹¹¹

⁹⁰⁷ Zhong Sheng [钟声], "Don't do historical revisionist deeds" [勿做颠覆历史之事], *People's Daily*, May 2, 2012.

⁹⁰⁸ "Donations Pouring in for Tokyo's Senkaku Island Purchase," Jiji Press, May 2, 2012.

⁹⁰⁹ The term "core interests" appears in both the Chinese and English versions of Xi's remarks at the meeting. "Xi Jinping met Japanese Diet's Japan-China Friendship League in Beijing" [习近平在北京会见日本日中友好议员联盟代表团], Xinhua, May 3, 2012, reprinted on GOV.cn, http://www.gov.cn/lhdh/2012-05/03/content_2129137.htm, accessed Feb. 11, 2019; Wang Chenyan, "Xi calls for enhanced trust with Japan," *China Daily*, May 4, 2012, http://www.chinadaily.com.cn/china/2012-05/04/content_15206864.htm, accessed Feb. 21, 2019. Emphasis added.

⁹¹⁰ Liao Lei [廖雷], Tan Jingjing [谭晶晶] and Yang Yijun [杨依军], "Wen Jiabao met with ROK president Lee Myung-bak and Japanese Prime Minister Noda Yoshihiko" [温家宝会见韩国总统李明博和日本首相野田佳彦], Xinhua, reprinted on GOV.cn, http://www.gov.cn/lhdh/2012-05/13/content_2136194.htm, accessed Feb. 11, 2019. Emphasis added.

⁹¹¹ "Exclusive: China Clearly Refers to Senkaku Islets as 'Core Interest,'" Jiji Press, May 22, 2012; James Przystup, "Japan-China Relations: Happy 40th Anniversary, Part 2," *Comparative Connections*, vol. 14, issue 2, Sept. 2012.

China's repeated invocation of the phrase "core interests," as noted by Michael Swaine, was often intended to "lay down a marker, or type of warning" about the need for foreign states to "accept with little if any negotiation" China's position on certain issues.⁹¹² In this sense, by clearly declaring the Diaoyu/Senkakus as a core interest, Beijing was attempting to draw a red line and deter what it perceived as Japan's further infringement on China's sovereignty.

At the same time, Beijing appeared to harbor a strong belief that the GOJ, if it chose to, had the ability to block Ishihara's initiative without necessarily having to make a national purchase. During the first meeting of the Sino-Japanese High-Level Consultation on Maritime Affairs held in May, a high-ranking MFA official overseeing the Japan affairs reportedly stated that Beijing was "confident that Japan would stop Ishihara's plan."⁹¹³ Feng Wei, a Japan expert at Fudan University, claimed that even though Ishihara had raised more than 5,000 million yen as of mid-May, his purchase plan was bound to be a "farce" given "the lack of support from the Japanese government and public."⁹¹⁴ This Chinese perspective, as noted by a former senior U.S. government official with firsthand knowledge of this crisis, speaks to the difficulty for Chinese authorities "not to mirror image their own system when dealing with other governments." Namely, Beijing appeared unable to believe that "the central government of a country does not have the ability to sway the decisions of private entities or local authorities."⁹¹⁵ As such, to Chinese eyes, the GOJ's inaction was a signal of acquiescence to Ishihara's island purchase scheme and its proposal to make a national purchase of the islands tantamount to evidence of a "good cop bad cop" collusion with Ishihara. While the conspiracy theory rapidly gained currency within the Chinese foreign

⁹¹² Swaine, "China's Assertive Behavior Part One."

⁹¹³ Green, et al., *Countering Coercion in Maritime Asia*, pp. 134-135.

⁹¹⁴ "Ishihara's 'island purchase' bound to be a farce" [石原 "购岛" 注定是闹剧], *Southern Daily* [南方日报], May 16, 2012.

⁹¹⁵ Author's phone interview, August 2019.

policy community,⁹¹⁶ to be fair, Beijing’s worry was not entirely unfounded. As a 2017 CSIS report noted, although Noda and his subordinates openly emphasized the need to forestall Ishihara’s plan, it was “well known within his inner circle that the underlying motivation was countering a perceived Chinese revanchist threat.”⁹¹⁷

In particular, Beijing’s belief that the Noda cabinet had been abetting Ishihara was reinforced when Japan’s ambassador to China Niwa Uichiro was warned by MOFA and forced to apologize for expressing his opposition to the island purchase in an interview with *Financial Times* in June.⁹¹⁸ The *People’s Daily* claimed in a “Zhongsheng” commentary: “At the outset of the ‘island purchase’ farce, the Japanese government could still distance itself [from Ishihara], but before long its tone began to change: first by stating the possibility of ‘purchasing the islands’ by the GOJ, and then by issuing a stern warning to the Japanese ambassador to China who expressed his opposition to the ‘island purchase.’”⁹¹⁹ A Xinhua commentary similarly stated that MOFA’s warning to Niwa made it clear that “Japan’s central government has departed from its initial acquiescence and shifted to its current thinly veiled support [for Ishihara’s purchase].” The Xinhua piece urged the GOJ to stop Ishihara’s island purchase plan, otherwise, it warned, “people have to question whether the GOJ is deliberately collaborating with Ishihara or even has made up its mind to forcefully establish a fait accompli.”⁹²⁰ On July 3, when meeting in Beijing with a business

⁹¹⁶ Sun Yi [孙奕] and Liu Hua [刘华], “Japan must weigh carefully the outcome of its attempted ‘island purchase’” [“购岛” 图谋后果, 须掂量掂量], *Xinhua Daily Telegraph*, Jul. 13, 2012.

⁹¹⁷ Green, et al., *Countering Coercion in Maritime Asia*, p. 135.

⁹¹⁸ Mure Dikie, “Tokyo warned over plans to buy islands,” *Financial Times*, Jun. 6, 2012, <https://www.ft.com/content/af98fc54-aef7-11e1-a4e0-00144feabdc0>, accessed Feb. 13, 2019; “Gov’t warns envoy to China over remarks on Tokyo plan to buy Senkakus,” *Japan Economic Newswire*, Jun. 7, 2012; “Japan envoy does not wish Senkaku rows to affect ties with China,” *Japan Economic Newswire*, Jun. 11, 2012.

⁹¹⁹ Zhongsheng, “Japan’s ‘island purchase’ farce should come to an end” [日本“购岛” 闹剧当休矣], *People’s Daily*, Jun. 12, 2012.

⁹²⁰ Wu Liming [吴黎明], “Japanese government should weigh in to stop the ‘island purchase’ farce” [日政府应出面制止“买岛” 闹剧], *Xinhua Daily Telegraph*, Jun. 15, 2012.

delegation from Japan's Kansei area, Xi Jinping urged Japan to "firmly block any actions that would damage the national sentiments" of the two countries.⁹²¹

The Noda government, however, interpreted Beijing's message (blocking Ishihara's purchase without making a national purchase) in a different – and incorrect – way: China's anxiety was more about Ishihara's radicalism and Beijing would be less nervous if the purchase was made by the GOJ. After an intensive consultation with his close policy advisers on May 18, Noda reportedly made the decision to nationalize the islands.⁹²² After Ishihara announced that the Tokyo Metropolitan Government had received a total donation of 1.3 billion yen for the purchase,⁹²³ the Noda cabinet made it official on July 7 that the GOJ would purchase the three privately-owned islets in order to "maintain and manage the Senkakus in a calm and stable manner."⁹²⁴ Beijing made a strong response, asserting that "China's sacred territory cannot be sold or purchased by any party" and that Beijing would take "necessary measures to firmly defend the sovereignty of the Diaoyu Islands."⁹²⁵ Tokyo rejected Beijing's protest on the basis that the purchase "concerns transferring ownership of domestic land" and thus was "not a diplomatic matter."⁹²⁶

HARDLINERS DOMINATED BEIJING'S DOMESTIC COSTS CALCULATION

The Diaoyu/Senkaku nationalization came at a time when China's traditional foreign policy line and its longtime approach to deal with maritime disputes were undergoing an internal rethinking and debate. As the first decade of the 21st century drew to its close, the traditional Chinese position of peaceful development was confronting growing challenges from compromise-averse

⁹²¹ "China's Xi opposes Tokyo's plan to buy land on disputed islets," *Japan Economic Newswire*, Jul. 3, 2012.

⁹²² Green, et al., *Countering Coercion in Maritime Asia*, p. 135.

⁹²³ "Japan considers buying disputed islands: PM," Agence France Presse, Jul. 7, 2012.

⁹²⁴ "Japan Govt Moves to Acquire Senkaku Islands," Jiji Press, Jul. 7, 2012; "Japan considers buying disputed islands: PM," Agence France Presse, Jul. 7, 2012.

⁹²⁵ "China's sacred territory cannot be sold or purchased by anyone" [中国神圣领土绝不允许任何人买卖], *People's Daily*, Jul. 8, 2012, <http://world.people.com.cn/n/2012/0708/c157278-18466942.html>, accessed Feb. 13, 2019.

⁹²⁶ "Govt: Senkaku plan not diplomatic matter," *Daily Yomiuri*, Jul. 10, 2012.

stakeholders.⁹²⁷ For most of 2010, the advocates of a more assertive Chinese policy had “gone unchallenged publicly,” while those favoring the traditional cautious policy line had been “effectively silenced.”⁹²⁸ Later that year, in the face of mounting international concerns about an increasingly assertive China, the Chinese foreign policy community undertook a review,⁹²⁹ which culminated in a long article penned by State Councilor Dai Bingguo in December, which reaffirmed China’s commitment to peaceful development.

Defending Deng Xiaoping’s policy line of *tao guang yang hui* that promotes moderation, caution and international engagement, Dai argued that China had benefited tremendously from its adherence to peaceful development both in terms of domestic economic growth and international emergence as a great power. As China grew stronger, Dai contended, it must refrain from arrogance and triumphalism while always bearing in mind that the country was still facing enormous socioeconomic difficulty at home. According to Dai, China could continue its development and achieve rejuvenation by expanding international engagement and cooperation, whereas challenging existing international orders or other countries as a way of seeking national development was neither necessary nor feasible.⁹³⁰ Veteran China observers such as Henry Kissinger and Jeffrey Bader viewed Dai’s article, which apparently had Hu Jintao’s support, as an authoritative, strong rebuttal to those who had been arguing for a more assertive Chinese foreign policy and as a sincere call for a more cautious regional diplomacy.⁹³¹

⁹²⁷ Henry Kissinger, *On China* (New York: Penguin Press, 2011), pp. 503-507.

⁹²⁸ Bader, *Obama and China's Rise*, p. 122.

⁹²⁹ “Focus: Japan-China Relations Reach Major Turning Point,” Jiji Press, Sept. 20, 2011.

⁹³⁰ Dai Bingguo [戴秉国], “China’s State Councilor Dai Bingguo: Stick to the path of peaceful development” [中国国务委员戴秉国：坚持走和平发展道路], Dec. 6, 2010, http://www.gov.cn/dhd/2010-12/06/content_1760381.htm, accessed Jul. 30, 2019. An English version of this article could be found http://www.china.org.cn/opinion/2010-12/13/content_21529346_4.htm, accessed Sept. 23, 2019.

⁹³¹ Bader, *Obama and China's Rise*, p. 123; Kissinger, *On China*, p. 512.

Although Dai's article was applauded then by foreign observers as a sign that Beijing was about to return to a moderate foreign policy path, in hindsight it is clear that the article was essentially an unsuccessful attempt by moderates to arrest the assertive trend in Chinese foreign policy. Dai's position seemingly encountered immediate pushbacks from the hardliners. On the maritime disputes specifically, the hawks, also invoking Deng's teachings but interpreting them in a way to support an assertive posture when handling those disputes, contended that "sovereignty belonging to China" must be a precondition for – and therefore take priority over – the principle of "shelving the disputes and pursuing joint development."

A few days after Dai's article came out, Zhang Wenjie and Chen Minhang, two military strategists at the PLA's National Defense University (NDU), penned an article calling for a "scientific understanding" of Deng Xiaoping's guidance for resolving maritime disputes. This article, first published in the CASS-run *China Social Sciences* and reprinted in January 2011 in the Central Party School-run *Study Times*, strongly criticized that understanding Deng's strategic thinking on resolving maritime disputes merely as "shelving disputes and pursuing joint development" while ignoring the basic premise of "sovereignty belonging to China" had led to a "serious deviation from the very essence of Deng's thinking."⁹³² A related longtime misunderstanding of Deng's thinking, according to this article, is that "peaceful resolution is the only way" to resolve the disputes; however, as the authors argued, Deng "had never given up and would never give up" the "legitimate rights" of "using force for self-defense." Moreover, the

⁹³² Zhang Wenjie [张文杰] and Chen Minhang [谌民航], "Scientifically understand Deng Xiaoping's strategic thinking on resolving maritime rights disputes" [科学理解邓小平解决海洋权益争端战略思想], *China Social Sciences* [中国社会科学报], Dec. 10, 2010, <https://www.sinoss.net/2010/1210/29165.html>, accessed Sept. 23, 2019. This article was reprinted in *Study Times* using the pseudonym Wen Hang [闻航] comprised of one character/homophone from each of the authors' name, Wen and Hang, "Comprehensively understand Deng Xiaoping's strategic thinking on resolving maritime disputes" [完整理解邓小平解决海洋争端的战略思想], Jan. 3, 2011.

authors claimed, “Under the new historical circumstances, once peaceful resolution cannot be achieved, or countries impinging on China’s maritime rights attempts to escalate the situation by force, defending our country’s sovereignty and territorial integrity by force will be an inevitable choice.” It means that China must be prepared to use force to resolve the disputes while continuing to search for peaceful means.⁹³³ To prepare for a military struggle, Zhang and Chen contended, China must redouble its propaganda campaign on possible “maritime self-defense counterattack military operations,” bolster the confidence that China could fight and win in such conflict even in the face of the persistent risk of a U.S. intervention, and must enhance the PLA’s readiness and deterrence capabilities in both the East and South China Seas.⁹³⁴ To avoid the adverse situation in which China was “unilaterally shelving the disputes” while other claimant states were “taking a yard after being given an inch”, as argued by the authors, China should seek a two-pronged strategy: first, leveraging economic ties with the U.S. to secure its neutrality on these disputes and to prevent direct intervention by the U.S. in the event of a conflict; second, responding to other states’ provocation with forceful countermeasure and “appropriate defensive offensive operations.”⁹³⁵

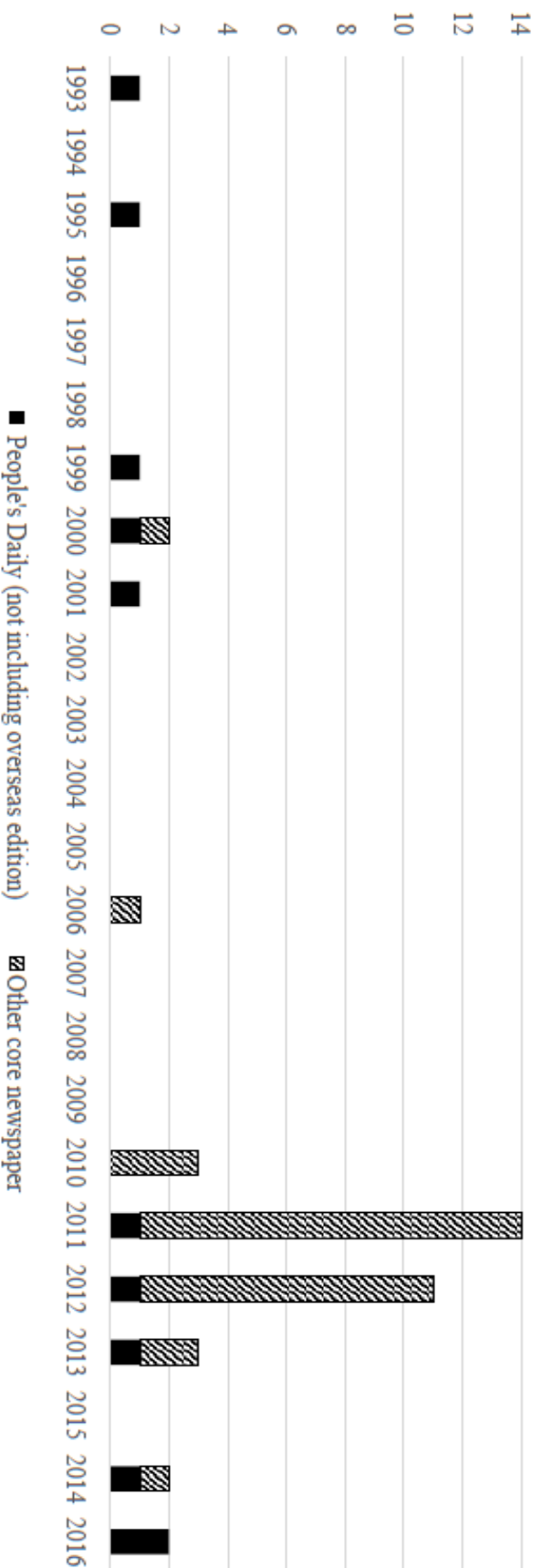
Zhang and Chen’s article provoked a wave of discussions around the issue of whether “sovereignty belonging to China” must be a premise for “shelving disputes and pursuing joint development.” Amid the discussions, Deng’s supposedly three-leg prescription increasingly gained salience (Figure 6.1) as more prominent Chinese strategists and opinion leaders joined the discourse. Retired PLA Major General Luo Yuan openly criticized on numerous occasions that the policy of “shelving disputes and pursuing joint development” had been manipulated by the other

⁹³³ Ibid.

⁹³⁴ Ibid.

⁹³⁵ Ibid.

Figure 6.1 Number of Article on People’s Daily and Other Core Chinese Newspapers Referring to “ Shelving Disputes and Pursuing Joint Development” alongside “ Sovereignty Belonging to China”



I conducted full-text search in the *People’s Daily* database and CNKI core newspaper database, using Chinese phrases *Zhu Quan Shu Wo* (主权属我) / *Zhu Quan Gui Wo* (主权归我) / *Zhu Quan Zai Wo* (主权在我) alongside *Ge Zhi Zheng Yi*, *Gong Tong Kai Fa* (搁置争议、共同开发) to minimize possible omission caused by variance in expression and read each article to exclude irrelevant search results and replicated content. Duplicates articles are counted as one.

claimants in the East and South China Seas in a way that the principle of “sovereignty belonging to China” had in effect been “abandoned.” Joint development, as argued by Luo, must be clearly based on the premise of “sovereignty belonging to China.”⁹³⁶ Likewise, Qiao Liang, a Major General of the PLA Air Force and a military strategist famous for spearheading the concept of “unrestricted warfare,”⁹³⁷ wrote in June 2011: “China’s slogan has traditionally been ‘shelving disputes and pursuing joint development.’ In fact, there is another leg coming before the two – ‘sovereignty belonging to China.’ Only by completely spelling out the twelve characters can we correctly understand Comrade [Deng] Xiaoping’s true intention and deeper meaning. It has been nearly 30 years since Comrade Xiaoping said this. Disputes have not been shelved, joint developments not commenced, but ‘sovereignty belonging to China’ has been threatened...To resolve the disputes...there is only one big premise that cannot be changed – sovereignty belonging to China. With this precondition, we will retain the right to resort to special means as a last resort lest we are compelled to do so someday.”⁹³⁸ Lin Dong, another military scholar at the PLA’s NDU, made a similar argument for making “sovereignty belonging to China” the precondition, although his discussion focused mostly on the South China Sea tensions.⁹³⁹

Apart from the strategic community, China’s energy sector, which has a major stake in offshore resources development, soon joined the discourse. In January 2011, Wang Peiyun, former Editor-

⁹³⁶ Liu Yaling, “China’s rise cannot ‘having only bones but no muscle’ [中国崛起不能“只长骨头不长肉”], *Zhuhai Daily* [珠海特区报], Dec. 19, 2010; “PLA Major General interprets the situation in the South China Sea: Be accountable to our decedents” [解放军少将解读南海局势：要对子孙后代负责], *Tuanjie Bao* [团结报], Apr. 24, 2012.

⁹³⁷ The concept of unrestricted warfare refers to the use of ways other than traditional military actions such as legal, political, and financial warfare to inflict costs on and defeat an adversary without ensuing a direct military confrontation. Qiao Liang [乔良] and Wang Xiangsui [王湘穗], *Unrestricted War* [超限战] (Beijing: Jiefangjun wenyi chubanshe, 1999).

⁹³⁸ Qiao Liang [乔良], “The political wisdom in the South China Sea situation” [南海局势中的政治智慧], *Economic Observer* [经济观察报], Jun. 27, 2011.

⁹³⁹ Lin Dong [林东], “Only by pursuing joint development can disputes be shelved” [只有共同开发才能搁置争议], *Study Times*, Jul. 4, 2011.

in-Chief of CNOOC's inhouse newspaper, made a strong statement in an interview that *tao guang yang hui* must not be applied to or be used as a justification for inaction on the issue of sovereignty. Some "dated ideas" on how to handle China's maritime dispute "must be subject to a review and rethinking" and be given a "new meaning in the context of the era," according to Wang, because should China continue to shelve the disputes without "preemptively pursuing development," it could never bring the other claimants to the negotiating table. Meanwhile, the most important leg of "sovereignty belonging to China" must be prioritized over maintaining stability, Wang argued, as the traditional priority given to the maintenance of stability had come at the expense of China's maritime sovereignty.⁹⁴⁰ In November, the inhouse journal of Sinopec reported that "due to Japan's obstruction," production at Chunxiao had been shelved for six years. Even without harvesting a single bucket of oil or gas, China still made huge investments every year to maintain the aging facilities there. While the big picture of the Sino-Japanese relationship and national strategy must be given full consideration, as contended in the article, "what cannot be lost and must be kept in balance is the equally important defense of [maritime] rights."⁹⁴¹

The SOA joined the discourse as the agency's official newspaper *China Ocean News* in a March 2012 article explicitly called for a rethinking on Deng's teaching of shelving disputes on the Diaoyu/Senkaku issue and for a finite timetable to resolve the dispute. The island dispute, as argued by the article, "could be shelved for the sake of the bigger picture of normalizing [Sino-Japanese] relations; [but] shelving by its definition is provisional and conditional, and [thus] must

⁹⁴⁰ Ye Yijian [叶一剑] and Lu Jing [卢靖], "Wang Peiyun, former Editor-in-Chief of *CNOOC News*, Author of *Exciting Chinese Seas: now it is the last ocean and belated awareness for China*" [《中国海洋石油报》原总编辑、《激荡中国海》作者王佩云：对中国来说，现在已经是最后的海洋和迟到的觉醒], *21st Century Business Herald* [21世纪经济报道], Jan. 24, 2011.

⁹⁴¹ Li Yongzeng [李永增], "Having invested several billion yuans, Chunxiao field has not produced a single drop of oil" [投资数十亿元 春晓油田六年未产一滴油], *China Oil, Gas & Petrochemicals* [中国石油石化杂志], issue 18, Sept. 22, 2011, <http://www.ccin.com.cn/ccin/news/2011/09/22/200356.shtml>, accessed on Nov. 5, 2017

be resolved within a certain period of time, say, 10, 20 or 30 years.” Now came the moment for China to rethink this policy and take actions, this article asserted, given Japan’s longtime lack of credibility, constantly landing and erecting structures on the islands, detaining Chinese fishermen, harassing Chinese marine scientific survey activities, and naming the islets near the Diaoyu/Senkakus in its latest move.⁹⁴²

The influence of the hardliners found its way into the top where leadership consensus on crisis containment was lacking at the time. At a CCP leadership meeting in Beidaihe in August 2012, Hu Jintao reportedly came under attacks from hawks within the leadership for being too weak in handling the Diaoyu/Senkaku nationalization.⁹⁴³ The impacts of leadership disunity were magnified as the party-state was expecting its once-in-a-decade power transition. Although Hu was to officially depart in November, his successor Xi Jinping was already in charge of China’s maritime affairs as of mid-2012.⁹⁴⁴ For Xi, the flareups on China’s maritime periphery presented an “important test” of his competence in defending national sovereignty as well as an opportunity to “project strength in contrast to Hu.”⁹⁴⁵

That the hardliners eventually carried the day was clear when Xi Jinping gave his endorsement to the three-leg formula of “sovereignty belonging to China, shelving disputes, and pursuing joint developments” at a Politburo study session in July 2013.⁹⁴⁶ Taylor Fravel argues that Xi’s repetition of Deng’s guideline came as a sign that “Beijing may be reconsidering the merits of its

⁹⁴² Dong Mu [冬木], “Revisiting Comrade Deng Xiaoping’s statements on Diaoyu Islands,” *China Ocean News*, Mar. 7, 2012.

⁹⁴³ Kokubun, et al., *Japan-China Relations in the Modern Era*, p. 186.

⁹⁴⁴ Author’s interviews, Beijing, August 2017; Bonnie Glaser, “China’s Maritime Rights Protection Leader Small Group – Shrouded in Secrecy,” CSIS Asia Maritime Transparency Initiative, Sept. 11, 2015, <https://amti.csis.org/chinas-maritime-rights-protection-leading-small-group-shrouded-in-secrecy/>.

⁹⁴⁵ Todd Hall, “More Significance Than Values: Explaining Developments in the Sino-Japanese Contest over the Senkaku/Diaoyu Islands,” *Texas National Security Review*, Vol. 4, Issue 4 (August 2019), p. 31.

⁹⁴⁶ “Xi Jinping underscored in the 8th Politburo study session: further care about, understand and manage oceans, pushing great maritime power construction toward new progress” [习近平在中共中央政治局第八次集体学习时强调：进一步关心海洋认识海洋经略海洋 推动海洋强国建设不断取得新成就], *People’s Daily*, Aug. 1, 2013.

most assertive actions in the East and South China Seas.” Fravel seems to interpret the internal debate as one on whether Deng’s formula should be maintained or discarded as a whole, thus arriving at the conclusion that Xi’s repetition of Deng’s guideline represented a reaffirmation and continuity of Deng’s position as well as a likely temporary Chinese moderation on maritime disputes.⁹⁴⁷ Nevertheless, as elaborated in the preceding paragraphs, the real focus of the internal rethinking and debate appears to be whether the allegedly long-forgotten first leg, “sovereignty belonging to China,” should be reemphasized, prioritized over, and even made a precondition to, the other two. Viewed in light of this more nuanced analysis of what was truly being debated on, then Xi’s articulation of the three-leg guideline (as opposed to the traditional two-leg narrative), as well as the way the three legs were ordered, lead to a conclusion very different from Fravel’s: it is a sign that the hardline school finally won the debate. The hardliners’ argument that “sovereignty belonging to China” should be the precondition to the other two legs of Deng’s formula is also consistent with the so-called “bottom-line approach” (底线思维) in Xi Jinping’s foreign policy, which “stresses the need for China to stand resolute in managing territorial and sovereignty issues.”⁹⁴⁸

The continued flare-up in the East China Sea (as well as in the South China Sea) roughly in tandem with the debate thus legitimized the hardline position and rationalized a more assertive pushback to perceived foreign infringement on China’s maritime rights and interests as advocated by the compromise-averse stakeholders.

⁹⁴⁷ M. Taylor Fravel, “Xi Jinping’s Overlooked Revelation on China’s Maritime Disputes,” *The Diplomat*, Aug. 15, 2013, <https://thediplomat.com/2013/08/xi-jinpings-overlooked-revelation-on-chinas-maritime-disputes/?all=true>, accessed Aug. 28, 2019.

⁹⁴⁸ Michael Swaine, “Beyond U.S. Predominance in the Western Pacific: The Need for a Stable U.S.-China Balance of Power” (Washington DC: Carnegie Endowment for International Peace), Apr. 20, 2015, <https://carnegieendowment.org/2015/04/20/beyond-american-predominance-in-western-pacific-need-for-stable-u.s.-china-balance-of-power-pub-59837>, accessed Oct. 7, 2019.

Since 2010 the FLE had maintained a constant presence at the forefront of the Diaoyu/Senkaku dispute and had in effect benefited as a bureaucratic actor vying for greater institutional influence. Speaking at a regional fisheries enforcement work conference in February 2011, Niu Dun, a vice minister of the MOA, stressed:

From the sensitive waters bordering the two Koreas in the Yellow Sea, to the surrounding areas of the Diaoyu Islands in the East China Sea, and to the Nansha, Xisha and Beibu Gulf, in all the sea areas we are facing serious challenges in defending our rights and maintaining stability. This is a matter related to national sovereignty, territorial integrity, and the safety of fishermen's lives and property. The leadership attach great importance to it, society has high expectations, and the international community pays much attention. This is a golden opportunity as well as a challenge...The enforcement work by the FLE should serve the construction of modern fisheries, seize the opportunity of the reform of the maritime law enforcement system...further expand (做大) and beef up (做强) rights protection and fishing protection, proactively play a unique role, and enhance the FLE's domestic and international influence and reputation.⁹⁴⁹

Niu stressed that in addition to redoubling the FLE's own fishing protection patrols in disputed sea areas, the agency also needed to closely collaborate with the PLA Navy in strengthening fishing protection patrols and joint enforcement patrols.⁹⁵⁰

On August 24, 2011, two Chinese FLE patrol ships were spotted by JCG inside the Diaoyu/Senkaku territorial sea – the first time that FLE vessels had been found in the sensitive waters and the first Chinese entry to this zone since December 2008. Tokyo lodged a protest with Beijing and urged for prevention of recurrence.⁹⁵¹ The Chinese foreign ministry defended the FLE

⁹⁴⁹ “Speech by MOA’s vice minister Niu Dun at the 2011 Regional Fisheries Enforcement Work Conference” [农业部副部长牛盾在 2011 年海区渔政局工作会议上的讲话], Feb. 28, 2011, *China Fishery Yearbook 2012*, p. 287.

⁹⁵⁰ *Ibid.*, p. 288.

⁹⁵¹ Chinese patrol boats enter Japanese waters off Senkaku Islands,” *Japan Economic Newswire*, Aug. 24, 2011; “China Ships Enter Japanese Waters near Disputed Islands,” Jiji Press, Aug. 24, 2011; “Minister lodges protest over Chinese boats’ approach near Senkakus,” *Japan Economic Newswire*, Aug. 25, 2011.

patrol as a routine operation.⁹⁵² This patrol, likely reported to and approved by Beijing in compliance with the tightened reporting requirement, might have been conducted in response to a Japanese Lower House meeting on August 23 which considered requesting the GOJ to approve onsite inspection of the Diaoyu/Senkakus. The patrol might also be related to a push in June by an Okinawa citizen independent judicial panel to indict the Chinese skipper involved in the 2010 collision who Japanese prosecutors decided not to indict.⁹⁵³

Following Tokyo's announcement to name the uninhabited islands near the Diaoyu/Senkakus, Vice Minister Niu Dun, speaking at a national fishery work conference in February 2012, urged the FLE to "dare to protect rights" (敢维权) and step up the agency's enforcement activity when foreign ships were involved.⁹⁵⁴ Amid continued tensions over the island purchase, three FLE patrol ships were spotted by JCG within the Diaoyu/Senkaku territorial waters on July 11.⁹⁵⁵

The CMS remained another key player in the East China Sea after the collision. In May 2011, Sun Shuxian, Deputy Director of the CMS, claimed that the agency was planning to "carry out regular sea patrols more frequently."⁹⁵⁶ On March 16, 2012, in response to Japan's announcement to name the unnamed islets, the CMS conducted its second patrol inside the Diaoyu/Senkaku territorial sea. Beijing seemed to have given the greenlight for this patrol, probably driven also by a sense of urgency to assert Chinese sovereignty and jurisdiction. As Colonel Li Jie, a researcher at the PLA's Naval Research Institute, warned that by 2022, Japan will have effectively controlled

⁹⁵² "MFA spokesperson Ma Zhaoxu answers media questions regarding Chinese fishery enforcement ships patrol in sea areas around Diaoyu Islands" [外交部发言人马朝旭就我渔政船赴钓鱼岛海域巡航答记者问], Aug. 24, 2011, https://www.mfa.gov.cn/mfa_chn/fyrbt_602243/dhdw_602249/t851643.shtml, accessed Feb. 9, 2019.

⁹⁵³ James J. Przystup, "Japan-China Relations: Muddling Through," *Comparative Connections*, vol. 13, issue 2, Sept. 2011.

⁹⁵⁴ "Speech by MOA's vice minister Niu Dun at the National Fishery Law Enforcement Work Conference" [农业部副部长牛盾在全国渔政工作会议上的讲话], Feb. 25, 2012, *China Fishery Yearbook 2013*, p. 279.

⁹⁵⁵ "Chinese Patrol Boats Enter Japanese Waters," Jiji Press, Jul. 11, 2012; "Japan summons China ambassador over island dispute," Agence France Presse, Jul. 11, 2012.

⁹⁵⁶ "China beefs up maritime patrol force; 1,000 officers to be hired this year 36 ships to be added over next five years," *Strait Times*, May 3, 2011.

the Diaoyu/Senkakus for 50 years, a duration long enough to allow Japan to justify its seizure of the islands on the basis of acquisitive prescription. This circumstance, as argued by Li, presented China with a closing window of opportunity to assert its sovereignty claims. According to Li, this patrol had not just successfully demonstrated China's sovereignty and jurisdiction over the islands but also had effectively paved the way for the CMS to routinize its rights protection patrols in this area.⁹⁵⁷ A report on this patrol published in the SOA's official newspaper *China Ocean News* on March 30 called for persistent CMS patrols "at a higher frequency and at a closer distance [to the Diaoyu/Senkakus]." In addition, the report urged the CMS to take the lead in organizing various MLE forces to form joint patrol fleets, improve coordination with diplomatic and military agencies as well as to "support legal activities by civilian Baodiao organizations."⁹⁵⁸

The Chinese military, silent most of the time after Ishihara's announcement, made its position clear in May following the disclosure of Japan's SDF plan for recovering the Diaoyu/Senkakus in the event of a Chinese occupation. It was revealed by Japanese media that during the joint operation drills near Okinawa in November 2011, Japan's SDF exercised on three hypothetical scenarios of the Diaoyu/Senkakus being attacked by Chinese forces: the landing of Chinese maritime militia on the islands in peace time, followed by the deployment of PLAN warships, amphibious and airborne forces, and PLAAF fighters; a situation in which an armed attack was expected; and an actual armed attack.⁹⁵⁹ The PLA-run *China National Defense News* suspected the timing of the disclosure of Japan's island recovery plan was well calculated as a test of China's resolve and thus China must react strongly to deter further moves by Japan:

⁹⁵⁷ Li Jie [李杰], "Li Jie: Patrols around the Diaoyu Islands should be routinized" [李杰: 巡航钓鱼岛应常态化], *Global Times*, Mar. 20, 2012, <http://opinion.huanqiu.com/1152/2012-03/2537992.html>, accessed Feb. 14, 2019.

⁹⁵⁸ Dong Mu [冬木], "Lessons from the CMS patrols in Diaoyu sea areas" [中国海监巡航钓鱼岛海域的启示], *China Ocean News*, Mar. 30, 2012.

⁹⁵⁹ Przystup, "Happy 40th Anniversary...? Part 2;" Yu Qing [于青], "Japanese media discloses SDF's 'island recovery' plan" [日本媒体披露自卫队“夺岛”方案], *People's Daily*, May 10, 2012.

Given that the Diaoyu Islands is a sensitive issue between China and Japan, combat plans related to the Diaoyu Islands should be the Japanese MOD's 'top secret' ...[which] usually cannot be publicized. Therefore, this move by the GOJ is to test China's reaction. If the Chinese government does not react strongly, this plan may evolve into a plan for stationing Japan's Self-Defense Forces on the Diaoyu Island and nearby islets.⁹⁶⁰

After the GOJ finalized the island purchase in September, the SOA convened a symposium on September 20 on defending China's maritime rights and interests in the East China Sea with participants from the CMS, SOA, PLAN, CNOOC and FLE. Addressing the symposium, Liu Cigui, then head of the SOA, vowed that his institution "would never back down on core issues concerning national territories and maritime rights and interests."⁹⁶¹ The executive deputy director of the CMS Sun Shuxian called for an acceleration of the agency's capacity building. Sun also claimed that unlike the boundary delimitation and resource development issues in the East China Sea, the Diaoyu/Senkakus was a symbol of historical legacy, sovereignty, and national dignity, and therefore China had no room to back down.⁹⁶² Ju Li, Deputy Director of the FLE, similarly pledged to redouble the agency's fishing protection patrols in the area.⁹⁶³ Wang Xiaoxuan, head of the PLA Naval Research Institute, called for a shift of the policy of shelving dispute to one of "retaliating firmly" while waiting for opportunities to "thoroughly resolve the dispute."⁹⁶⁴

At the grassroots level, pressures from the Baodiao activists and the general public to respond firmly to Japan were mounting simultaneously. Repeated blocking of Baodiao voyages by the

⁹⁶⁰ Ye Lian [叶莲], "Analyze Japan's combat plan to grasp China's Diaoyu Islands" [剖析日本欲夺我钓鱼岛作战计划], *China National Defense News*, May 15, 2012.

⁹⁶¹ Zhao Jiandong [赵建东] and Sun Anran [孙安然], "Firmly and unswervingly defend China's sovereignty over the Diaoyu Islands and maritime rights and interests" [坚定不移维护我钓鱼岛主权和海洋权益], *China Ocean News*, Sept. 21, 2012.

⁹⁶² "Excerpt and summaries of some experts' presentation at the symposium on defending sovereignty over the Diaoyu Islands and maritime rights and interests" [维护钓鱼岛主权和海洋权益座谈会部分专家发言摘要], *China Ocean News*, Sept. 24, 2012.

⁹⁶³ Ibid.

⁹⁶⁴ Ibid.

Hong Kong SAR government in the years preceding the nationalization had already stirred widely-spread suspicions and dissatisfaction in the Hong Kong public that Beijing had been behind the scene and that local residents' rights to freely criticize the government's handling of the dispute were violated.⁹⁶⁵ The dissatisfaction was aggravated further still after a local court found two activists guilty for not having sufficient fire extinction equipment on the ship to be used for a protest voyage and for carrying passengers while holding only a fishing license. The two activists, fined HK \$ 1,350 (USD \$173), called the ruling "political" in nature and told the media, "We couldn't have guessed we would be persecuted by the governments in Hong Kong, Taiwan and mainland China when we want to say 'No' to invaders. It is shameful."⁹⁶⁶

In June 2012, Chinese authorities interdicted another Baodiao protest voyage departing from Hong Kong in waters near Hainan.⁹⁶⁷ This move came under fierce criticism from the Chinese public in the wake of the landing of two Japanese citizens on the Diaoyu/Senkakus and a Baodiao voyage which successfully set sail from Taiwan, both in July. What seemed to the Chinese public an extremely sharp and even ironic contrast with Beijing's approach was that the Taiwan Baodiao ship was escorted by five Taiwan Coast Guard ships and returned safely after sailing all the way to a distance of less than one nautical mile from the Diaoyu/Senkaku Islands.⁹⁶⁸ As the news of the Taiwan Baodiao expedition went viral in the Internet, Beijing incurred strong backlash from the Chinese public. On *Tiexue* ("iron blood"), one of China's popular nationalistic internet bulletin board site, a netizen wrote: "The Baodiao people departing from Hong Kong were 'dissuaded'

⁹⁶⁵ Chris Yeung, "Why block on Diaoyu trip is worrying," *South China Morning Post*, May 10, 2009.

⁹⁶⁶ "H.K. court fines Senkaku protesters over fire safety and license," *Japan Economic Newswire*, Apr. 15, 2010.

⁹⁶⁷ "Chinese authorities detain protest vessel bound for Japan-held islets: activist," *Japan Economic Newswire*, Jun. 15, 2012.

⁹⁶⁸ "Two Japanese land on disputed island with China despite government restriction," BBC Monitoring Asia Pacific, Jul. 6, 2012; "Taiwan Baodiao ship approached the Diaoyu Island and returned safely" [台保釣船貼近釣魚島後安全返回], Voice of America, Jul. 4, 2012, <https://www.voachinese.com/a/boat-to-disputed-island-back-home-to-taiwan-20120704/1363216.html>, accessed Sept. 25, 2019.

while those departing from Taiwan were protected by Taiwan's government ships. This is the gap."⁹⁶⁹ Another netizen wrote: "Taiwan has done a great job. The mainland is spineless."⁹⁷⁰ Even a researcher at the PLA's AMS joined the backlash, urging the state to protect the Baodiao movement.⁹⁷¹

BEARABLE INTERNATIONAL COSTS

To Chinese eyes, in the context of the broader Sino-Japanese relationship at the time, the island purchase was not merely an isolated territorial dispute but part of a multi-faceted strategic rivalry with Japan, in which various Japanese actions were perceived as attempts to exploit China's vulnerability. As the bilateral relationship soured across-the-board, it effectively weakened China's incentive to avoid escalation over the Diaoyu/Senkaku issue and created extra domestic pressures on Beijing to take a firm position on one issue area to signal resolve on others.

First, after the 2010 collision and against the backdrop of Washington's growing interest in maritime security in the Asia-Pacific,⁹⁷² Japan had been stepping up its outreach to ASEAN countries as well as to India, a move perceived by Beijing as forging a "strategic encirclement (战略包围)" of China on both the southern and eastern maritime frontiers.⁹⁷³ In particular, Beijing watched warily as Japan boosted its strategic partnerships with both the Philippines and Vietnam in 2011 – in the first instance through Aquino's visit to Tokyo in September and in the second

⁹⁶⁹ Post by "ekebin," Jul. 6, 2012, https://bbs.tiexue.net/post_5932463_1.html, accessed Sept. 25, 2019.

⁹⁷⁰ Posted by "changerxp," Jul. 6, 2012, https://bbs.tiexue.net/post_5932463_2.html, accessed Sept. 25, 2019.

⁹⁷¹ Li Ruijing [李瑞景], "Civilian Baodiao activism needs protection" [民间保钓需要保护], *Anhui News* [世界报], Jul. 11, 2012.

⁹⁷² Since 2009 when the US Navy vessel *Impeccable* was confronted by Chinese maritime law enforcement vessels while navigating within the China-claimed EEZ, Washington has been voicing grave concerns about the situation in the South China Sea. Secretary of State Hillary Clinton pointed to it as a major issue at the 2010 ASEAN Regional Forum (ARF) in Hanoi, by stating that freedom of navigation in the South China Sea was a "national interest" of the U.S. "Press Availability: Hillary Rodham Clinton, Secretary of State," Hanoi, Vietnam, Jul. 23, 2010, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/07/145095.htm>, accessed Sept. 26, 2019.

⁹⁷³ CIIS, *International Situation and China's Foreign Affairs (2012)* [国际形势和中国外交 (2012)] (Beijing: Shijie zhishi chubanshe, 2012), pp. 277-278.

instance by signing a memorandum in October which sought to promote Japan-Vietnam cooperation in security and defense.⁹⁷⁴

Moreover, in April 2012, during the U.S.-Japan Security Consultative Committee (SCC) meeting, Japan agreed to make “strategic use” of its Official Development Assistance (ODA), such as for financing the provision of patrol boats to littoral states in the South China Sea, as part of the alliance’s “new initiatives to promote regional peace and stability.”⁹⁷⁵ In May, in the middle of a tense standoff between China and the Philippines in the Scarborough Shoal, information surfaced that Japan had since March been planning to provide ten coast guard vessels to the Philippines to support the latter in its territorial dispute against China.⁹⁷⁶ Beijing perceived an increasingly clear link between Japan’s policy in the East China Sea and its growing interest in the South China Sea, “Now Japan goes out of its way to intervene in the South China Sea, but its direct incentive is to check China on the Diaoyu Islands dispute.”⁹⁷⁷

⁹⁷⁴ CIIS, *International Situation and China’s Foreign Affairs (2012)*, pp. 277-278; Institute of Strategic Studies, National Defense University, *International Strategic Situation and China’s National Security 2011/2012* [国际战略形势与中国国家安全 2011/2012] (Beijing: Shishi chubanshe, 2012), pp. 177-179; Zhu Fenglan [朱凤岚], “Inherit or go beyond?—Trend in Japanese foreign policy after the double earthquake” [继承还是超越? ——双重地震后日本对外关系走向], in Zhang Jie [张洁] and Zhong Feiteng [钟飞腾], ed., *China’s Regional Security Environment Review: 2012* [中国周边安全形势评估: 2012] (Beijing: Social Sciences Academic Press, 2012), pp. 089-090; “The development trend in Japan’s South China Sea policy” [日本南海政策的发展趋势], in Cao Yunhua [曹云华] and Ju Hailong [鞠海龙], ed., *Report of the Situation in the South China Sea 2011-2012* [南海地区形势报告] (Beijing: Shishi Chubanshe, 2012), pp. 120-138. During his visit to Japan, President Aquino and Prime Minister Noda issued a joint statement affirming the vitality of the South China Sea and declaring that “peace and stability therein is of common interest to the international community.” “Japan-Philippines Joint Statement on the Comprehensive Promotion of the ‘Strategic Partnership’ between Neighboring Countries Connected by Special Bonds of Friendship,” MOFA, Sept. 27, 2011, https://www.mofa.go.jp/announce/pm/noda/joint_statement110927.html, accessed Apr. 11, 2016; Japan-Viet Nam Joint Statement on the Actions Taken Under Strategic Partnership for Peace and Prosperity in Asia,” MOFA, Oct. 30, 2011.

⁹⁷⁵ Joint State of the Security Consultative Committee, Apr. 26, 2012, US Department of State, <https://www.mofa.go.jp/region/n-america/us/security/scc/index.html>, accessed Apr. 2, 2016.

⁹⁷⁶ DJ Yap, “Japan eyes maritime aid for Philippines defense,” *Inquirer*, May 18, 2012, <https://globalnation.inquirer.net/37235/japan-eyes-maritime-aid-for-philippine-defense>, accessed Sept. 26, 2019.

⁹⁷⁷ Lin He [临河], “Japan: Intervenes in the Huangyan Island, keeping its eyes on the Diaoyu Islands” [日本: 插手黄岩岛, 觊觎钓鱼岛], *China National Defense News*, May 22, 2012.

In addition to China's concerns about Japan's growing influence in the South China Sea, the relationship had also been constrained by what Beijing perceived as Japan's challenge to China's core interest in Xinjiang.⁹⁷⁸ On May 14, 2012, the World Uyghur Congress (WUC), a pro-Xinjiang-independence organization that Beijing claimed had engaged in separatism and terrorism activities, was allowed to convene a general assembly in Tokyo, despite strong oppositions from Beijing.⁹⁷⁹ Indeed, on May 13, during the China-Japan-South Korea trilateral summit held in Beijing, Chinese Premier Wen Jiabao made a request to Noda, asking the GOJ to block the WUC meeting.⁹⁸⁰ In a move that China might have perceived as even suggesting a connection between Xinjiang and the Diaoyu/Senkakus, Rebiya Kadeer, Chair of the WUC who Beijing accused of leading the Uyghur separatist movement, made a 100,000-yen donation on May 18 to support Ishihara's island purchase, in addition to paying a visit to the Yasukuni Shrine where she hailed the Japanese war dead as "heroes."⁹⁸¹ China's Foreign Ministry spokesperson Hong Lei stated that the WUC was "colluding with Japanese right-wing forces" to split China.⁹⁸² A few days later, Beijing announced the cancellation of CMC Vice Chair Guo Boxiong's planned trip to Japan for "work-related reasons," signaling Beijing's strong dissatisfaction.⁹⁸³

⁹⁷⁸ CIIS, *International Situation and China's Foreign Affairs (2013)* [国际形势和中国外交 (2013)] (Beijing: Shijie zhishi chubanshe, 2013), pp. 58-59.

⁹⁷⁹ "Japan allows WUC to convene in Japan and visit the Yasukuni shrine, China condemns" [日允许“世维会”在日本开会参拜靖国神社，中国谴责], *Global Times*, May 14, 2012, <https://world.huanqiu.com/article/9CaKrnJvpO4>, accessed Sept. 26, 2019.

⁹⁸⁰ "Japan allows WUC to convene in Japan and visit the Yasukuni shrine;" James Przystup, "Japan-China Relations: Happy 40th Anniversary, part 2," *Comparative Connections*, vol. 14, issue 2, September 2012; Joelle Metcalfe, "Exiled Leader Sees More Pressure on Uighurs Under Xi," *Wall Street Journal*, Jun. 24, 2013, <https://www.wsj.com/articles/BL-JRTB-14102>, accessed April 7, 2021; "Lawyer sues Japan over Diaoyu bid for violating Chinese sovereignty," *Global Times*, Jul. 24, 2012.

⁹⁸¹ Metcalfe, "Exiled Leader Sees More Pressure on Uighurs Under Xi;" "Scum: Rebiya asks Japan to purchase Xinjiang while donating money to purchase the Diaoyu Islands" [败类：热比亚要日本买新疆，捐钱买钓鱼岛], *Global Times*, May 21, 2012, <https://mil.huanqiu.com/article/9CaKrnJvvat>, accessed Sept. 26, 2019.

⁹⁸² Przystup, "Japan-China Relations: Happy 40th Anniversary, Part 2."

⁹⁸³ "CMC Vice Chair Guo Boxiong's planned trip to Japan cancelled due to work-related reasons" [军委副主席郭伯雄因工作原因取消访日计划], *China Daily*, May 22, 2012, reprinted on *Global Times*, <http://china.huanqiu.com/politics/2012-05/2747504.html>, accessed Feb. 13, 2019.

On the U.S. front, while China watched with deepening suspicions as Washington fleshed out its “pivot to Asia” strategy in 2011 and 2012,⁹⁸⁴ Beijing appeared to be confident that due to the United States’ declined power, this strategy would unlikely translate into an American military intervention in China’s maritime disputes. The 2012 CIIS Bluebook evaluating China’s foreign relations in the previous year assessed that the United States, constrained by its financial abyss and military overstretch around the world, no longer had the capability to implement a “Cold War-style direct containment of China” and instead must rely on its allies and partners in the region to jointly balance against China.⁹⁸⁵ Similar assessments were also reflected in analyses by China’s security and military agencies. In the 2012 NDU evaluation of China’s international security environment, Yuan Peng, head of the MSS-affiliated CICIR and an expert on U.S.-China relations, wrote: “Now in China too much attention has been paid to America’s ‘pivot’ to Asia while ignoring the Middle East will continue to be its strategic priority...given China’s accumulated power and its deep economic integration with the neighboring countries, it is entirely possible to avoid a Sino-U.S. confrontation.”⁹⁸⁶ Likewise, the PLA’s AMS noted in its 2012 *Strategic Review*:

Given its declined power, tightened budget, and the resultant overall military retrenchment, even though the U.S. prioritizes the western Pacific, there will not be a conspicuous increase in U.S. forces deployed to this region soon; meanwhile, the U.S. cannot ignore challenges from other regions...the gap between America’s

⁹⁸⁴ See, for example, Yuan Peng [袁鹏], “Structural Conflicts and Strategic Anxiety – Major Risks in Sino-U.S. Relations and the Remedies” [结构性矛盾与战略性焦虑——中美关系的重大风险及其破解之道], in Wang Jisi [王缉思], ed., *China International Strategy Review 2011* [中国国际战略评论 2011] (Beijing: Shijie zhishi chubanshe, 2011), pp. 99-107; Zhu Feng [朱锋], “The Obama Administration’s ‘Rebalancing toward Asia’ Strategy and U.S.-China Relations” [奥巴马政府“亚洲再平衡”战略与中美关系], in Wang Jisi, ed., *China International Strategy Review 2012* [中国国际战略评论 2012] (Beijing: Shijie zhishi chubanshe, 2012), pp. 9-22; Wu Xinbo [吴心伯], “The Obama Administration’s Asia-Pacific Strategy” [美国奥巴马政府的亚太战略], in Li Xiangyang [李向阳], ed., *Annual Report on Development of Asia-Pacific (2013)* [亚太地区发展报告] (Beijing: Social Sciences Academic Press, 2013), pp. 013-027.

⁹⁸⁵ CIIS, *International Situation and China’s Foreign Affair (2012)*, p. 217.

⁹⁸⁶ Yuan Peng [袁鹏], “Internal and External Factors in America’s Strategic Adjustment” [美国战略调整的内外因素], in Institute of Strategic Studies National Defense University, *International Strategic Situation and China’s National Security 2011/2012*, p.30.

strategic ambition and its means remains a pronounced problem. In this context, avoiding a general military confrontation with China becomes an increasingly clear red line in America's China policy.⁹⁸⁷

With respect to the Diaoyu/Senkaku issue and Sino-Japanese tensions specifically, the perceived decline in U.S. power undergirded the Chinese optimism that Washington would not confront China for Japan over some uninhabited islands, despite the unpleasant fact that the Obama administration explicitly reaffirmed after the 2010 collision the application of the U.S.-Japan Security Treaty to the islands. In early 2011, Yuan Peng, head of CICIR, identified the South China Sea, Taiwan Strait and Korean Peninsula as the three “most dangerous” flashpoints where the potential risk of Sino-U.S. military frictions was high,⁹⁸⁸ leaving out the Diaoyu/Senkakus. In May 2011, writing specifically on a potential Diaoyu/Senkaku scenario, Liu Jiangyong, a Japan expert at Tsinghua University, argued:

The United States knows clearly the limitation and risks of manipulating the Diaoyu disputes [as a tool to bolster U.S.-Japan alliance]...Once China and Japan become involved in another crisis over the Diaoyu Islands, the United States will face a dilemma: if it supports Japan, the U.S.-China relations would deteriorate, and Japan would be emboldened to take more radical actions...The mainstream public opinion in the United States will not support its government to fight a war against China over some uninhabited islands seized by Japan.⁹⁸⁹

Moreover, that Washington pressured Japan into releasing the Chinese skipper during the 2010 collision incident illustrated that “the U.S. is neither willing nor able to defend the Diaoyu Islands,” according to Liu.⁹⁹⁰ Still other analyses argued that the U.S. would refrain from a direct

⁹⁸⁷ Academy of Military Science [军事科学院], *Strategic Review 2012* [战略评估 2012] (Beijing: Military Science Press, 2013), pp.22-24.

⁹⁸⁸ Yuan, “Structural Conflicts and Strategic Anxiety,” p. 107.

⁹⁸⁹ Liu Jiangyong [刘江永], “The Dilemma for the U.S. Military Intervention in the Diaoyu Islands” [美国军事介入钓鱼岛将面临两难困境], *China International Studies* [国际问题研究], issue 3, 2011, p. 15.

⁹⁹⁰ *Ibid.*, p. 17.

intervention in a Diaoyu/Senkaku scenario not only to avoid a head-on clash with China but also out of the concern for possible implications that such an intervention might have for America's relations with Russia and South Korea, both of which also have territorial disputes with Japan.⁹⁹¹

Washington's somewhat ambivalent response to the GOJ's purchase plan seemed to have confirmed the Chinese assessment. On July 9, two days after the Noda cabinet made it official that the GOJ would make a national purchase of the Diaoyu/Senkakus, U.S. State Department's spokesperson Patrick Ventrell, when asked about Washington's position on Japan's decision, said, "We expect the claimants to resolve the issue through peaceful means among themselves." When pressed with follow-up questions of whether Washington perceived Japan's purchase plan as "a productive way to resolve the dispute" and whether the purchase would resolve the dispute "in a peaceful manner" – as the U.S. called for – Ventrell dodged a direct answer and reiterated that he was stating Washington's "comprehensive position on the Senkaku Islands, and that's where we are."⁹⁹²

Washington's ambivalence toward the island purchase plan appeared to stem from its concerns, or even discomfort, that Japan was "rushing" a policy decision that could well trigger a serious crisis with China and destabilize U.S.-China relations as well. According to a CSIS report, on July 8, U.S. Assistant Secretary of State Kurt Campbell held two meetings in Tokyo with his Japanese counterpart Sugiyama Shinsuke, head of MOFA's Asian and Oceanic Affairs Bureau. Campbell took with a grain of salt Sugiyama's claim that Japan had convinced China of the rationale for nationalizing the Diaoyu/Senkakus – i.e., a national purchase would be less destabilizing to Sino-Japanese relations than a purchase by Ishihara – and that China had given its support to the

⁹⁹¹ Gao Lan [高兰], "An assessment of a U.S. intervention in Sino-Japanese disputes over the Diaoyu Islands" [美国对中日钓鱼岛争端的介入浅析], *Japan Studies* [日本学刊], issue 2, Mar. 10, 2012, pp. 52-64.

⁹⁹² Daily Press Briefing, U.S. Department of State, July 9, 2012, <https://2009-2017.state.gov/r/pa/prs/dpb/2012/07/194761.htm>, accessed Feb. 14, 2019.

nationalization.⁹⁹³ In an interview in April 2013, Campbell revealed that he gave his Japanese counterpart “very strong advice not to go in this direction.” In a likely suggestion of frustration, Campbell said, “Japan decided to go in a different direction, and they thought they had gained the support of China, or some did, which we were certain that they had not.”⁹⁹⁴ A later declassified e-mail dated September 3, 2012 that Campbell sent to senior State Department officials and copied to Secretary of State Hillary Clinton only sheds more light on Washington’s reservations about the nationalization plan. This email was written shortly after Japan’s vice foreign minister Sasae Kenichiro made a phone call to inform Washington that the GOJ and the islands’ private owner had agreed upon a price. According to the email, Campbell again urged Japan to have prior consultation with China when he met with Sasae on August 7, 2012 in Tokyo. By the time of Campbell’s phone call the Sasae, “[t]he GOJ has just concluded a round of deliberations and apparently their PRC counterparts were irate. Sasae, however, believes that China actually understands the necessity of these actions and will accept them (I am not so sure).”⁹⁹⁵

Whereas former senior U.S. officials stated in private communication that America’s reservations with the nationalization plan, as well as the U.S.-Japan communication in this regard, were not made known to China through diplomatic channels between Washington and Beijing, some noted that the probability that Beijing got the information through other channels could not

⁹⁹³ Green, et al., *Countering Coercion in Maritime Asia*, pp. 137-138.

⁹⁹⁴ “U.S. warned government against buying Senkaku Islands: Campbell,” Kyodo News, Apr. 10, 2013, reprinted on *Japan Times*, <https://www.japantimes.co.jp/news/2013/04/10/national/politics-diplomacy/u-s-warned-government-against-buying-senkaku-islands-campbell/#.XBqaeuJ7k2w>, accessed Dec. 19, 2018.

⁹⁹⁵ “Declassified email to Clinton reveals how US urged Japan to consult with Beijing about 2012 purchase of Diaoyu Islands that sparked wave of protests,” Associated Press, Jan. 31, 2016, reprinted on *South China Morning Post*, <https://www.scmp.com/news/asia/diplomacy/article/1907620/declassified-email-clinton-reveals-how-us-urged-japan-consult>, accessed Dec. 19, 2018. A full text of the email is retrieved on Wikileaks, “Sasae call” (UNCLASSIFIED U.S. Department of State Case No. F-2014-20439 Doc No. C05792813 Date: 01/29/2016), <https://wikileaks.org/clinton-emails/emailid/11475>, accessed Sept. 28, 2019.

be ruled out.⁹⁹⁶ One U.S. interlocutor noted that Beijing repeatedly requested Washington to help block Japan's nationalization plan.⁹⁹⁷ Interviews with Chinese analysts and scholars, short of yielding definitive evidence for China's knowledge about the U.S.-Japan communication, confirm Beijing's conviction that the U.S. was unwilling to be dragged into a conflict over the Diaoyu/Senkaku.⁹⁹⁸

On the South Korea front, while some Chinese analysts cautioned that China's heavy-handed approach on East and South China Seas might push Seoul, with whom China also has unsettled maritime boundaries, to reinforce its alliance with Washington,⁹⁹⁹ a rapid deterioration in Japan-ROK relations in mid-2012 over the Dokdo/Takeshima dispute provided Beijing with a window of opportunity to mitigate the potential costs that an escalatory response to the Diaoyu/Senkaku nationalization might incur. In late June, South Korea's popular resentment against Japan over the Dokdo/Takeshima and over the comfort women issue were reignited after a Japanese nationalist activist put up a post next to a Korean comfort woman statue in front of the Japanese embassy in Seoul claiming that the Dokdo/Takeshima is Japanese territory.¹⁰⁰⁰ Amid strong pressures from domestic civic groups and opposition parties, the Lee Myung-bak administration announced to postpone the signing of the General Security of Military Information Act (GSOMIA) with Tokyo, a bilateral pact that would allow intelligence sharing between the two countries.¹⁰⁰¹

⁹⁹⁶ Author's interviews, Los Angeles, Washington, August 2019; phone interview, August 2019; Skype interview, September 2019.

⁹⁹⁷ Author's phone interview, August 2019.

⁹⁹⁸ Author's interviews, Shanghai, April 2019; Beijing, March 2019.

⁹⁹⁹ See, for example, Li Yongchun [李永春], "Review of China-ROK relations in 2011 and the outlook" [2011 年中韩关系评述及展望], in Li Xiangyang, ed., *Annual Report on Development of Asia-Pacific (2012)* [亚太地区发展报告 (2012)] (Beijing: Social Sciences Academic Press, 2012), p. 202.

¹⁰⁰⁰ "Provocative 'Dokdo' post erected in Seoul irks Koreans" *Korea Times*, Jun. 22, 2012.

¹⁰⁰¹ Chung Min-uck, "Korea-Japan military pact draws fire," *Korea Times*, Jun. 28, 2012; "Korea postpones signing controversial military pact with Japan," *Korea Times*, Jun. 29, 2012; Lee Chang-sup, "Seoul-Tokyo chicken game," *Korea Times*, Jul. 5, 2012.

On August 10, to boost his declining domestic support, President Lee Myung-bak made a surprise visit to the Dokdo/Takeshima, the first by a South Korean leader. In response, Tokyo recalled its ambassador to Seoul and summoned the South Korean ambassador to lodge a formal protest, while proposing to submit the Dokdo/Takeshima dispute to the ICJ for a binding ruling on sovereignty. Seoul dismissed the ICJ proposal on the basis that the Dokdo/Takeshima was Korean territory and thus there was no territorial dispute.¹⁰⁰² On August 24, Japan's Lower House passed a resolution condemning Lee's visit to the Dokdo/Takeshima and demanding South Korea immediately end its "illegal occupation."¹⁰⁰³

The flare-up over the Dokdo/Takeshima presented China an opportunity to co-opt South Korea on the East China Sea boundary disputes, as each of the two countries claimed an extended continental shelf stretching to the Okinawa Trough. In early July, Korean media reported that Seoul and Beijing were in a quiet discussion to file a joint claim for an extended continental shelf to the UNCLCS with the aim of countering Japan's maritime claims.¹⁰⁰⁴ In seeking alignment with Seoul, Beijing's rationale was to gain recognition in the first place that the Okinawa Trough was the continental shelf rim, and then settle the overlapping claims between China and South Korea through bilateral negotiation.¹⁰⁰⁵

¹⁰⁰² "S. Korean leader visits islets also claimed by Japan; Trip may further strain ties; Tokyo recalls ambassador," *Straits Times*, Aug. 11, 2012; "Analysis: Japan's Isle Row with S. Korea Seen Continuing," Jiji Press, Aug. 17, 2012; Kwan Weng Kin, "Tokyo to take isles row with Seoul to world court; South Korea reject outright proposal to jointly ask ICJ to settle dispute," *Strait Times*, Aug. 22, 2012; "South Korea rejects Japan's ICJ proposal," *Japan Times*, Aug. 31, 2012, <https://www.japantimes.co.jp/news/2012/08/31/national/south-korea-rejects-japans-icj-proposal/#.XZDAQ2ZS82w>, accessed Sept. 29, 2019.

¹⁰⁰³ ; "Seoul holding islets illegally, Noda charges," *Japan Times*, Aug. 25, 2012; "Japan Lower House Passes Resolution against S. Korea's Lee," Jiji Press Aug. 24, 2012.

¹⁰⁰⁴ The two countries filed their respective preliminary reports in May 2009. "Korea, China agree on joint maritime claim against Japan," *Korea Herald*, Jul. 8, 2012.

¹⁰⁰⁵ "China seeks to ally with South Korea against Japan on continental shelf delimitation" [大陆架划界案，中国欲联合韩国应对日本], *Lianhe Zaobao*, Sept. 19, 2012, <https://www.zaobao.com.sg/wencui/politic/story20120919-176373>, accessed Feb. 13, 2019.

Information from Chinese language sources appears consistent with the South Korean reports. China's *Global Times* argued in October that although China, South Korea, and Japan have mutually overlapping continental shelf claims in the East China Sea, Beijing and Seoul's shared position of extending their continental shelves to the Okinawa Trough contradicts Japan's claim and in effect puts the former two on the same side. Even after China and South Korea ended up submitting separate (and overlapping) claims in December,¹⁰⁰⁶ Chinese analysts still seemed to regard South Korea as a potential partner with whom a united front could and should be formed against Japan on the East China Sea disputes. Lv Chao, a researcher at the Liaoning Academy of Social Sciences, stated that the overlapping claims between China and South Korea "is not a major discrepancy between the two countries" and that "the two countries' common interest in delimiting the boundary at the Okinawa Trough vis-à-vis Japan's [equidistance line] claim far outweighs this [discrepancy]."¹⁰⁰⁷ Japan was uneasy with the prospect of a China-ROK alignment on the East China Sea disputes. The possibility that China, South Korea and Russia, each having maritime disputes with Japan, might "gang up on Japan," according to a *Nikkei Weekly* commentary, was "most worrisome."¹⁰⁰⁸

On the Southeast Asian front, whereas Beijing was aware of the repercussions that its escalatory response to the 2010 fishing trawler collision had generated among claimants in the

¹⁰⁰⁶ According to a former MFA official, two factors contributed to China's dismissal of the idea of submitting a China-ROK joint claim. First, given the unsettled maritime boundary between China and South Korea, Beijing was concerned that the alignment would be used by South Korea as a bargaining chip with China in their bilateral maritime boundary negotiations. Second, even though South Korea insists the continental shelf principle in its disputes with Japan but applies the equidistance line principle in its dispute with China, Beijing was "unwilling to confirm South Korea's claims in any form." Author's interview, Beijing, June 2019.

¹⁰⁰⁷ Wang Gang [王刚], "South Korea mulls submitting continental shelf claim in the East China Sea, probably aligning China and ROK against Japan" [韩国拟提东海大陆架划界案, 或成中韩对日本局面], *Global Times*, Oct. 23, 2012, <http://world.huanqiu.com/exclusive/2012-10/3207082.html>, accessed Feb. 11, 2019; Liu Yang [刘洋], "South Korea submitted continental shelf claim, doubling the claimed area stipulated in the version made three years ago" [韩提交大陆架划界案, 较三年前方案面积翻倍], *Global Times*, Dec. 27, 2012, <http://world.huanqiu.com/exclusive/2012-12/3422516.html>, accessed Feb. 13, 2019.

¹⁰⁰⁸ "Japan must maintain its territorial integrity," *Nikkei Weekly*, Aug. 28, 2012.

South China Sea, the open discourse in the Chinese foreign policy community on the Diaoyu/Senkaku nationalization seems to have given little consideration on the potential geopolitical costs generated on this front should China make an escalatory response to the GOJ's decision. In the months leading up to the nationalization, in the context of the South China Sea, Beijing was apparently preoccupied by the standoff with the Philippines in the Scarborough Shoal and the diplomatic row with Vietnam over the Vietnamese Maritime Law that claimed sovereignty on both the Spratlys and Paracels. Therefore, as will be elaborated in chapter 8, the Chinese assessment focused more on the potential spillover effects of these incidents especially the Scarborough Shoal standoff – rather than the Diaoyu/Senkaku nationalization – to China's relations with other claimants in the South China Sea and with ASEAN.

CHINA'S STRONG MILITARY AND NONMILITARY ESCALATION

The potential political costs that the Chinese decision makers might incur at home outweighed their concerns for potential diplomatic and geopolitical costs, compelling Beijing to take an escalatory response to the GOJ's decision of nationalizing the Diaoyu/Senkaku Islands.

Between the Noda cabinet's formal proposal on July 31 to purchase the three privately owned Diaoyu/Senkaku islets for two billion yen and the GOJ announcement on September 10 that the island purchase had been finalized,¹⁰⁰⁹ Beijing's primary goal was to deter Japan from moving forward with the deal. During this period, there was no fait accompli that China was seeking to reverse and in the Chinese perception there was still room for dissuasion. Facing a growing likelihood that the GOJ would press on, China's escalation in this period was a relatively strong

¹⁰⁰⁹ "Gov't proposes buying parts of disputed Senkakus for 2 billion yen," *Japan Economic Newswire*, Jul. 31, 2012; "China says Japan's buying disputed islands 'illegal,'" BBC, Sept. 10, 2012; "Japan Inks Senkaku Purchase Contract," Jiji Press, Sept. 11, 2012.

nonmilitary escalation comprised of Baodiao expeditions and nationwide anti-Japan protests to signal China's resolve without closing the door to negotiation and pressuring.

Japan's finalization of the purchase on September 10 altered China's goal of deterring the nationalization. At this stage, presented with a fait accompli, Beijing's primary goal was to reverse it through what the Chinese analysts branded as "the combination punches" (组合拳), namely, a variety of countermeasures that constituted a strong nonmilitary escalation and a restrained military escalation. The strong nonmilitary escalation was comprised of massive and at times violent anti-Japan protests, routinized MLE patrols within the Diaoyu/Senkaku territorial waters, a complete suspension of bilateral exchanges, and the initiation of international legal warfare at the UN. Meanwhile, the restrained military escalation allowed the PLA to play a more active role in asserting China's maritime claims, though still short of coming to the "first line."

Following the leadership transitions in both China and Japan in late 2012, mutual perceptions continued to harden as neither side saw a prospect that what had been done by the other could be rolled back through negotiation or compulsion. At this stage, China was more risk acceptant in seeking to prevent Japan from taking further steps that might come at the expense of China and to compensate for what was perceived as China's loss. In this context, the PLA and the Japanese SDF were brought into direct contact with each other on the forefront of the disputes, and as such, elements of a strong military escalation emerged.

Phase One (Jul. 31-Sept 10, 2012): Strong Nonmilitary Escalation

The Baodiao activists were allowed back to the forefront of the dispute as part of Beijing's nonmilitary escalation. On August 12, a group of activists from mainland China, Hong Kong and Macau set sail from Hong Kong.¹⁰¹⁰ Contrasting its previous efforts to block the ship, the Hong

¹⁰¹⁰ "H.K. protesters head to disputed East China Sea isles," *Japan Economic Newswire*, Aug. 12, 2012.

Kong authorities expressed support for this trip. Leung Chun-ying, Chief Executive of the Hong Kong SAR government, even told the activists to watch out for weather changes and their personal safety when claiming sovereignty of the islands,¹⁰¹¹ suggesting official endorsement by Chinese authorities. A reporter and a cameraman from the Phoenix Television, a Hong Kong-based TV station primarily serving mainland Chinese audience and characterized by Susan Shirk as “the television equivalent of [the nationalistic tabloid] *Global Times*,”¹⁰¹² also sailed with the activists. The participation of Phoenix TV in the Baodiao expedition marked the first real-time television reporting on such a voyage.¹⁰¹³

The group landed on the Diaoyu/Senkaku Islands on August 15. JCG soon detained fourteen of the participants, including the two Phoenix TV staff. The Japanese Foreign Ministry summoned the Chinese ambassador Cheng Yonghua to lodge an official protest.¹⁰¹⁴ Prime Minister Noda vowed that his government “will respond to the incident strictly in accordance with the law” – a remark which sounded to resonate the Kan cabinet’s approach during the 2010 fishing trawler incident.¹⁰¹⁵ In Beijing, China’s Vice Foreign Minister Fu Ying summoned Japanese Ambassador Niwa, demanding the immediate and unconditional release of the Chinese activists.¹⁰¹⁶

Aside from the diplomatic channel between Beijing and Tokyo, the Hong Kong SAR government stepped in as Chief Executive Leung Chun-ying announced on August 15 to send

¹⁰¹¹ “Hong Kong Leaders Supports Boat Headed for Disputed Isles,” Jiji Press, Aug. 14, 2012.

¹⁰¹² Susan Shirk, *Fragile Superpower*, p. 89.

¹⁰¹³ “Exclusive on-the-scene report: Baodiao Activists erected Chinese flags after landing on the island” [独家现场目击保钓人士登岛后插五星红旗], Phoenix TV, Aug.15, 2012, video and transcript retrieved at http://news.ifeng.com/mainland/special/diaoyudaozhengduan/content-3/detail_2012_08/15/16828783_0.shtml, accessed Feb. 20, 2019.

¹⁰¹⁴ “Japan Eyes Early Deportation of Hong Kong Activists,” Jiji Press, Aug. 15, 2012.

¹⁰¹⁵ “Japan Arrests 14 Foreigners over Senkaku Landing,” Jiji Press, Aug. 15, 2012.

¹⁰¹⁶ “Vice Foreign Minister Fu Ying made a solemn presentation regarding Japan’s illegal detention of Chinese citizens in Diaoyu Islands” [就日方在钓鱼岛非法抓扣中国公民，外交部副部长傅莹提出严正交涉], *People’s Daily* (overseas edition), Aug. 16, 2012.

immigration department officials to Japan to “provide assistance” to the arrested activists.¹⁰¹⁷ The next day, Leung summoned the Japanese Consul General to Hong Kong. Noting that for decades the Hong Kong public had harbored “strong feelings” toward the Diaoyu/Senkaku dispute, Leung urged an immediate release of the activists.¹⁰¹⁸ This move was very uncommon for a Hong Kong Executive Chief in the sense that under the “one country, two systems” formula, Beijing retains the authority to manage foreign policy on the behalf of the Hong Kong SAR government.

The landing and the resulting detention of the activists prompted a string of anti-Japan protests, although all on a small scale. On August 15, the 67th anniversary of the end of WWII, a group of some twenty Chinese activists staged a brief protest in front of the Japanese embassy in Beijing over the island disputes. The protesters held up banners stating radical slogans such as “a war against Japan to take back control of Diaoyu.”¹⁰¹⁹ More demonstrations erupted the next day in a multitude of Chinese cities including Beijing, Shanghai, Guangzhou, Hong Kong and Qingdao.¹⁰²⁰ Phoenix TV staged a high-profile propaganda campaign. On August 16, two of the company’s vice presidents went to the Japanese consulate in Hong Kong to deliver a letter of protest. Calling for an immediate release of its staff and the activists, the television company also urged Japan to return the news records intact and to “fully respect the freedom of press.”¹⁰²¹

Tough rhetoric notwithstanding, the GOJ avoided a repetition of the 2010 situation. The Noda cabinet suggested on August 15 that this incident would be handled following Koizumi’s

¹⁰¹⁷ “H.K. to send officials to Japan to help activists arrested in Senkakus,” *Japan Economic Newswire*, Aug. 15, 2012.

¹⁰¹⁸ “Hong Kong Chief summons Japan consul over arrest of Chinese activists,” BBC, Aug. 16, 2012.

¹⁰¹⁹ “Chinese Activists Protest Before Japan Embassy over Isles,” Jiji Press, Aug. 15, 2012.

¹⁰²⁰ “Protests across China urging release of nationals detained by Japan,” BBC, Aug. 16, 2012; “Protests in China, Hong Kong over Japan arrest of activists,” BBC, Aug. 16, 2012; “Anti-Japan protests erupt in Beijing, other major Chinese cities,” *Japan Economic Newswire*, Aug. 16, 2012.

¹⁰²¹ “Phoenix TV delivered a petition to the Japanese consulate with respect to the detention of the company’s reporters, making three demands” [凤凰卫视就记者被扣向日本领馆递交交涉函，提三点要求], Phoenix TV, Aug. 16, 2012, video and transcript retrieved at http://news.ifeng.com/mainland/special/diaoyudaozhengduan/content-3/detail_2012_08/16/16857606_0.shtml, accessed Feb. 20, 2019.

management of the 2004 Baodiao landing.¹⁰²² Declining to confirm the activists' accusation that JCG used water cannon in an attempt to block the landing, a local JCG official stated that the coastguard was "exercising caution to avoid a possible collision."¹⁰²³ This claim about JCG's extra caution in handling Chinese civic ships is consistent with information from interviews with Japanese analysts in defense and foreign affairs institutions as well as with Japanese scholars. Indeed, a few Japanese interlocutors even pointed to the ramming and sinking of a Taiwan fishing boat by JCG in 2008 in the Diaoyu/Senkaku territorial sea as a case sharply contrasting the more cautious way that JCG has handled Chinese civilian boats.¹⁰²⁴ As noted by a Japanese source, while ramming and water cannons could be employed against Chinese civilian boats identified by JCG as illegally operating in Japan's territorial waters, Japan – as well as China – had in general "politically controlled" such encounters, knowing that "if we fail to control it, it will be difficult to contain [the political fallout]."¹⁰²⁵

On August 17, Tokyo deported all fourteen of the Chinese nationals. Phoenix TV ran intensive coverage of its staff's departure from Naha airport alongside five activists and the hero's welcome home ceremony at the Hong Kong airport.¹⁰²⁶ The other seven activists returned to Hong Kong on the Baodiao ship on August 22. They were also greeted with a warm ceremony and hailed by a crowd of over 100 activists and local residents at the port.¹⁰²⁷

¹⁰²² "Japan Eyes Early Deportation of Hong Kong Activists," Jiji Press, Aug. 15, 2012.

¹⁰²³ "Japan fires water cannon at protest ship: H. K. activists," Agence France Presse, Aug. 15, 2012.

¹⁰²⁴ Author's interviews, Tokyo, August 2018.

¹⁰²⁵ One of the interlocutors also noted that when dealing with Chinese government vessels that show flag, the Japanese and Chinese ships usually issue verbal warning toward each other that this is Japanese/Chinese territorial sea. This type of encounters has become a quite routinized, business-as-usual practice nowadays. The JCG vessels usually maneuver with the Chinese ones at a two-on-one ratio. Author's interview, Tokyo, August 2018.

¹⁰²⁶ "Two reporters of Phoenix TV covering the Baodiao campaign returned to Hong Kong safe" [凤凰卫视两位采访保钓记者平安抵达香港], Phoenix TV, Aug. 17, 2012, video and transcript retrieved at http://phtv.ifeng.com/lcl/detail_2012_08/18/16909560_0.shtml, accessed Feb. 20, 2019.

¹⁰²⁷ "Hong Kong Baodiao Ship 'Kai Fung 2' arrives in Tsim Sha Tsui port" [香港保钓船“启丰二号”抵达尖沙咀码头], Phoenix TV, Aug. 22, 2012, video and transcript retrieved at http://news.ifeng.com/mainland/special/diaoyudaozhengduan/content-3/detail_2012_08/22/17004918_0.shtml,

This Baodiao voyage, intended to let off some steam while signaling popular dissatisfaction in China with Japan's proposed nationalization, backfired in two ways. First, it created more domestic steam than had been let off. Following the detention of the activists, the Action Committee for Defending the Diaoyu Islands that organized the voyage issued a statement, criticizing the PLA for failing to provide protection to the Baodiao ship despite the organization's strong petitions before the activists' departure.¹⁰²⁸ Despite his open support for the Baodiao voyage and dispatch of SAR government representatives to Japan to handle the arrest, Hong Kong's Chief Executive Leung Chun-ying was criticized for failing to send government representatives to welcome the activists home.¹⁰²⁹ Emotions in the mainland were running similarly high. On Sina Weibo, a Chinese equivalent of Twitter, a number of netizens questioned why the PLA did not provide protection to the activists landing on what was supposed to be China's territory.¹⁰³⁰ Tong Zeng, a veteran mainland Baodiao activist, urged China to take further strong measures to demonstrate its sovereignty and strengthen control of the islands, such as declaring baselines around the islands, authorizing SOEs and private enterprises to develop the islands for tourism, establishing a military restricted zone in the area, etc.¹⁰³¹

Second, a Japanese pushback quickly followed the landing. On August 18, 150 Japanese activists, including eight parliamentary members, sailed to the Diaoyu/Senkakus. Ten of the

accessed Feb. 20, 2019; "Kai Fung 2 arrives in Hong Kong, Phoenix TV's video records remain intact" [启丰二号抵港，凤凰卫视拍摄素材保存完整], Phoenix TV, Aug. 22, 2012, video and transcript retrieved at http://news.ifeng.com/mainland/special/diaoyudaozhengduan/content-3/detail_2012_08/22/17005987_0.shtml, accessed Feb. 20, 2019; Kevin Chan, "HK welcomes home sailors arrested in island row," Associated Press, Aug. 22, 2012.

¹⁰²⁸ "Hong Kong Chief summons Japan consul over arrest of Chinese activists," BBC, Aug. 16, 2012; "Fearless HK activists ready to face Japanese navy vessels over Diaoyus," *South China Morning Post*, Aug. 14, 2012.

¹⁰²⁹ Adrian Wan, "Leung blasted for Diaoyu crew snub," *South China Morning Post*, Aug. 25, 2012.

¹⁰³⁰ "China showed 'restraint' in dispute with Japan: State media," *Strait Times*, Aug. 17, 2012.

¹⁰³¹ "CMS ships patrol Diaoyu islands, 14 Baodiao activists probably coming home today" [中国海监船巡航钓鱼岛，14名保钓勇士或今日回国], *Beijing Times* [京华时报], Aug. 17, 2012, reprinted on *Global Times*, <http://world.huanqiu.com/roll/2012-08/3034219.html>, accessed Feb. 20, 2019.

Japanese participants landed on the island the next day.¹⁰³² Beijing fiercely protested the Japanese landing,¹⁰³³ and unleashed the largest anti-Japan protests since 2005 in more than 20 Chinese cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong, Hangzhou, Chengdu, Xi'an, Wuhan, and Qingdao. Starting from August 18 for three consecutive days, thousands of Chinese citizens staged large-scale demonstrations and marches. In Shenzhen and Hangzhou, protests soon devolved into violence and vandalism targeting Japan-linked businesses and Japanese-brand cars.¹⁰³⁴

Japanese Ambassador Niwa also became a direct target of the heightened Chinese nationalism, which highlighted the potential of anti-Japan protests in generating serious diplomatic ramifications. On August 27, Niwa's car was forced to stop on the road by two cars and a Chinese man emerged from one of the cars and ripped off the Japanese flag on the ambassador's car. The ambassador, who was in his car at the time, was not harmed. The Japanese Embassy lodged a strong protest with the Chinese foreign ministry.¹⁰³⁵ Tang Jiaxuan, Chair of the China-Japan Friendship Association and former Chinese State Councilor, openly condemned the attack as an act of "harming the country" (害国), claiming that "the attackers are by no means patriots and their

¹⁰³² "Japan activists sail for islands despite China anger," Agence France Presse, Aug. 18, 2012; "Flags, tensions raised in Japan-China island row," Agence France Presse, Aug. 19, 2012.

¹⁰³³ Liu Junguo [刘军国], "China strongly protests over Japan's right-wing activists landing on the Diaoyu Island" [中方对日本右翼分子登上钓鱼岛表示强烈抗议], *People's Daily*, Aug. 20, 2012.

¹⁰³⁴ "Anti-Japan protests erupt in China amid island dispute," CNN, Aug. 19, 2012; "Anti-Japan Protests Held Across China," Voice of America News, Aug. 19, 2012; "Anti-Japan protests sweep across China for 2nd straight day," *Japan Economic Newswire*, Aug. 19, 2012; "Anti-Japan protests in China turn violent," BBC, Aug. 19, 2012; "Anti-Japanese Protests Spread in China," Jiji Press, Aug. 19, 2012; Ho Ai Li, "Japanese activists land on disputed isles; Tit-for-tat move yesterday results in thousands taking to streets in China," *Strait Times*, Aug. 20, 2012.

¹⁰³⁵ "Japan ambassador targeted in China amid protests," Agence France Presse, Aug. 27, 2012; "China voices regret after attack on Japanese envoy's car in Beijing-report," BBC, Aug. 27, 2012; Malcom Foster, "Japan wants probe as flag ripped from car in China," Associated Press, Aug. 28, 2012.

behavior by no means patriotic.”¹⁰³⁶ On Weibo, however, the attackers were applauded by numerous posts as a national hero.¹⁰³⁷

On August 29, Japan’s senior vice minister of foreign affairs Yamaguchi Tsuyoshi visited Beijing as Noda’s envoy to deliver the prime minister’s personal letter to Chinese President Hu Jintao. The letter underscored the importance of dealing with the territorial dispute in a way that would not harm the broad bilateral relationship. However, it did not mention the GOJ’s impending plan to nationalize the islands, as Noda perceived the transfer of the islands’ ownership as an inherently “internal affair of Japan.”¹⁰³⁸ Some Chinese government officials, in their retrospective accounts, indicated that the omission led Hu to believe, incorrectly, that there was “still room for Japan to re-examine the purchase plan.”¹⁰³⁹

The Chinese perception that there were still hopes for dissuasion was reflected in the relatively moderate language of a long speech that former State Councilor Tang Jiaxuan delivered on August 29 at a CASS symposium commemorating the 40th anniversary of Sino-Japanese normalization. Reiterating that “China and Japan are partners not threats to each other” and describing Sino-Japanese relationship as “one of China’s most important bilateral relationships,” Tang noted that

¹⁰³⁶ Tang Jiaxuan [唐家璇], “Uphold broader interest, control and manage crisis, move Sino-Japan relations toward sound and steady development – speech at the China Academy of Social Sciences international symposium commemorating the 40th anniversary of the normalization of Sino-Japanese relations” [维护大局, 管控危机, 推动中日关系健康稳定发展——在中国社会科学院纪念中日邦交正常化 40 周年国际学术研讨会上的演讲], Aug. 29, 2012, the full text was published on *Nikkei* (Chinese-language site), <https://cn.nikkei.com/columnviewpoint/viewpoint/3773-20121008.html?start=0>, accessed Aug. 6, 2019. A Chinese version of Tang’s speech was also published on Chinanews [中国新闻网] and an English version was published on the Chinese Foreign Ministry’s website. The contents of the latter two versions are mostly the same, but a paragraph-by-paragraph comparison with the version published on *Nikkei* reveals substantial deletion and censorship. Most of the deleted content appears to contain self-reflection and criticism of China’s own behavior, including Tang’s denouncement of the attack on Ambassador Niwa’s car. In addition, a comparison of the wording and tone reveals that the *Nikkei* version more resembles an oral speech than the other two versions. For these reasons, I use the *Nikkei* version.

¹⁰³⁷ “Course of Chinese Probe into Japan Embassy Car Attack Closely Watched,” Jiji Press, Aug. 28, 2012.

¹⁰³⁸ James J. Przystup, “Japan-China Relations: 40th Anniversary: ‘Fuggetaboutit,’” *Comparative Connections*, vol. 14, issue 3, January 2013.

¹⁰³⁹ Green, et al, *Countering Coercion in Maritime Asia*, pp. 140-141.

the relationship had been highly combustible such that “even a single oblivious move could trigger a confrontation between the publics and deal a heavy blow to the bilateral relationship.” Therefore, the relationship required careful protection and negotiation to resolve problems however complicated they might be.¹⁰⁴⁰ The island purchase, Tang cautioned, if allowed to move ahead, “could spin out of control and create endless trouble to Sino-Japanese relations;” therefore, the two governments “are now confronting a grave challenge to contain and manage the crisis in a timely and effective manner, to appropriately handle relevant problems, and to keep these issues from causing serious damage to the overall relationship.”¹⁰⁴¹ To appropriately control and manage the current crisis over the island purchase, Tang urged both parties to adopt an approach of three DOs and three DON’Ts: “Recognizing rather than denying the disputes, shelving rather than intensifying the controversies, stabilizing the situation rather than taking unilateral actions to further complicate and escalate it.”¹⁰⁴²

Beijing’s hopes to dissuade Japan from forging ahead with the purchase were shattered in early September when information surfaced, and soon was confirmed, that the Noda cabinet was in the final stage of sealing the deal.¹⁰⁴³ Xinhua denounced Noda’s letter and GOJ’s simultaneous purchase negotiation as an illustration of Japan’s duplicity.¹⁰⁴⁴ On September 5, the MFA’s spokesperson Hong Lei claimed that China “is resolute and determined in defending its territorial sovereignty” and “will take necessary measures” to do so.¹⁰⁴⁵

¹⁰⁴⁰ Tang, “Uphold broader interest, control and manage crisis, move Sino-Japan relations toward sound and steady development.”

¹⁰⁴¹ Ibid.

¹⁰⁴² Ibid.

¹⁰⁴³ “Japan gov’t in final talks to purchase Senkaku Islands by Sept.,” *Japan Economic Newswire*, Sept. 3, 2012; “Japan to bring Senkaku Islands under state control,” *Japan Economic Newswire*, Sept. 5, 2012.

¹⁰⁴⁴ Wu Liming [吴黎明], “Japan’s ‘purchase’ of the Diaoyu Islands is an act of robbery” [日本“买卖”钓鱼岛是强盗行径], *Xinhua Daily Telegraph*, Sept. 6, 2012.

¹⁰⁴⁵ MFA, “Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on September 5, 2012,” Sept. 5, 2012, <https://www.fmprc.gov.cn/ce/cgtrt/eng/fyrthhz/t967701.htm>, accessed Oct. 2, 2019.

In this context, Hu Jintao and Noda held a brief informal meeting on the margin of the APEC summit in Vladivostok on September 9. There is little available information to confirm which side proposed the meeting. According to a diplomatic source quoted by Japanese media, Hu dodged a formal meeting with Noda for fears of domestic backlash for being weak on Japan. By making an informal, brief “chat” with Noda, according to this source, Hu was able to “show to Japan his willingness to prevent the bilateral ties from deteriorating further while conveying China’s tough stance in the territorial row.”¹⁰⁴⁶ During the 15-minute conversation, Hu reiterated China’s position of “firmly opposing” to the nationalization of the Diaoyu/Senkaku Islands.¹⁰⁴⁷

That said, Beijing seemed to perceive this meeting as a last-ditch effort to block the GOJ’s island purchase, according to multiple sources. As a former U.S. government senior official who was at the Vladivostok APEC recalled, Hu Jintao “was very nervous, very uneasy” about the impending nationalization, as the Chinese leadership at that point needed some time to “figure out how they could live with this.”¹⁰⁴⁸ This is consistent with information from Chinese interlocutors. According to a Chinese scholar well versed in Japan policy, Beijing perceived this meeting as “a last-ditch effort” based on the judgment that Japan might be receptive to the warning coming directly from China’s top leader.¹⁰⁴⁹ Another Chinese scholar close to Beijing’s foreign policy establishment put it plainly that at the time of the meeting, the Chinese leadership had already realized that the purchase might not be blocked; thus, Beijing’s “psychological bottom line” was that Japan would give China a “buffer period” before making the final announcement.¹⁰⁵⁰

¹⁰⁴⁶ “China’s Hu Shows Firm Opposition to Japan’s Senkaku Nationalization,” Jiji Press, Sept. 10, 2012.

¹⁰⁴⁷ “Hu Jintao reaffirm China’s position on current China-Japan relations and the Diaoyu Islands issue” [胡锦涛就当前中日关系和钓鱼岛问题表明立场], Xinhua, Sept. 9, 2012, reprinted on GOV.cn, http://www.gov.cn/ldhd/2012-09/09/content_2220443.htm, accessed Feb. 28, 2019.

¹⁰⁴⁸ Author’s Skype interview, September 2019.

¹⁰⁴⁹ Author’s interview, Shanghai, April 2019.

¹⁰⁵⁰ Author’s interview, Beijing, March 2019

The bilateral relationship took a nosedive following the Noda government's announcement on September 10 that it had finalized the island purchase.¹⁰⁵¹ The announcement, coming right on the heels of the Hu-Noda meeting, was perceived by Beijing as a grave snub. Hu Jintao, according to multiple Chinese sources, was "very upset."¹⁰⁵² On September 27, Tang Jiaxuan told a visiting Japanese delegation headed by former Lower House Speaker Kono Yohei that the island purchase decision, coming right after the Hu-Noda meeting, made the Chinese public feel having lost face and thus triggered fierce popular reactions.¹⁰⁵³ The ill-timing of Japan's announcement arguably put the final nail in the coffin of Hu's longtime position of a moderate Japan policy. To be fair, a ferocious Chinese backlash would have been unsurprising and in fact entirely predictable even if Japan had made the announcement at a later date. Furthermore, in light of the Japanese domestic politics confronting the Noda cabinet at the time and the Japanese legal procedure for property transfer, it is conceivable that even the Noda government itself might not fully control the procedure and timing of nationalization. However, the second half of a year, given the concentration of sensitive anniversaries and dates in this period,¹⁰⁵⁴ is the "fire season" in Sino-Japanese relations and requires extra caution when making potential controversial decisions.

Phase Two (Sept. 10-late 2012): The "Combination Punches"

The finalized island purchase presented a fait accompli in the Diaoyu/Senkakus that Beijing attempted to reverse through a strategy popularly dubbed "combination punches" in China.¹⁰⁵⁵ In

¹⁰⁵¹ "Japan Inks Senkaku Purchase Contract," Jiji Press, Sept. 11, 2012; "China says Japan's buying disputed islands 'illegal,'" BBC, Sept. 10, 2012.

¹⁰⁵² Author's interviews, Shanghai, April 2019.

¹⁰⁵³ Przystup, "Japan-China Relations: 40th Anniversary: 'Fuggetaboutit,'" Weiss, *Powerful Patriots*, p. 204.

¹⁰⁵⁴ July 7 is the anniversary of the Marco Polo Bridge Incident; August 15 the anniversary of the end of WWII; September 2 the anniversary of Japan's surrender in WWII; September 18 the anniversary of the Mukden incident; October 1 the birthday of PRC; December 13 the anniversary of the fall of Nanjing and the start of the Nanjing massacre.

¹⁰⁵⁵ See, for example, "Scholars discuss China's response to Japan's 'island purchase:' at the moment China needs countermeasure rather than military strike" [学者谈中国应对日"购岛"目前需要反制而非打击], *China Newsweek*

this phase, the “punches” were comprised of an even more forceful nonmilitary escalation and a restrained military escalation. The nonmilitary escalation entailed international legal warfare, large-scale anti-Japan protests, routinized and intensified MLE patrols, cancellations of anniversary events as well as suspensions of high-level exchanges. The restrained military escalation consisted of military drills and joint exercises of the PLA and the MLE agencies which were geared toward swiftly responding to maritime rights protection scenarios.

Reversing the *fait accompli* was the primary goal that Beijing strived to achieve at this stage. China’s Foreign Minister Yang Jiechi articulated this goal on September 10 when summoned Japanese Ambassador Niwa Uichiro to lodge a “fierce protest” against Japan’s decision and urge the GOJ to “immediately revoke its wrong decision” of the purchase.¹⁰⁵⁶ On the same day, delivering a speech at the China Foreign Affairs University, Chinese Premier Wen Jiabao pledged that China “will never make any concessions on issues of national sovereignty and territory.”¹⁰⁵⁷ The next day, Beijing reiterated its demand that Japan “immediately revoke” the decision of the purchase.¹⁰⁵⁸ Japan rejected the Chinese demand. Japanese Foreign Minister Gamba Koichiro asserted that there was “no way” that the GOJ would reconsider the decision.¹⁰⁵⁹

Against the backdrop of the 40th anniversary of Sino-Japanese relations normalization, bilateral diplomacy became the field that incurred perhaps the largest casualties as Beijing decided to call off a slew of celebration events and, with only rare exceptions, to freeze all high-level

[中国新闻周刊], Sept. 24, 2012, reprinted on http://news.ifeng.com/gundong/detail_2012_09/24/17852851_0.shtml, accessed Feb. 28, 2019.

¹⁰⁵⁶ “Foreign Minister Yang Jiechi summoned Japanese Ambassador to China and Lodged Strong Protest,” MFA, Sept. 10, 2012, https://www.fmprc.gov.cn/mfa_eng/topics_665678/diaodao_665718/t968382.shtml, accessed Feb. 28, 2019. Emphasis added.

¹⁰⁵⁷ “Premier Wen Jiabao Attends Inauguration of a Bronze Statue of Zhou Enlai and Chen Yi and Delivers a Speech at China Foreign Affairs University,” MFA, Sept. 10, 2012, https://www.fmprc.gov.cn/mfa_eng/topics_665678/diaodao_665718/t969868.shtml, accessed Feb. 28, 2019.

¹⁰⁵⁸ “China demands again Japan revoke the decision of ‘island purchase’” [中方再次要求日方撤销“购岛”决定], *People’s Daily*, Sept. 12, 2012.

¹⁰⁵⁹ “Gamba rejects China’s demand that Japan rescind island acquisition,” *Japan Economic Newswire*, Sept. 12, 2012.

communication and inter-government exchanges.¹⁰⁶⁰ The Sino-Japanese talks on setting up a maritime crisis management were also suspended.¹⁰⁶¹ Most notably, on September 23, Beijing notified the GOJ through the Japanese Embassy that formal ceremonies slated to take place at the Great Hall of the People would be cancelled; instead, only the Japanese delegation headed by Kono Yohei was granted a one-hour meeting on September 27 with Jia Qinglin, the fourth ranking member on the Politburo Standing Committee.¹⁰⁶² Most local-level events and cultural exchange activities were also called off.¹⁰⁶³ While Beijing refrained from further escalation in the diplomatic dimension with moves such as recalling its ambassador, a measure that South Korea had repeatedly employed in disputes with Japan,¹⁰⁶⁴ the damages done to Sino-Japanese diplomatic ties were substantial and arguably more far-reaching. “Even sister-city events were ordered to stop,” according to a knowledgeable Chinese source who acknowledged in private that the complete halt of bilateral exchanges was “over the top” (过了); in some cases, the Japanese side was given a short notice about event cancellations after the delegation had already arrived in China.¹⁰⁶⁵

On the front line of the island disputes, China stepped up its presence by giving a greenlight to the CMS on September 11 to regularize patrols in the contested area.¹⁰⁶⁶ Remotely overseeing a

¹⁰⁶⁰ Zhu Fenglan [朱凤岚], “The Diaoyu Islands sovereignty crisis and the U.S.-Japan alliance” [钓鱼岛主权危机与日美同盟关系], in Zhang Jie [张洁], ed. *China’s Regional Security Environment Review: 2013* [中国周边安全形势评估 (2013): 海上争端的焦点与根源] (Beijing: Social Sciences Academic Press, 2013), p.041; author’s interviews, Tokyo, August 2018; Beijing, March 2019.

¹⁰⁶¹ Przystup, “40th Anniversary: ‘Fuggetaboutit!’”

¹⁰⁶² Ibid.

¹⁰⁶³ “Events cancelled, postponed amid Japan-China tensions over islets,” *Japan Economic Newswire*, Sept. 13, 2012; “Badminton: China pulls players from Japan Open in spat,” Agence France Presse, Sept. 18, 2012.

¹⁰⁶⁴ Choe Sang-hun, “South Korea recalls ambassador to Japan,” *New York Times*, Jul. 14, 2008, <https://www.nytimes.com/2008/07/14/world/asia/14iht-15korea.14476081.html>, accessed Oct. 3, 2019; Mark Magnier, “S. Korea Sees a Textbook Case of Whitewash,” *Los Angeles Times*, Apr. 10, 2001, <https://www.latimes.com/archives/la-xpm-2001-apr-10-mn-49214-story.html>, accessed Oct. 3, 2019.

¹⁰⁶⁵ Author’s interview, Beijing, March 2019.

¹⁰⁶⁶ “CMS ships arrive in Diaoyu Islands sea areas” [中国海监船抵达钓鱼岛海域], *People*, Sept. 11, 2012, <http://japan.people.com.cn/35469/7944626.html>, accessed Feb. 28, 2019; Luo Sha [罗沙] and Zhang Jiansong [张建松], “China Marine Surveillance routinized patrols in sea areas around the Diaoyu Islands” [中国海监在钓鱼岛海

patrol of six CMS ships in the Diaoyu/Senkakus, Liu Cigui, then head of the SOA, vowed that the SOA (along with the CMS), as China's "primary maritime administrative agent," would "persistently and unswervingly defend national maritime rights and interests."¹⁰⁶⁷ All six of the CMS ships entered the Diaoyu/Senkaku territorial waters on September 14, a move that the JCG described as "unprecedented."¹⁰⁶⁸ Xiao Huiwu, deputy director of the CMS, characterized this patrol as a "firm" strike back on Japan over the nationalization and claimed that CMS would "firmly retaliate all encroachments on China's sovereignty."¹⁰⁶⁹ Information from Chinese media reports and interviews with Chinese analysts and scholars indicated that the action plan for regularized CMS patrols was collaboratively drawn up by multiple line agencies including MFA, the military and SOA. The six CMS ships' entry into the Diaoyu/Senkaku territorial water was approved by Xi Jinping, who had started presiding over the newly installed Maritime Rights Protection LSG and was already the de facto decision-maker on China's maritime policies.¹⁰⁷⁰ The CMS patrols were reportedly required to enter the Diaoyu/Senkaku territorial sea at a certain frequency not only to establish a constant Chinese presence but also "for the consumption of the domestic audience."¹⁰⁷¹ At the same time, the reporting and approval requirement strictly

域巡航实现常态化], Xinhua, Jan. 7, 2013, http://www.xinhuanet.com/world/2013-01/07/c_114284648.htm, accessed Feb. 28, 2019.

¹⁰⁶⁷ Wang Qiurong [王秋蓉], "Seriously performing the honorable duty of defending national maritime rights and interests" [认真履行维护国家海洋权益光荣职责], *China Ocean News* [中国海洋报], Sept. 17, 2012.

¹⁰⁶⁸ "6 China ships enter Senkakus; JCG: Large-scale intrusion into waters near islets 'unprecedented,'" *Daily Yomiuri*, Sept. 15, 2012.

¹⁰⁶⁹ Su Tao [苏涛], "Retaliate all actions encroaching on China's rights" [对一切侵权予以回击], *China Ocean News*, Sept. 17, 2012.

¹⁰⁷⁰ Zhang Zhe [张喆], "Two CMS ships arrive in the Diaoyu Islands area, Japanese patrol ships fully on guard" [中国两艘海监船抵钓鱼岛海域, 日本巡视船全面戒备], *Oriental Morning Post* [东方早报], Sept. 12, 2012; author's interviews, Beijing, March 2019.

¹⁰⁷¹ Author's interview, Beijing, March 2019. The annual defense whitepaper released by the Japanese Defense Ministry describes the Chinese patrols as demonstrating a stable "3-3-2" pattern from late 2013: undertaking two to three patrols per month, entering the Diaoyu/Senkaku territorial waters around 10 am and staying there for roughly two hours, and the patrol fleet often comprised of two to three ships. *Defense of Japan* [平成 29 年版防衛白書], Ministry of Defense of Japan, 2017, <https://www.mod.go.jp/j/publication/wp/wp2017/pdf/index.html>, p.120, accessed Sept. 8, 2017.

implemented following the 2008 December CMS patrol, according to a former SOA official, remained intact because “the Diaoyu Islands is still an area of high political sensitivity.”¹⁰⁷²

Meanwhile, the FLE redoubled its fishing protection patrols in the Diaoyu/Senkakus. On September 14, the Fisheries Enforcement Bureau vowed to beef up fishing protection patrols for Chinese fishermen operating in the Diaoyu/Senkaku waters in anticipation of a large number of Chinese fishing boats flooding into the area after a three-month fishing moratorium ended on September 16.¹⁰⁷³ On September 24, MOA claimed that it had dispatched a total of ten ships to patrol the Diaoyu/Senkaku area.¹⁰⁷⁴

As a result, in operational terms, the Diaoyu/Senkaku area saw a surge of activities of Chinese MLE vessels and later aircraft (Figure 6.2). From September through December, Chinese government vessels made 20 patrols inside the Diaoyu/Senkaku territorial sea.¹⁰⁷⁵ A Xinhua report published on September 11, 2013 stated that during the year following Japan’s island purchase, Chinese government vessels conducted 59 patrols inside the Diaoyu/Senkaku territorial waters.¹⁰⁷⁶

To provide the regularized Diaoyu/Senkaku patrols with a legal foundation, Beijing declared on September 10 the baselines of the territorial waters of the Diaoyu/Senkakus and its affiliated

¹⁰⁷² Author’s interview, Shanghai, April 2019.

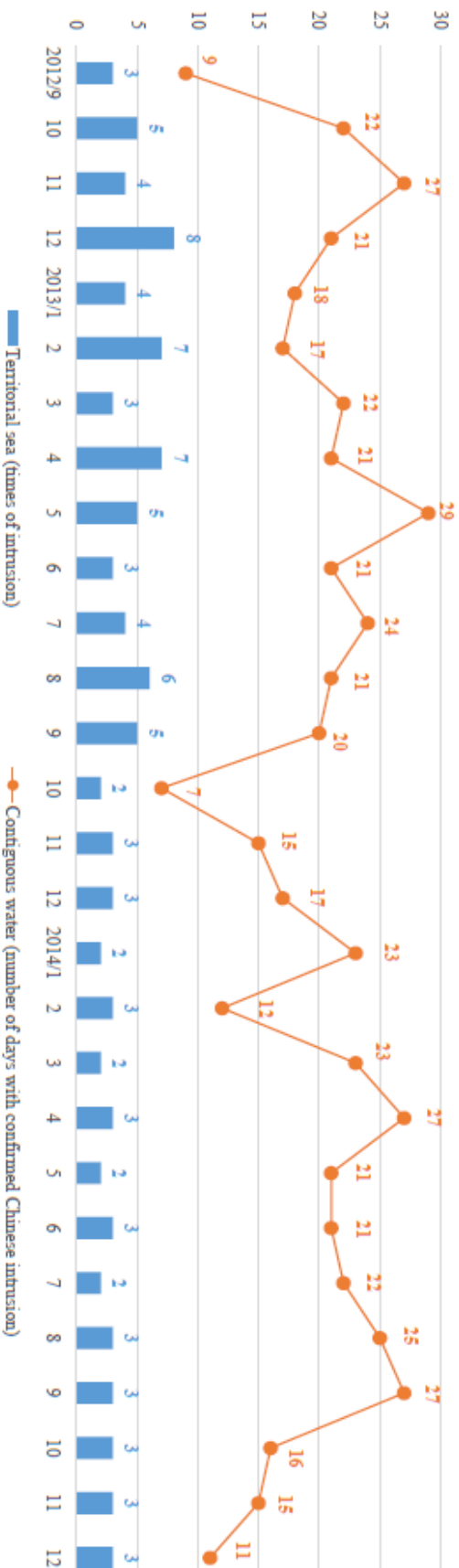
¹⁰⁷³ Feng Hua [冯华], “China has indisputable fishing rights in the Diaoyu Islands sea areas” [我在钓鱼岛海域拥有无可争辩的渔业权益], *People’s Daily*, Sept. 14, 2012.

¹⁰⁷⁴ “Ten Chinese fishery law enforcement ships deployed to Diaoyu sea areas to protest fishing and enforce laws” [10艘中国渔政船在钓鱼岛海域执行护渔和执法], *People*, Sept. 24, 2012, reprinted on http://news.ifeng.com/mainland/special/diaoyudaozhengduan/content-3/detail_2012_09/24/17862257_0.shtml, accessed Mar. 1, 2019.

¹⁰⁷⁵ “Special Report: Japan Coast Guard defending territorial sea and EEZ-Responses to sea areas surrounding the Senakkus-Reponses to Chinese government vessels” [特集 領海・EEZを守る海上保安庁- II 尖閣諸島周辺海域における対応- 4.中国公船への対応], *Japan Coast Guard Annual Report 2013* [海上保安レポート 2013], https://www.kaiho.mlit.go.jp/info/books/report2013/html/tokushu/toku13_02-4.html, accessed Jul. 29, 2018.

¹⁰⁷⁶ “China made 59 patrols to the Diaoyu Islands in a year, less than 10 meters to Japanese ships at the closest point” [我国一年 59 次巡航钓鱼岛，日船最近时不足 10 米], Xinhua, Sept. 11, 2013, http://www.xinhuanet.com/world/2013-09/11/c_125363769.htm, accessed Mar. 1, 2019.

Figure 6.2 Chinese MLE Vessels near the Diaoyu/Senkakus from September 2012 to the End of 2014



Source: Adapted from Japan Coast Guard, “Safeguarding the territorial sea and EEZ-Chapter 1 Policing territorial sea around the Senkaku Islands” [領海・EEZを守る>CHAPTER 1. 尖閣諸島周辺海域における領海警備], *Japan Coast Guard Annual Report 2018* [海上保安レポート 2018], https://www.kaiho.mlit.go.jp/info/books/report2018/html/honpen/1_02_chap1.html, accessed Oct. 4, 2019.

islets,¹⁰⁷⁷ and two days later deposited China's Diaoyu/Senkaku maritime chart and a list of the geographical coordinates of the baselines with the UN.¹⁰⁷⁸ The new legal dimension was welcomed by the CMS. As noted by Yu Zhirong, former deputy commander of the CMS East China Sea Corps, "Now having a clear target and a legal foundation...China's law enforcement vessels undoubtedly should expel foreign ships especially armed ones that intrude into China's 12 nautical miles' territorial sea."¹⁰⁷⁹ In addition, this move was intended to showcase China's adherence to international law at a time when China's behavior in maritime disputes had been increasingly subject to international criticism for undermining the rules-based international order. Calling this legal move a perfect practice of the principle of "*youli, youli, youjie*" (on just grounds, to our advantage, and with restraint), Zhang Haiwen, an international law expert at the *China Institute for Marine Affairs (CIMA)* – SOA's research arm, stated that the baselines not merely provided a legal basis for the patrols but also asserted China's sovereignty claims in a way consistent with international law and especially UNCLOS because "only the country that has the sovereignty over a territory has the right to declare its baselines."¹⁰⁸⁰

Adding another wrinkle to the legal warfare, Beijing declared on September 16 that it would submit China's claim to an extended continental shelf in the East China Sea to the UNCLCS.¹⁰⁸¹ This Chinese move appeared not so much an endeavor to roll back the island purchase as a measure

¹⁰⁷⁷ "Statement of the Government of the People's Republic of China on the Baselines of the Territorial Sea of Diaoyu Dao and Its Affiliated Islands," Sept. 10, 2012, https://www.fmprc.gov.cn/mfa_eng/topics_665678/diaodao_665718/t968769.shtml, accessed Feb. 28, 2019.

¹⁰⁷⁸ "Japan opposes China's Diaoyu map bid at UN," Xinhua General News Service, Sept. 24, 2012.

¹⁰⁷⁹ Zhang, "Two CMS ships arrive in the Diaoyu Islands area."

¹⁰⁸⁰ "China's declaration of the baselines of the Diaoyu Islands and its affiliated islands is an act on just grounds, to our advantage, and with restraint" [中国公布钓鱼岛及其附属岛屿领海基线是有理、有利、有节的行为], *China Ocean News*, Sept. 12, 2012.

¹⁰⁸¹ "China to submit outer limits of continental shelf in East China Sea to UN," Sept. 16, 2012, GOC.cn, http://www.gov.cn/english/2012-09/16/content_2225823.htm, accessed Mar. 1, 2019. The official submission was delivered to the UN on December 14. "China submitted its submission concerning the continental shelf beyond 200 nautical miles in the East China Sea" [中国提交东海二百海里外大陆架划界案], MFA, Dec. 14, 2012, <https://www.mfa.gov.cn/chn/pds/wjb/zjg/bjhysws/xgxw/t998191.htm>, accessed Mar. 1, 2019.

to compensate for what was perceived as China's loss on its East China Sea front at large. Qu Xing, head of the MFA-affiliated CIIS, claimed that the submission would indeed be the most important achievement in the sense that this move "has exceeded the scope of the Diaoyu Islands issue and has linked with the East China Sea continental shelf issue...[therefore] [i]t is a move that strengthens our position on the East China Sea continental shelf by utilizing Japan's provocation over the Diaoyu Islands."¹⁰⁸²

At the grassroots level, Chinese authorities again held back the Baodiao activists while on the other hand unleashing nationwide mass protests.¹⁰⁸³ Protests quickly spread across the country during the following week as popular antipathy towards Japan heightened (Figure 6.3). On September 11, protests were held in front of the Japanese Embassy in Beijing as well as at the Japanese consulates in Guangzhou and Shanghai.¹⁰⁸⁴ On September 16, over 80,000 people demonstrated against Japan in some 50 Chinese cities. More than 20,000 protesters rallied in Beijing at the heavily guarded Japanese Embassy. Despite Chinese authorities' calls for "rational patriotism,"¹⁰⁸⁵ protests soon turned violent. Vandalism of Japanese-related businesses, including Toyota, Honda, Nissan and Panasonic, was rampant. In Beijing, protesters threw bottles, eggs, and waste at the embassy compound. The protests further escalated on the eve of September 18 and spread to over 100 Chinese cities including Hong Kong, marking the largest ever anti-Japan protests since

¹⁰⁸² Qu Xing [曲星], "Whenever provoked, strengthen our countermeasures to weaken Japan's effective control" [每挑衅一次, 反制就加强一次, 让日本的"实际控制"力度更弱], *World Affairs* [世界知识], 2012, issue. 19, pp. 21-22.

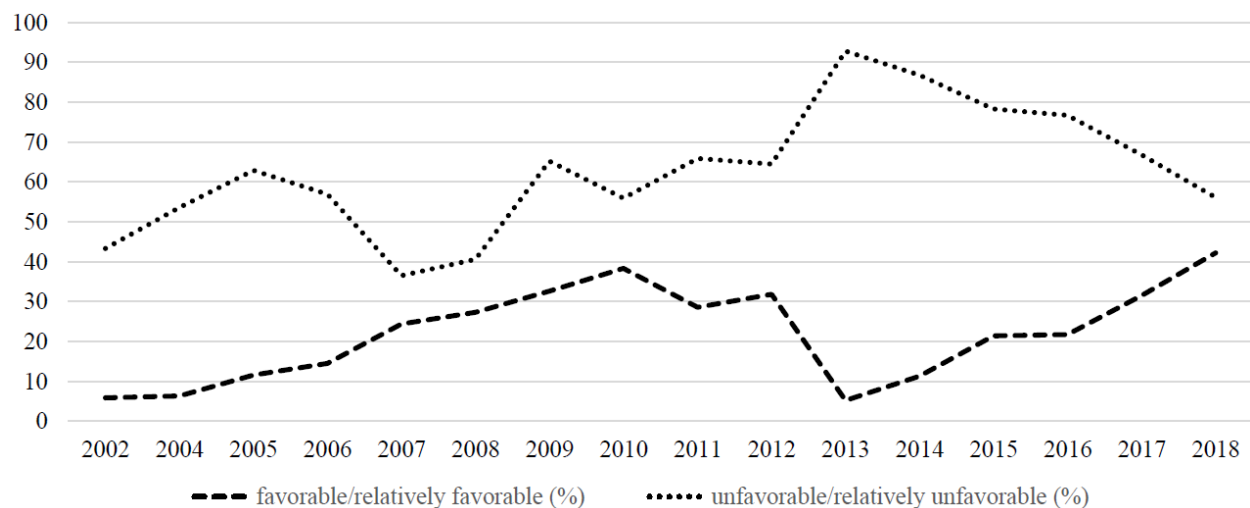
¹⁰⁸³ Keith Bradsher, "Hong Kong Impedes Trip to Islands, Activists Say," *New York Times*, Sept. 13, 2012.

¹⁰⁸⁴ "Japan stokes territorial tensions with purchase of islands," *Washington Post*, Sept. 12, 2012; "Japan's Senkaku Nationalization Sparks Protests in China," Jiji Press, Sept. 12, 2012.

¹⁰⁸⁵ MFA spokesperson Hong Lei urged the public on September 11 to "express their patriotic passion in a law-abiding, rational way;" "People's Daily web comment: How should we defend the Diaoyu Islands?" [人民网评: 我们怎样保卫钓鱼岛?], *People*, Sept. 17, 2012, <http://japan.people.com.cn/35469/7950078.html>, accessed Mar. 9, 2019. "Demonstrations turned violent in a few cities, official media called for rational behavior" [多地反日游行现暴力, 官方媒体纷纷呼吁理性], *Caixin* [财新], Sept. 16, 2012, <http://china.caixin.com/2012-09-16/100438252.html>, accessed Mar. 9, 2019.

normalization in 1972.¹⁰⁸⁶ Japanese Prime Minister Noda, urging Beijing to ensure the safety of Japanese nationals and businesses, admitted that Japan had “miscalculated” China’s reaction and that “the scale is broader than expected.”¹⁰⁸⁷

Figure 6.3 The Chinese Public’s Perception on Japan 2012-2018



Source: Adapted from Genron NPO, “The 14th Joint Public Opinion Poll between Japan and China.”

Despite China’s strong countermeasures to the nationalization, the public’s dissatisfaction with Beijing’s response was pronounced in the protests. During the September 18 demonstrations in Beijing, protesters carried Mao’s portraits, which the protestors said were intended to shame the current Chinese leaders and to pressure them to take a tough line with foreign powers.¹⁰⁸⁸ That

¹⁰⁸⁶ “Over 20,000 Chinese Rally against Japan in Beijing,” Jiji Press, Sept. 15, 2012; “Update: Over 80,000 Chinese in over 50 cities join biggest anti-Japan protests,” *Japan Economic Newswire*, Sept. 15, 2012; Leo Lewis, “Chinese protesters demand war with Japan over disputed islands,” *TIMES*, Sept. 16, 2012; “Anti-Japan Protests Spread to Hong Kong,” *Voice of America News*, Sept. 16, 2012; “Anti-Japan Protests Spread Across Over 100 Cities in China,” Jiji Press, Sept. 17, 2012; Ivan Broadhead, William Wan, “Beijing gives protests a nod and a wink” *Washington Post*, Sept. 18, 2012; “Anti-Japan Protests Erupt Again in China on Anniversary,” Jiji Press, Sept. 18, 2012; “17,000 people stage police-shepherded anti-Japan protests in Shanghai,” *Japan Economic Newswire*, Sept. 18, 2012; Przystup, “40th Anniversary: ‘Fuggetaboutit!’”

¹⁰⁸⁷ “Japan to Urge China to Ensure Safety amid Protests: Noda,” Jiji Press, Sept. 16, 2012; Teddy Ng and Keith Zhai, “Japanese Prime Minister Noda admits ‘miscalculation’ over Diaoyus,” *South China Morning Post*, Sept. 21, 2012, <https://www.scmp.com/news/china/article/1041878/japanese-prime-minister-noda-admits-miscalculation-over-diaoyus>, accessed Oct. 5, 2019.

¹⁰⁸⁸ William Wan, “China reins in anti-Japan protests,” *Washington Post*, Sept. 19, 2012; Didi Tang, “In protests, Mao holds subtle messages for Beijing,” *Associated Press*, Sept. 20, 2012.

popular indignation at perceived foreign insults might quickly devolve into frustration targeting Chinese authorities was an all-too-familiar story for the CCP. Moreover, this wave of protests came as China was preparing for a leadership transition in a few weeks, giving strong political incentives to the incoming Chinese leaders to take a hardline approach while moving to gradually rein in the popular protests. During a meeting with visiting U.S. Secretary of Defense Leon Panetta on September 19, Xi Jinping condemned the nationalization as a “farce.” Portraying Japan’s island purchase as an attempted challenge to the post-WWII international order, Xi told Panetta that Japan’s behavior had intensified its territorial disputes with neighboring countries and requested the United States to stay out of the controversies.¹⁰⁸⁹ A very knowledgeable source in Beijing explained that as the incoming top leader, Xi was tempted to garner grassroots support by appealing to the nationalistic young generation while building his power base within the PLA.¹⁰⁹⁰

In the economic dimension, in contrast to China’s reaction to the 2010 fishing trawler incident and the Scarborough Shoal a few months prior to the Diaoyu/Senkaku nationalization, Beijing this time refrained from using its economic big stick,¹⁰⁹¹ although harsh economic retaliation including rare earth embargo appeared to be under consideration and advocated by some Chinese policy analysts – most notably those affiliated with MOFCOM – and pundits. Mei Xinyu, a researcher at the CAITEC under MOFCOM, proposed the restriction of Japanese product imports alongside

¹⁰⁸⁹ “Xi Jinping met with U.S. Defense Secretary Panetta at the Great Hall of the People on September 19” [习近平 19 日在人民大会堂会见美国国防部长帕内塔], Xinhua, Sept. 19, 2012, reprinted on GOV.cn, http://www.gov.cn/ldhd/2012-09/19/content_2228184.htm, accessed Mar. 9, 2019.

¹⁰⁹⁰ Author’s interview with Chinese scholar, Beijing, March 2019.

¹⁰⁹¹ Japanese businesses registered huge economic losses from the Chinese market primarily due to temporary shutdown during the protests, a plummet in sales of goods, and tour cancellations. “Major Chinese Travel Agency Cancels Japan Tours,” Jiji Press, Sept. 12, 2012; “Japanese Close Facilities in China as Tensions Rise,” *New York Times*, Sept. 18, 2012; “Growing anti-Japan sentiment casts shadow over tourism,” *Japan Economic Newswire*, Sept. 18, 2012; “Chinese Visitors to Japan Jump 88 Pct in Aug.,” Jiji Press, Sept. 21, 2012; “Toyota’s New Auto Sales in China Down 48.9 Pct. In Sept.,” Jiji Press, Oct. 9, 2012; “Territorial Row with China Hurting Japan Tourism Businesses,” Jiji Press, Oct. 10, 2012.

Japan-bound tourism and China's product exports to Japan especially rare earth.¹⁰⁹² Another CAITEC senior analyst, Jin Baisong, proposed a retaliatory measure to hit Japan's bond market and trigger a debt crisis.¹⁰⁹³ However, the use of economic sanctions, or "fighting a trade war with Japan" as some policy analysts recommended at the time, was "immediately ruled out as infeasible after assessment" given the "high level of integration and interdependence between the Chinese and Japanese economies," according to a firsthand account.¹⁰⁹⁴

Three major factors might have contributed to the infeasibility of economic sanctions as a weapon against Japan over the nationalization. First, a systemic use of economic sanctions would hurt China at a time when China's economic growth had begun to slow down. As Feng Zhaokui, a senior Japan scholar at the State Council-affiliated CASS, explicated,

China imports from Japan high add-value, high-tech particles. Import falls will cause a disruption to the chain of production and have adverse [economic] impacts on China...With 10 to 20 million newly added to the labor force, if the economy cannot keep up at a necessary growth rate, the job market would take the blow. So, playing economic cards must be done cautiously with a realistic assessment of the two countries' resilience.¹⁰⁹⁵

Feng specifically ruled out rare earth embargo as an effective leverage, pointing to the fact that Japan had quickly diversified its rare earth import portfolio with increased supplies from Australia and Malaysia since the 2010 incident.¹⁰⁹⁶

¹⁰⁹² Mei Xinyu [梅新育], "Four major options to impose economic sanctions on Japan" [对日经济制裁的四大选择], *China Economic Weekly* [中国经济周刊], Sept. 17, 2012, pp.19-22.

¹⁰⁹³ Dong Guanyang [董冠洋], "MOFCOMM expert: Diaoyu Island issue would probably trigger China's economic sanctions against Japan" [商务部专家：钓鱼岛问题或引发中国对日经济制裁], *Chinanews*, Sept. 12, 2012, <http://finance.chinanews.com/cj/2012/09-12/4177733.shtml>, accessed Mar. 9, 2019.

¹⁰⁹⁴ Author's interview, Beijing, March 2019.

¹⁰⁹⁵ Yang Mu [杨牧], "Fighting economic warfare, China necessarily has greater resilience than Japan?" [打经济战，中国承受力定必日本强?], *People*, Sept. 17, 2012, <http://world.people.com.cn/n/2012/0917/c1002-19027698.html>, Mar. 2, 2019. China's economic growth rate in 2012 turned out to be 7.8 percent.

¹⁰⁹⁶ *Ibid.*

Second and relatedly, economic sanctions as a weapon against Japan would be simply ineffective, namely, they would not inflict as much pain on Japan as China would hope. Drawing on Japan's trade data, Zhang Yun, a Chinese scholar at Japan's Niigata University, suggested that China's economic leverage with Japan was in fact less substantial than it appeared to be. Most importantly, being Japan's top trading partner did not render China Japan's largest final destination of exported goods. In other words, the bulk of Japan's exported goods to China as of 2011 were semi-finished products to be assembled in China before being exported to the U.S. and Europe, and industrial machinery and equipment. Final goods exported from Japan to China – the most visible portion to the Chinese public and therefore most often subject to boycott – counted for a small portion.¹⁰⁹⁷ Consistent with Feng's argument, Zhang also ruled out the feasibility of natural resource export embargo and cautioned that sanctions against Japan would accelerate the relocation of Japanese production branches to other regions, particularly India and ASEAN which are rich in low-cost labors, thereby effectively reducing job opportunities in China.¹⁰⁹⁸

Third, economic sanctions might also have encountered growing internal oppositions. In a 2007 internally circulated collection of Zhongnanhai lectures, a briefing on China's security policy toward Northeast Asia by Lin Limin, a senior researcher at the CICIR, cautioned,

Given the high level of economic interdependence between Northeast Asian economies, political disagreement between relevant countries should be resolved through political means. Disagreement at political level should not be allowed to spill into the economic and trade level under any circumstances.¹⁰⁹⁹

¹⁰⁹⁷ Zhang Yun [张云], "Why economic sanctions on Japan may not work" [为什么经济制裁日本不一定有效], *China International Strategy Review 2013* [中国国际战略评论 2013], Institute of International and Strategic Studies, Peking University [北京大学国际战略研究院] (Beijing: Shijie zhishi chubanshe, 2013), p. 135.

¹⁰⁹⁸ Ibid., p. 136.

¹⁰⁹⁹ Lin Limin [林利民], "China's security policy toward Northeast Asia" [中国对东北亚地区的安全政策], in *Zhongnanhai Lectures: The Historical Experience of Great Powers' Rise and China's Path of Development* [中南海讲座：大国崛起的历史经验与中国发展道路] (Beijing: Guofa yan lian ziliao zu, 2007), vol. 2, internal circulation, p. 466.

Even when it comes to the territorial disputes, Lin suggested that China should not let economic ties be affected by issues that “cannot be resolved for the time being” and instead adopt a “long-term approach” with a focus on “broad interest and mutual benefits.”¹¹⁰⁰

Apart from a multi-pronged nonmilitary escalation, Beijing at this stage also allowed a restrained military escalation, namely, allowing for a greater role played by the military without letting it come to the “first line” of the disputes. The PLA stepped in with a string of strong statements and large-scale military exercises immediately after the GOJ announced the island purchase. On September 11, the Chinese Defense Ministry stressed the PLA’s “unwavering determination and resolve to defend the country’s territorial sovereignty.”¹¹⁰¹ Two days later, *PLA Daily* wrote in its inaugural piece of its “Junbao Yan” column (the *PLA Daily* equivalent of the “Zhongsheng” column in the *People’s Daily*): “Today’s China is not the China during the days of the Mukden Incident, nor is today’s Chinese military the [Qing Dynasty] Beiyang Fleet... We have firm determination and sufficient capabilities... the Japanese should be careful not to misjudge the situation.”¹¹⁰² During a joint press conference on September 18 with visiting U.S. Secretary of Defense Leon E. Panetta, China’s Defense Minister Liang Guanglie stated that Japan should bear the full responsibility for the escalation of the dispute and warned that China reserved the rights for “further actions.”¹¹⁰³

¹¹⁰⁰ Ibid., p. 467.

¹¹⁰¹ “MND spokesperson: Chinese military firmly opposes and strongly protests the so-called Diaoyu Island ‘nationalization’ by the Japanese government” [国防部发言人：中国军队对日本政府实施所谓钓鱼岛“国有化”表示坚决反对和强烈抗议], *PLA Daily*, Sept. 12, 2012.

¹¹⁰² “Jun Baoyan” is a homonym for “the military newspaper’s words” and *PLA Daily* began to use following the island nationalization to express the newspaper’s views on important national security issues. Gao Jiquan [高吉全], “From being good commentators to producing ‘Jiexin Ping’ ‘Junbao Yan’ brands, we defend justice and our determination always firm” [从当好“评论员”到打造“解辛平”“钧保言”品牌，我们捍卫正义，决心始终坚定], *PLA Daily*, Dec. 14, 2015, reprinted on <http://military.people.com.cn/n1/2015/1225/c172467-27974166.html>, accessed Mar. 1, 2019.

¹¹⁰³ U.S. Department of Defense, “Secretary Panetta and Chinese Defense Minister General Liang Guanglie hold a Joint News Conference, China,” Sept. 18, 2012, transcript retrieved at <http://archive.defense.gov/transcripts/transcript.aspx?transcriptid=5116>, accessed Mar. 3, 2019.

Starting from mid-September, the Military Regions in Nanjing, Jinan and Guangzhou conducted a chain of live-fire military exercises in the East China Sea and the Yellow Sea.¹¹⁰⁴ The Chinese defense ministry claimed that these exercises were pre-planned but emphasized that the Chinese military would “take corresponding measures depending on the development of the situation.”¹¹⁰⁵ Rear Admiral Zhang Zhaozhong, a PLA strategist and popular commentator on military affairs, stated that these exercises, although planned a year in advance, were intended to warn and deter “countries with vicious intentions toward China’s territory” through their timing, large scale, and focus on amphibious landings and air strike capabilities on surface vessels.¹¹⁰⁶

The exercises clearly sought to achieve a higher level of coordination and interoperability between naval and maritime law enforcement ships and aircraft when operating at sea. The PLA’s East Sea Fleet launched a one-day “military-civilian maritime right protection joint exercise” on October 19 with the CMS’s East China Sea Corps and the FLE’s East China Sea Bureau off the coast of Zhejiang Province. According to the *PLA Daily*, the exercise started with a hypothetical scenario in which Chinese maritime law enforcement ships were harassed by “foreign ships” and called for naval reinforcement. The PLA East Sea fleet quickly dispatched surface vessels including one guided-missile frigate, fighter aircraft, tugboats, and search and rescue helicopters and a hospital ship. This exercise involved 11 vessels, eight aircraft, and over 1,000 personnel

¹¹⁰⁴ “Flying dragons and leaping tigers in multi-service military exercises” [三军演兵场龙腾虎跃], *PLA Daily*, Sept. 14, 2012; “Storm driven by multi-service live fire exercises” [三军实战化演兵风起云涌], *PLA Daily*, Sept. 15, 2012; “Multi-service air-sea joint precision strike exercise” [多兵种海空联合精确打击], *PLA Daily*, Sept. 21, 2012.

¹¹⁰⁵ “Chinese military will take corresponding measures under unified national arrangements depending on the situation” [中国军队将在国家统一部署下视情采取相应措施], *PLA Daily*, Sept. 28, 2012.

¹¹⁰⁶ “Zhang Zhaozhong: China would not initiate war, but must be ready for a war” [张召忠：中国不主动挑起战争，但要做好战争准备], China Radio International [国际在线], Sept. 12, 2012, transcript retrieved at <http://news.cri.cn/gb/27824/2012/09/12/5190s3847804.htm>, accessed Mar. 3, 2019.

from the three agencies.¹¹⁰⁷ Such collaboration between the PLA Navy, CMS and FLE to conduct maritime rights protection missions were not common in the past, according to senior Colonel Li Jie, a researcher at the PLA's Naval Research Institute.¹¹⁰⁸

Phase Three (early 2013 – early 2014): Bringing the Militaries to the “First Line”

At this stage, as Japan made clear its nonnegotiable position on the Diaoyu/Senkakus and took moves to boost its defense posture in the face of growing Chinese activities in the region, the door to reverse the fait accompli through negotiation and diplomatic pressuring had been – in the Chinese perception – completely shut. Given that the done deal was unlikely to be rolled back as Beijing would hope, China's policies this phase tended to be more risk acceptant and coercive in seeking to recoup its perceived loss. As a result, while continuing to push for a reversal of the fait accompli, the military was brought to the “first line” of the disputes.

In late 2012, both China and Japan underwent leadership transitions. Xi Jinping assumed Chinese leadership at the 18th Party Congress in mid-November. On the other hand, Noda dissolved the Lower House and set elections for December 16. On December 13, the 75th anniversary of the Nanjing Massacre, a CMS aircraft entered the airspace over the Diaoyu/Senkaku Islands,¹¹⁰⁹ marking the first entry by Chinese government aircraft into the Diaoyu/Senkaku territorial airspace. Japan scrambled eight F-15 fighter jets in response.¹¹¹⁰ This move, as a knowledgeable Chinese observer noted, contributed to the landslide victory by Abe Shinzo in the

¹¹⁰⁷ Zhang Zhe [张哲], Wang Lingshuo [王凌硕] and Fang Lihua [方立华], “Maritime Rights Protection ongoing — an on-the-scene record of the ‘East China Sea joint operation-2012’ military-civilian maritime rights protection joint exercise” [海上维权进行时——“东海协作-2012”军地海上联合维权演习见闻], *PLA Daily*, Oct. 20, 2012.

¹¹⁰⁸ “Expert analyzes three highlights in the East China Sea rights protection exercise, military-civilian coordinate to enhance rights protection strength” [专家解析东海维权研习三大亮点，军地协作加强维权力度], *China Daily*, Oct. 20, 2012, http://www.chinadaily.com.cn/dfpd/shizheng/2012-10/20/content_15834140.htm, accessed Mar. 3, 2019.

¹¹⁰⁹ Wang Zhongjian [王中建], “Air-Sea patrols demonstrated ‘two whole and one high’” [立体巡航体现“两全一高”], *China Ocean News*, Dec. 21, 2012.

¹¹¹⁰ “China Defends Flights Over Disputed Islands,” *Voice of America News*, Dec. 14, 2012.

election,¹¹¹¹ who staked out a hardline approach to China in the election.¹¹¹² Ascending to power amid the continued tensions over the islands, both of the conservative leaders, Xi and Abe, were strongly incentivized to adopt assertive policy lines on the Diaoyu/Senkakus in the initial period of their terms.

Against the backdrop of China's increased activities in Japan's vicinity waters, Prime Minister Abe started his second term with a higher priority given to programs boosting Japan's situational awareness and defense capabilities in the country's southwest waters. On January 11, 2013, Abe explicitly stated that "there's no room for negotiation" with China over the Diaoyu/Senkaku dispute, leaving no doubt about the unnegotiability of the *fait accompli*.¹¹¹³ Abe also instructed the Japanese defense ministry to strengthen surveillance around the islands, and to launch a review of the 2010 Defense Guideline as well as to replace the five-year mid-term defense program, the latter of which capped Japan's annual defense budget at approximately 23,390 billion yen from 2011 through 2015.¹¹¹⁴ In response to Abe's instruction, the Japanese defense ministry requested an additional 180.5-billion-yen budget for the rest of FY 2012 including a 60.5 billion-yen plan to overhaul equipment necessary to boost air and sea surveillance around the Diaoyu/Senkakus. The defense ministry also announced that it would request an increase of over 100 billion yen in its FY 2013 budget, the first increase in Japan's defense budget in 11 years if approved.¹¹¹⁵ Moreover, after China scrambled two J-10 fighters on January 10 in response to Japanese F-15s tailing a

¹¹¹¹ Author's interview, Beijing, March 2019.

¹¹¹² In the LDP presidential election, Abe said that Japan "must further promote its control" over the Diaoyu/Senkakus. In the general election campaign, the LDP called for the "permanent stationing of civil servants and plans for improving the fishery environment in the nearby sea areas." Przystup, "40th Anniversary: 'Fuggetaboutit.'"

¹¹¹³ "Japan Prime Min. Abe Resolved to Defense Senkaku Isles," Jiji Press, Jan. 11, 2013.

¹¹¹⁴ "Japan PM orders boosting patrols around islands disputed with China," BBC Monitor Asia Pacific, Jan. 8, 2013; Martin Fackler, "Japan Is Weighing Raising Military Spending," *New York Times*, Jan. 8, 2013; Ministry of Defense of Japan, "Mid-Term Defense Program (FY 2011-FY 2015)," Dec. 17, 2010.

¹¹¹⁵ "Defense Ministry to seek 180 bil. Yen 'economic measure' in extra budget," *Japan Economic Newswire*, Jan. 9, 2013; "Ministry to ask for 100 bil. Yen more in defense spending for FY 2013," *Japan Economic Newswire*, Jan. 11, 2013.

Chinese transport plane in the East China Sea,¹¹¹⁶ Tokyo claimed that Japan might fire warning shots to prevent foreign aircraft from entering what Japan considered as its airspace.¹¹¹⁷ On the other hand, JCG also drew up plans to reinforce security in the southwest area by creating a Diaoyu/Senkaku special patrol unit comprised of twelve ships by April 2015.¹¹¹⁸ Departing from its longtime practice of sending patrols ships to the Diaoyu/Senkaku area from all over Japan in rotation, JCG announced a plan of transferring two patrol ships from Fukuoka and Hiroshima to Okinawa to strengthen patrols in the southwestern waters.¹¹¹⁹

Japan's hardening posture and boosted defense capabilities coincided with what Beijing considered as important changes in the U.S. position on the Diaoyu/Senkaku issue that would embolden Japan and further work to China's disadvantage. In its National Defense Authorization Act for FY 2013, the U.S. Congress contained a segment specifically on the Diaoyu/Senkakus, which, among others, stated that "the unilateral action of a third party will not affect the United States' acknowledgment of the administration of Japan over the Senkaku Islands."¹¹²⁰ Following the congressional statement, the Obama administration began adopting similar language. Notably, on January 18, 2013 when speaking at a joint press conference with visiting Japanese Foreign Minister Kishida Fumio, U.S. Secretary of State Hillary Clinton, after reiterating the traditional U.S. policy of not taking a position on the sovereignty issue and of acknowledging Japan's administration of the islands, added, "[W]e oppose any unilateral actions that would seek to

¹¹¹⁶ Zhang Yuan [张媛], "J-10 fighters scramble to verify and monitor Japanese aircraft" [歼 10 战机对日机进行查证监视], *PLA Daily*, Jan. 12, 2013.

¹¹¹⁷ Eric Talmadge, "Japan talk of warning shots heats up China dispute," Associated Press, Jan. 20, 2013.

¹¹¹⁸ "Japan Preparing Long-Term Response to Chinese Provocations," Jiji Press, Jan. 10, 2013.

¹¹¹⁹ "Japan to deploy two ships to strengthen security near disputed islands," BBC Monitoring Asia Pacific, Jan. 14, 2013.

¹¹²⁰ U.S. Congress, Sec. 1286. Sense of Congress on the Situation in the Senkaku Islands, in National Defense Authorization Act for Fiscal Year 2013 (H.R. 4310/Pl. L. 112-239), Jan. 2, 2013, <https://www.govinfo.gov/content/pkg/PLAW-112publ239/html/PLAW-112publ239.htm>, accessed Oct. 6, 2019.

undermine Japanese administration.”¹¹²¹ From the Chinese perspective, this additional sentence represented a clear sign of the United States taking the side of Japan. The “Zhongsheng” column of the *People’s Daily* wrote on January 21: “During the past few months, amid the tensions surrounding the Diaoyu Islands, the U.S. persistently said two sentences: it does not take a position on the ultimate sovereignty of the Diaoyu Islands; it acknowledges Japan’s administration of the islands. Now the U.S. adds another line: it opposes any unilateral actions seeking to undermine Japan’s administration.” The additional sentence, as this article claimed, represented “a step further by the U.S. in an erroneous direction.”¹¹²² Xinhua also put it plainly that “the most immediate effects of Hillary Clinton’s statement would be emboldening the Japanese right wing...[and] increasing the difficulty and complexity in resolving the Diaoyu Island issue.”¹¹²³

In the context of increased involvement of both Chinese and Japanese militaries at the forefront of the disputes, the first signs bespeaking the heightened risk of Sino-Japanese military missteps surfaced in February, when Tokyo and Beijing traded a string of he-said-she-said accounts over two mysterious fire-control radar lock-on incidents. On February 5, Japanese Defense Minister Onodera Itsunori stated that in two separate incidents taking place on January 19 and 30, Chinese frigates locked their fire-control radar on a MSDF helicopter and a destroyer, respectively. Onodera described the actions as being “very abnormal” with the potential of developing into a “very dangerous situation.” When speaking at an Upper House session, Abe denounced the incidents as “a unilateral, provocative and dangerous act.”¹¹²⁴ Beijing rejected the Japanese

¹¹²¹ U.S. Department of State, “Remarks with Japanese Foreign Minister Fumio Kishida after Their Meeting,” Hillary Rodham Clinton, Washington DC, Jan. 18, 2013, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2013/01/203050.htm>, accessed Mar. 16, 2019.

¹¹²² Zhong Sheng [钟声], “The U.S. should not take on new burden” [美国不要再背新包袱], *People’s Daily*, Jan. 21, 2013.

¹¹²³ Jiang Yaping [江亚平], “The U.S. sends a wrong signal on the Diaoyu Islands issue” [美在钓鱼岛问题上发出错误信号], *Xinhua Daily Telegraph*, Jan. 21, 2013.

¹¹²⁴ Reiji Yoshida and Mizuho Aoki, “Chinese target-locked MSDF ship, chopper,” *Japan Times*, Feb. 6, 2013, <https://www.japantimes.co.jp/news/2013/02/06/national/politics-diplomacy/japan-says-chinese-warships-locked->

account outright, calling it “a fabrication” to “tarnish China’s image, create tensions, and mislead international public opinion.”¹¹²⁵ In March, responding to a *Kyodo News* report stating that Chinese military officials had admitted to the lock-on incidents,¹¹²⁶ Beijing again dismissed the account as motivated by “ulterior incentives.”¹¹²⁷ Zhang Junshe, a researcher at the PLA’s Naval Research Institute, claimed that Japan attempted to use the “the fabricated accusation” to gain support for constitution revisions and a reinterpretation of the collective self-defense right. In addition, argued Zhang, the GOJ also attempted to use the allegation to justify the “firing the first shot on China should such a clash at sea really occur.”¹¹²⁸

In its annual report on China’s strategic environment released in April 2013, the PLA’s AMS cautioned the increased risk of air-sea accidents in the East China Sea as the militaries had been brought into direct contact:

During the [Noda] period, the Chinese and Japanese maritime law enforcement agencies confronted each other at sea without the military forces getting involved. The struggle between the two sides primarily involved legal warfare, diplomatic warfare, and public opinion warfare... Since his inauguration in December 2012, Abe had taken a tougher position on the Diaoyu Islands issue, claimed that ‘there is no room for negotiation on the sovereignty of Senkakus’...and adopted a series

[weapons-radar-on-msdf/#.XZpUnGZS82w](#), accessed Jun. 21, 2019. In a statement seemingly contracting Onodera and Abe’s claims, Nishi Masanori, Japan’s Ministry of Defense Director General for Defense Policy, noted to a meeting of LDP Defense Policy Committees that the PLA ships had aimed neither missiles nor guns at the Japanese ships. James J. Przystup, “Japan-China Relations: Treading Troubled Waters,” *Comparative Connections*, vol. 15, issue 1, May 2013.

¹¹²⁵ MFA, “MFA spokesperson Hua Chunying holds press conference on Feb. 8, 2013” [2013年2月8日外交部发言人华春莹主持例行记者会], Feb. 8, 2013, <https://www.fmprc.gov.cn/ce/cgjed/chn/fyrth/t1012778.htm>, accessed Oct. 8, 2019.

¹¹²⁶ “Chinese officials admit to MSDF radar lock allegations,” *Japan Times*, Mar. 18, 2013, <https://www.japantimes.co.jp/news/2013/03/18/national/politics-diplomacy/chinese-officials-admit-to-msdf-radar-lock-allegations/#.XZpUnWZS82x>, Oct. 4, 2019.

¹¹²⁷ “Ministry of National Defense: the Japanese side repeatedly play up the ‘fire-control radar lock-on’ motivated by ulterior incentives” [国防部：日方再三炒作“火控雷达照射”别有用心], *China Daily*, Mar. 18, 2013, http://www.chinadaily.com.cn/hqzx/2013-03/18/content_16316941.htm, accessed Oct. 8, 2019.

¹¹²⁸ Zhang Junshe [张军社], “The Underlying Story of Japan’s fabricated ‘fire control radar locking’” [日炮制“火控雷达照射”的背后], *PLA Daily*, Mar. 21, 2013.

of measures with an emphasis on increasing military preparation and readiness... Since Abe came into office, Japanese fighter jets have repeatedly tailed and conducted close-in monitor of CMS patrol airplanes performing regular patrol tasks. As a result, the two countries' confrontation might expand from the sea surface to the air, increasing the risk of an accident.¹¹²⁹

Despite China's awareness of the heightened risks of accidents, Beijing, like Tokyo, saw no room for softening over the sovereignty issue and took steps to reinforce its posture. In March, Beijing consolidated four of China's five MLE agencies into a unified coast guard.¹¹³⁰ In April, MFA began to officially refer to the Diaoyu/Senkakus as a "core interest" of China,¹¹³¹ more than one year after the term first appeared in Chinese leaders' speeches and statements in reference to the islands. The one-year lapse might indicate a lack of internal consensus with respect to whether the Diaoyu/Senkakus should be officially recognized as a core interest. But from the point that MFA began to use the term, as observed by Orville Schell and Susan Shirk, it in effect denied Chinese diplomats the "necessary latitude in seeking a peaceful solution" while sending "a clear warning to Japan and to the United States that China's claim to the islands is non-negotiable and that it is prepared to use military force to defend it."¹¹³²

Tensions suddenly heightened after Beijing announced on November 23, 2013 to establish an Air Defense Identification Zone (ADIZ) in the East China Sea, which overlapped the existing ADIZs of Japan, ROK, and Taiwan (Map 6.1). China began considering the creation of an ADIZ after the 2001 EP-3 incident. In 2002, a senior PLA official, referring to the accident, reportedly

¹¹²⁹ AMS, *Strategic Review 2012* [战略评估 2012] (Beijing: Junshi kexue chubanse, 2013), pp. 48-50.

¹¹³⁰ The five dragons and 2013 merge are detailed in Chapter 3.

¹¹³¹ Chinese Foreign Ministry spokeswoman Hua Chunying stated at the MFA's regular press conference on April 26 that the Diaoyu/Senkaku Islands are part of the country's core interests concerning its territorial sovereignty. It is the first time that a Chinese Foreign Ministry official has openly recognized that the islands is a core interest of China. "China official Clearly Calls Senkaku Core Interest," Jiji Press, Apr. 27, 2013.

¹¹³² "What's Really at the Core of China's 'Core Interests'?" A China File Conversation, Apr. 30, 2013, <http://www.chinafile.com/conversation/whats-really-core-chinas-core-interests>, accessed Oct. 10, 2019.

Map 6.1 Existing Air Defense Identification Zones in the East China Sea



Source: USNI, “Tag Archive: Senkaku Islands, <https://news.usni.org/tag/senkaku-island>, accessed May 5, 2020.

stated at an international meeting that China was considering an ADIZ.¹¹³³ Early writings by the PLA Air Force advocated for an ADIZ primarily on the basis of strengthening air surveillance and defense capabilities along China’s coast. For instance, in a May 2008 article published in the SOA-run *China Ocean News*, a military scholar at the PLA’s Air Force Command Academy called for the establishment of an ADIZ to improve coastal surveillance capabilities and defense readiness as part of a “comprehensive maritime security defense system” proposed in the article.¹¹³⁴ During

¹¹³³ Nozomu Hayashi and Nanae Kurashige, “China overturned draft air defense zone, expanded it toward Japan,” *Asahi Shimbun*, Jan. 12, 2014, <https://web.archive.org/web/20140216065721/http://ajw.asahi.com/article/asia/china/AJ201401120021>, accessed Oct. 7, 2019.

¹¹³⁴ Li Anmin [李安民], “Thoughts on measures defending China’s maritime rights and interests” [维护我国海洋权益之对策思考], *China Ocean News*, May 6, 2008. For more discussion on this regard, see, Michael Swaine, “Chinese

his tenure, Hu Jintao reportedly remained cautious about the move to designate an ADIZ. The internal discussion had been ongoing, but the Diaoyu/Senkaku nationalization critically altered the internal political dynamics on this issue. In early 2013, the ADIZ proposal was put on the agenda but blocked because “some people at the top still disagreed” out of the concern that “in the context of the already heightened Sino-Japanese tensions, such a move could further blow up the relationship,” according to a knowledgeable Chinese source. But after the NPC session, the power transition was fully completed and the ADIZ proposal was raised again.¹¹³⁵ The proposal was said to be submitted by the Air Force Command Academy in May,¹¹³⁶ and was pushed through this time, as Xi Jinping was still consolidating his power and need to garner support from the PLA.¹¹³⁷ The final decision was reportedly “made by Xi with Hu giving the nod.”¹¹³⁸ As a result, the military as the implementer of the ADIZ was consigned a greater and more direct role in the island disputes, culminating in a strong military escalation.

On the other hand, MFA appeared to have been sidelined in the ADIZ decision-making process. Security and foreign policy experts in and outside China widely characterized Beijing’s ADIZ declaration as a “rush,” “sudden,” and “poorly coordinated” move that lacked consideration about the potential geopolitical costs – not only in the East China Sea but also in the South China Sea (I examine in detail the implications of the East China Sea ADIZ for the South China Sea disputes in Chapter 8). According to sources in China and Japan close to their respective foreign policy and defense communities, MFA had in a large part been kept in the dark during the policy making process of the ADIZ.¹¹³⁹ On the day of the announcement, the 21st Century Committee for China-

Views and Commentary on the East China Sea Air Defense Identification Zone (ECS ADIZ),” *China Leadership Monitor*, spring 2014, issue 43.

¹¹³⁵ Author’s interview, Beijing, March 2019.

¹¹³⁶ Hayashi and Kurashige, “China overturned draft air defense zone.”

¹¹³⁷ Author’s interview, Beijing, March 2019.

¹¹³⁸ Author’s interview, Beijing, March 2019.

¹¹³⁹ Author’s interviews, Beijing, March 2019; Tokyo, August 2018.

Japan Friendship, an advisory body for the two governments, was holding an informal session in Hangzhou which was attended by China's former State Councilor Tang Jiaxuan and diplomats from the two countries. Upon learning the news of the ADIZ, a Japanese diplomat attending the meeting asked his Chinese counterpart whether the latter had known beforehand about the announcement and got a reluctant "yes" after "a momentary pause," which indicated that MFA was probably not being kept informed of the final decision on the ADIZ. "A likely situation is that MFA only knew the ADIZ was to be announced at some point but had no idea about when exactly the announcement would be made," as a knowledgeable Japanese source noted.¹¹⁴⁰

Unsurprisingly, the escalation along the military dimension provoked fierce reactions from other regional stakeholders. The overlapping of the ADIZ with other existing ones in the East China Sea as well as the vagueness in Beijing's initial announcement regarding the circumstances which would justify a "defensive emergency measures" by the Chinese military heightened the risk of dangerous encounters and even accidental collisions.¹¹⁴¹ Tokyo demanded Beijing revoke its decision while requesting Japanese civilian airlines not to yield to the Chinese requirement of submitting flight plans for flights through areas encompassed in China's ADIZ.¹¹⁴² Washington expressed deep concerns about the ADIZ, as U.S. Secretary of State John Kerry and Secretary of

¹¹⁴⁰ Author's interview, Tokyo, August 2018. For information on this informational session, see, MFA, "The 21st Century Committee for China-Japan Friendship Conducts Informal Discussion," Nov. 24, 2013, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zizig_663340/yzs_663350/gjlb_663354/2721_663446/2724_663452/t1103427.shtml, accessed Oct. 7, 2019.

¹¹⁴¹ Ministry of National Defense of PRC, "Announcement of the Aircraft Identification Rules for the East China Sea Air Defense Identification Zone of the People's Republic of China," Nov. 23, 2013, *China Daily*, http://www.chinadaily.com.cn/china/2013-11/23/content_17126618.htm, accessed Oct. 9, 2019.

¹¹⁴² "Kishida dismisses China's air defense zone over Senkakus," *Japan Economic Newswire*, Nov. 24, 2013; "Japan to Stand Tough on Airspace Violations: Defense Chief," Jiji Press, Nov. 25, 2013; "URGENT: Abe 'strongly concerned' by China's setting up of air defense zone," *Japan Economic Newswire*, Nov. 25, 2013; "No Need to Submit Flight Plans to China: Japan Minister," Jiji Press, Nov. 26, 2013; "Japanese Carriers to Stop Submitting Flight Plans to China," Jiji Press, Nov. 26, 2013. For a comprehensive statement of GOJ's position, see, Ministry of Foreign Affairs of Japan, "Statement by the Minister for Foreign Affairs on the announcement on the 'East China Sea Air Defense Identification Zone' by the Ministry of National Defense of the People's Republic of China," Nov. 24, 2013, https://www.mofa.go.jp/press/release/press4e_000098.html, accessed Oct. 9, 2019.

Defense Chuck Hagel issued separate statements, which denounced the ADIZ as a “unilateral” and “destabilizing” move to “alter the status quo” in the region.¹¹⁴³ South Korea lodged a formal protest with the Chinese Embassy in Seoul, as China’s ADIZ overlapped that South Korea off Jeju and covered the contested submerged rock Suyan/Ieodo Reef.¹¹⁴⁴ Australia also joined the chorus, calling the ADIZ “unhelpful in light of current regional tensions.”¹¹⁴⁵

Despite Beijing’s strong rhetoric pushing back on the international criticism,¹¹⁴⁶ the PLA Air Force did not conduct active enforcement following the initiation of the ADIZ. While asserting that the PLA had closely monitored foreign military aircraft entering the ADIZ,¹¹⁴⁷ Beijing did not respond to the two U.S. B-52 bombers that flew through the ADIZ on November 25 without

¹¹⁴³ U.S. Department of Defense, “Statement by Secretary of Defense Chuck Hagel on the East China Sea Air Defense Identification Zone,” Nov. 23, 2013, <https://archive.defense.gov/releases/release.aspx?releaseid=16392>; U.S. Department of State, “Statement on the East China Sea Air Defense Identification Zone,” John Kerry, Secretary of State, Washington DC, Nov 23, 2013, <https://2009-2017.state.gov/secretary/remarks/2013/11/218013.htm>. Both accessed Oct. 9, 2019.

¹¹⁴⁴ Chung Min-uck, “Seoul protests China’s air defense zone,” *Korea Times*, Nov. 25, 2013.

¹¹⁴⁵ Minister for Foreign Affairs The Hon. Julie Bishop MP, “China’s announcement of an air-defence identification zone over the East China Sea,” Nov. 26, 2013, https://foreignminister.gov.au/releases/Pages/2013/jb_mr_131126a.aspx?w=tb1CaGpkPX%2FISOK%2Bg9ZKEg%3D%3D, accessed Oct. 9, 2019.

¹¹⁴⁶ “MFA spokesperson refutes U.S. and Japan’s statements on China’s designation of ECS ADIZ: Urging U.S. and Japan to stop irresponsible remarks” [外交部发言人驳斥美日对我国划设东海防空识别区有关表态: 敦促美日停止说三道四], *People’s Daily*, Nov. 25, 2013; “Ministry of National Defense: Japan and U.S. relevant statements are unreasonable” [国防部: 日美有关表态毫无道理], *Xinhua Daily Telegraph*, Nov. 26, 2013; “MFA: Protesting Japan and America’s unreasonable criticisms” [外交部: 抗议日美方的无理指责], *Xinhua Daily Telegraph*, Nov. 26, 2013; “Defense Ministry’s Spokesperson answers media question, Japan and U.S. has no rights to make irresponsible comments on China’s designation of ECS ADIZ” [国防部新闻发言人答记者问, 日美无权对中国划设东海防空识别区说三道四], *PLA Daily*, Nov. 26, 2013.

¹¹⁴⁷ Lv Desheng [吕德胜], “MND spokesperson answers media questions regarding U.S. military aircraft entry into the ECS ADIZ: Chinese military monitored the tire process and made timely identification” [国防部新闻发言人就美军机进入东海防空识别区答记者问: 中国军队进行了全程监视及时识别], *PLA Daily*, Nov. 28, 2013; Xu Lin [徐琳] and Lv Desheng, “China fully control the situation of aircraft entering ECS ADIZ” [中方全面掌握进入东海防空识别区航空器的情况], *PLA Daily*, Nov. 29, 2013.

informing China.¹¹⁴⁸ Nor did China respond to fly-overs by South Korean and Japanese aircraft on November 28 and 29, respectively.¹¹⁴⁹

Multiple factors might have contributed to China's muted response to the bombers and the subsequent Japanese and Korean fly-overs. First and perhaps most important, the way that Washington framed its response to the ADIZ might have reduced Beijing's incentive to make a forceful reaction. Washington distinguished its position from Japan's by refraining from demanding China to roll back the zone and by urging American commercial airlines to comply with the Chinese ADIZ requirements. Specifically, the U.S. Secretary of State John Kerry stressed that what Washington would not support were "efforts by any State to apply its ADIZ procedures to foreign aircraft not intending to enter its national airspace," and that Washington expected China "to exercise caution and restraint" and "not to implement its threat to take action against aircraft that do not identify themselves or obey orders from Beijing." The U.S. message that Washington was not explicitly calling on China for reversing the ADIZ but instead for avoiding enforcement was made even clearer during then U.S. Vice President Joe Biden's trip to Japan, China, and South Korea in early December.¹¹⁵⁰

Moreover, the way that the B-52 fly-over was conducted probably confirmed Beijing's assessment of America's intention to contain the tensions. Shen Dingli, an international security expert at China's Fudan University, called the fly-over a "restrained show of resolve" by

¹¹⁴⁸ Thom Shanker, "U.S. Sends Two B-52 Bombers into Air Zone Claimed by China," *New York Times*, Nov. 26, 2013, <https://www.nytimes.com/2013/11/27/world/asia/us-flies-b-52s-into-chinas-expanded-air-defense-zone.html>, accessed Oct. 9, 2019.

¹¹⁴⁹ Christopher Bodeen, "S. Korea, Japan defy Chinese air defense zone," *Associated Press*, Nov. 28, 2013; Zhang Yuqing [张玉清], "PLA Air Force verify foreign military aircraft entering ECS ADIZ" [空军查证进入东海识别区的外国军机], *Xinhua Daily Telegraph*, Nov. 30, 2013.

¹¹⁵⁰ U.S. Department of State, "Statement on the East China Sea Air Defense Identification Zone." Mark Landler and Martin Fackler, "Biden walks a fine line in Japan; He voices concern about China's air zone, but no call for a reversal," *New York Times*, Dec. 4, 2013; David Nakamura, "In China, Biden aims to ease tension," *Washington Post*, Dec. 5, 2013 "U.S. looks to manage, not end, China air rift," *Agence France Presse*, Dec. 7, 2013.

Washington because the military aircraft performing the fly-over were unarmed, unescorted bombers.¹¹⁵¹ Another Chinese expert on U.S.-China relations, making a similar observation, interpreted this fly-over as intended to convey a dual-purpose message: on the one hand, the U.S. demonstrated forcefully its defiance of China's ADIZ rules; on the other hand, this message of defiance was sent in an unthreatening way to China to minimize the risk of miscalculation and overreaction.¹¹⁵² Assessment by the Chinese military reflects a similar perception. An annual report on China's security environment by the PLA's National Defense University, noting the way that Washington conducted (not armed, not escorted by fighter jets) and characterized (as part of a routine exercise flight planned before the ADIZ announcement) the B-52 fly-over, described the flight as a "moderate, restrained" U.S. response to the ADIZ. The report also referred with approval to a remark made by USAF chief of staff Gen. Mark Welsh that China's creation of the ADIZ should serve as an opportunity for an international discussion regarding how countries could better communicate with each other and manage air defense zones in the region.¹¹⁵³

Second, the strong reactions from South Korea and the potential pushback from Southeast Asian countries alerted Beijing of the steeply rising geopolitical costs it was facing. A Korea expert affiliated with a Chinese government think tank explicitly stated that the ADIZ had "unnecessarily

¹¹⁵¹ Lu Yifeng [陆益峰], "U.S. 'restrained show of resolve' reflects the evolving power structure in Asia-Pacific" [美“有克制示强”反映亚太格局嬗变], *Wenhui Bao* [文汇报], Nov. 28, 2013. Shen's account converges with the content of a *Wall Street Journal* report published on Nov. 26. But it remains unclear whether China got the details about the bombers from the *Wall Street Journal* reports or from other non-open sources. Julian E. Barnes, "U.S. Directly Challenges China's Air Defense Zone; Pair of American B-52 Bombers Fly Over Disputed Island Chain," *Wall Street Journal*, Nov. 26, 2013.

¹¹⁵² Author's interview, Shanghai, April 2019.

¹¹⁵³ Tang Yongsheng [唐永胜] and Pang Hongliang [庞宏亮], "A review of China-U.S. relations" [中美关系评析], in Institute of Strategic Studies of National Defense University, *International Strategic Situation and China's National Security 2013-2014* [国际战略形势与中国国家安全 2013-2014] (Beijing: Guofang daxue chubanshe, 2014), pp. 21-22. "China's air defense identification zone 'a platform for communication,'" *defensenews.com*, Dec. 11, 2013, reprinted on *South China Morning Post*, <https://www.scmp.com/news/china/article/1379845/chinas-air-defence-identification-zone-platform-communication>, accessed Oct. 9, 2019.

provoked South Korea.”¹¹⁵⁴ Another very knowledgeable Chinese source noted that former ROK government senior officials, upon witnessing China’s forceful countermeasures toward Japan, began to express their worries in private, “China could treat Korea in a similar way when China-ROK relations counter problems.”¹¹⁵⁵ In attempts to reassure South Korea, Beijing ostensibly softened its tone and expressed its hope of resolving the issue through “friendly consultations and negotiations” with Seoul, and this accommodating approach remained unchanged even after South Korea announced on December 8 to expand its own ADIZ to cover the Suyan/Ieodo.¹¹⁵⁶

Meanwhile, Beijing’s indication of other ADIZs being under consideration fueled wide worries and speculations of whether another one would soon be established in the South China Sea.¹¹⁵⁷ As noted by a group of Asia experts at CSIS, “Support for Japanese views may grow in Southeast Asia as states bordering the South China Sea worry about a similar Chinese move to place a South China Sea ADIZ over their disputed islands.”¹¹⁵⁸ Furthermore, with a Japan-ASEAN special summit upcoming in December, a balancing coalition on China’s eastern and southern maritime frontiers appeared to be an imminent possibility.

¹¹⁵⁴ Author’s interview, Beijing, June 2019.

¹¹⁵⁵ Author’s interview, Beijing, March 2019.

¹¹⁵⁶ “China informed Seoul of air defense zone,” *Korea Herald*, Nov. 25, 2013; Jun Ji-hye, “No big row likely over new air zone,” *Korea Times*, Dec. 8, 2013; “South Korea expands its air defense zone after informing US, China, Japan,” BBC Monitoring Asia Pacific, Dec. 9, 2013.

¹¹⁵⁷ See, for example, Banyan, “The East China Sea: Regional turbulence,” *The Economist*, Nov. 27, 2013, <https://www.economist.com/banyan/2013/11/27/regional-turbulence>, accessed Oct. 10, 2019; James Fallows, “More on This Strange Chinese ADIZ: ‘Sovereign is as Sovereign Does,’” *The Atlantic*, Nov. 23, 2013, <https://www.theatlantic.com/china/archive/2013/11/more-on-this-strange-chinese-adiz-sovereign-is-as-sovereign-does/281890/>, accessed Oct. 9, 2019. On the same day of the ADIZ announcement, the Chinese MND spokesperson Yang Yujun stated that “after relevant preparatory work is completed, China will designate other ADIZs when time is appropriate.” MND, “MND’s spokesperson Yang Yujun answers media questions about establishing the ECS ADIZ” [国防部新闻发言人杨宇军就划设东海防空识别区答记者问], Nov. 23, 2013, http://www.mod.gov.cn/affair/2013-11/23/content_4476908.htm, accessed Oct. 9, 2019.

¹¹⁵⁸ “China’s Air Defense Identification Zone: Impact on Regional Security,” CSIS Asia Team, Nov. 26, 2013, <https://www.csis.org/analysis/chinas-air-defense-identification-zone-impact-regional-security>, accessed Oct. 10, 2019.

Facing the surging geopolitical costs, China began to tone down its rhetoric on the ADIZ. The Chinese defense ministry issued a statement on December 3, underscoring that the ADIZ would not be treated and operated in the same way as territorial airspace or no-fly zone, but would be operated “for the purpose of identification and early warning;” and as such, “supervision and control are exercised through reported flight plans and radar response and identification... Fighter planes are unnecessary when an entering aircraft is found to pose no threat to us...civil flights pose no threat in most circumstances.”¹¹⁵⁹

Third, the Chinese military seemed to lack the necessary capabilities to fully enforce the ADIZ. According to a 2014 USAF report to the U.S.-China Economic and Security Review Commission, China was unable to maintain a “constant aerial presence with either fighters or support aircraft;” instead, the PLA need to rely on its “dense ground-based radar coverage to maintain awareness” throughout the ADIZ. To actively monitor and manage the ADIZ requires “shared efforts among coastal units, regional command posts particularly in the Nanjing Military Region, and command elements in Beijing.”¹¹⁶⁰ In addition to the PLA’s lack of the necessary surveillance and enforcement capabilities, knowledgeable Chinese sources also noted that there was a lack of civil-military aviation coordination mechanisms to enable effective surveillance and enforcement, and that for this reason the ADIZ was a move of more political, symbolic significance than military value and intended for domestic consumption.¹¹⁶¹ Following this line of explanation, Beijing might not even intend to fully enforce the ADIZ at the time of its establishment, at least not until China gains the necessary capabilities.

¹¹⁵⁹ Ministry of National Defense of PRC, “Defense Ministry spokesman on China’s air defense identification zone,” Dec. 4, 2013, <http://www.china-embassy.org/eng/zt/dhfkbsbq2/>, accessed Oct. 10, 2019.

¹¹⁶⁰ U.S. Department of the Air Force, “Presentation to the U.S.-China Economic and Security Review Commission,” Statement of Lee Fuell, Technical Director for Force Modernization & Employment, National Air & Space Intelligence Center, Jan. 30, 2014.

¹¹⁶¹ Author’s interview, Beijing, June 2019.

In the years following its establishment, the Chinese ADIZ has not been actively enforced for most of the time. A 2015 CRS report characterizes China's ADIZ enforcement since its initiation as "restrained."¹¹⁶² Likewise, a 2016 U.S.-China Economic and Security Review Commission report states that China "has never sought to fully enforce ADIZ as it pertains to military aircraft" except for interception of "only a handful of" Japanese military aircraft in mid-2014. Neither has the ADIZ disrupted civilian air traffic in the region, although the GOJ requested Japanese airlines not to comply with China's ADIZ requirements.¹¹⁶³ A 2017 RAND report arrives at a similar conclusion.¹¹⁶⁴

POST CRISIS INSTITUTIONALIZATION OF THE MARITIME AIR COMMUNICATION MECHANISM

Official ties between Beijing and Tokyo did not begin to thaw until bilateral back-channel diplomacy bore fruit and culminated in a four-point statement in November 2014,¹¹⁶⁵ which paved the way for a brief meeting between Xi and Abe on the sideline of the Beijing APEC summit three days after the issuance of the statement. This document was crafted in a subtle and somewhat vague fashion in addressing the maritime disputes in order to afford each government adequate leeway to present the deal to its domestic audience with an interpretation that the country's traditional position had not been compromised.¹¹⁶⁶ In this way, the statement and the meeting

¹¹⁶² Ian E. Rinehart and Bart Elias, *China's Aid Defense Identification Zone*, Congressional Research Service, Jan. 30, 2015, pp. 11.

¹¹⁶³ Michael Pilger, *ADIZ Update: Enforcement in the East China Sea, Prospects for the South China Sea, and Implications for the United States*, U.S.-China Economic and Security Review Commission Staff Research Report, Mar. 2, 2016, p. 4.

¹¹⁶⁴ Edmund J. Burke and Astrid Stuth Cevallos, *In Line or Out of Order? China's Approach to ADIZ in Theory and Practice* (Santa Monica, CA: RAND Corporate, 2017).

¹¹⁶⁵ In January 2013, Abe sent Yamaguchi Natuo as his envoy to Beijing delivering a personal letter to Xi. Yamaguchi's trip was followed up with a series of high-level back-channel diplomatic activities including, among others, a visit by Japan's former Prime Minister Murayama Tomiichi, LDF Deputy Secretary General Nakatani Gen, chairman of the Japan-China Friendship Association Kato Koichi, and former Prime Minister Hatoyama Yukio. Przystup, "Japan-China Relations: Treading Troubled Waters."

¹¹⁶⁶ For a close sentence-by-sentence trilingual analysis of the content of the official Chinese- and Japanese-language statements and their respective English translations, see, Adam P. Liff, "Principles Without Consensus, Setting the Record Straight on the 2014 Sino-Japanese 'Agreement to Improve Bilateral Relations,'" working paper, Nov. 8, 2014. For more analyses scrutinizing the agreement, see, for example, J. Berkshire Miller, "A Meeting of the Minds: Did

enabled both sides to take the necessary step out of the diplomatic impasse and began to tackle the most pressing issue confronting them: hammering out a mutually acceptable, effective crisis prevention and management mechanism regulating the interactions of the two countries' maritime security actors.

The negotiation on a maritime communication mechanism resumed in January 2015 after a three-year hiatus. Given the increased encounters between Chinese and Japanese aircraft in the airspace over the East China Sea, the negotiation incorporated the airspace domain into the scope of the mechanism.¹¹⁶⁷ Before interrupted by the nationalization, both sides had conducted three rounds of expert negotiation between April 2008 and June 2012, and drawn up three pillars of the mechanism: 1) installing a hotline between the two countries' defense agencies; 2) holding regular meetings between defense officials; 3) establishing rules for direct communication between local military actors during an encounter.¹¹⁶⁸ However, the negotiation soon deadlocked on the issue of whether the Diaoyu/Senkaku territorial sea and airspace should be excluded from the scope of the mechanism.¹¹⁶⁹ Japan insisted on such an exclusion, because, as a prominent Japanese China expert expounded, "if territorial sea and airspace are covered under the mechanism, it would be no

Japan and China Just Press Reset?" *Foreign Affairs*, Nov. 19, 2014, <https://www.foreignaffairs.com/articles/china/2014-11-10/meeting-minds>, accessed Oct. 9, 2019; Zhao Tong, "China-Japan Four Point Consensus Determines Next Important Task: Crisis Management," Nov. 10, 2014, <https://carnegietsinghua.org/2014/11/10/china-japan-four-point-consensus-determines-next-important-task-crisis-management-pub-57338>, accessed Oct. 11, 2019; Tatsumi Yuki, "Understanding China and Japan's Four Point Consensus: A Step Forward For Stabilizing Relations," *Stimson Spotlight*, Nov. 12, 2014, <https://www.stimson.org/content/understanding-china-and-japans-four-point-consensus-a-step-forward-for-stabilizing-relations>, accessed Oct. 13, 2019.

¹¹⁶⁷ MND, "Ministry of Defense: China and Japan make progress on negotiation regarding maritime security" [国防部：中日就海上安全问题磋商取得进展], Jan. 29, 2015, http://www.mod.gov.cn/jzhzt/2015-01/29/content_4621265.htm, accessed Oct. 11, 2019. "China and Japan agree to resume negotiation on maritime communication mechanisms as soon as possible" [中日同意尽早重启海上联络机制], *Beijing Times*, Jan. 14, 2015, reprinted on People.com, <http://opinion.people.com.cn/n/2015/0114/c159301-26379205.html>, accessed Oct. 11, 2019.

¹¹⁶⁸ Liu Xiaobo [刘晓博], "Sino-Japanese 'Aerial and Maritime Communication Mechanism' and the two countries' aerial and maritime military security" [中日“海空联络机制”与两国海空军事安全], Aug. 29, 2018, *Naval & Merchant Ships*, issue 10.

¹¹⁶⁹ Private communication with a Chinese participant in the negotiation; Zhou Bo, "Maritime Risk Management and Control."

different from an ‘invitation’ for Chinese ships and aircraft [to frequently intrude into the Diaoyu/Senkaku territorial sea and airspace].”¹¹⁷⁰ Namely, Japan worried that Beijing would use such an inclusion to justify its regular presence in the Diaoyu/Senkaku area. Beijing rejected Japan’s position on the ground that the great risk of conflict around the Diaoyu/Senkakus precisely underscores the great need to extend the coverage of this mechanism to this area.¹¹⁷¹

A final agreement was reached and signed into effect in May 2018 during Chinese Premier Li Keqiang’s visit to Tokyo. Still pending the release of the full text of the document at the time of this writing, information from open sources and the author’s private communication with knowledgeable source suggests that the mechanism is comprised of the three pillars agreed upon in the pre-2012 rounds. The final document makes no specification about its geographical scope but reportedly notes that it has no implication for sovereignty.¹¹⁷² Rules for direct communication between military actors are based on CUES and the Convention on International Civil Aviation (a.k.a. Chicago Convention), according to a report by China’s National Institute for South China Sea Studies (NISCSS).¹¹⁷³

This mechanism, as it is, is ostensibly inadequate in several key aspects. Most importantly, the mechanism regulates the encounters only between military actors; interactions between the various nonmilitary actors active at the forefront of the East China Sea disputes go unaddressed in the agreement. Second, regulating encounters between military aircraft through rules for civilian flights as stipulated in the Convention on International Civil Aviation might render only

¹¹⁷⁰ Author’s interview, Tokyo, August 2018.

¹¹⁷¹ “After 12 years China and Japan reached an agreement on Aerial and Maritime Communication Mechanism” [中 日 历 经 12 年 达 成 海 空 联 络 机 制 协 议], *Nikkei*, May 11, 2018, <https://cn.nikkei.com/china/cpolicssociety/30443-2018-05-11-09-13-57.html?start=0>, accessed Oct. 11, 2019.

¹¹⁷² Michael Kovrig, “How A Long-awaited Hotline Could Pave the Way For Calmer China-Japan Relations, Crisis Group, May 13, 2018, <https://www.crisisgroup.org/asia/north-east-asia/chinajapan/how-long-awaited-hotline-could-pave-way-calmer-china-japan-relations>, accessed Oct. 11, 2019.

¹¹⁷³ Liu, “Sino-Japanese ‘Aerial and Maritime Communication Mechanism.’”

suboptimal effects. As noted in the NISCSS report, to regulate encounters between military airplanes conducting missions such as reconnaissance, tailing, surveillance, interception and compellence,¹¹⁷⁴ rules of the road need to be more specifically tailored to achieve this end. Third, viewed in light of hotline mechanisms' past ineffectiveness and susceptibility to fluctuations in diplomatic relations, the pending defense hotline,¹¹⁷⁵ without a firm commitment by both parties to keep it fully functional and promptly connected to key decisionmakers in times of crisis, is likely at best cold comfort.

¹¹⁷⁴ Ibid.

¹¹⁷⁵ "MND spokesperson answers media questions regarding the consultation dialogue between defense ministries of China and Japan" [国防部新闻发言人就中日防务部门机制性磋商], Xinhua, Mar. 31, 2021, http://www.xinhuanet.com/world/2021-03/31/c_1127276498.htm, accessed Apr. 12, 2021.

South China Sea: “Safeguarding Rights” versus “Maintaining Stability”

Among the hot button issues confronting China, the South China Sea problem is one of the very few diplomatic conundrums that pertain to all the keywords embodied in China’s foreign policy guideline – ‘periphery,’ ‘great powers,’ ‘developing countries,’ and ‘multilateralism.’¹¹⁷⁶

– National Institute for South China Sea Studies (NISCSS)
2005 Assessment Report on the Situation in the South China Sea

China’s neighboring countries on the maritime frontier can be divided into two groups: one includes the coastal countries on the East Asia continent, including Vietnam, Singapore, Malaysia, and South Korea; the other entails archipelagic states such as Japan, the Philippines and Indonesia...to launch a large-scale, all-dimensional attack on China would still need to go through countries onshore. The modern history shows that South Korea, the Malay Peninsula and Vietnam are to China what the Lower Countries such as the Netherlands and Belgium are to France. But the intention of these important neighboring countries to balance against China has become quite apparent...Therefore, how to strategically manage relations with these countries is of critical importance to China’s maritime security. Politically, China must maintain stable and friendly relations with these countries to prevent them from being used as bases for containing China; meanwhile, China needs to cope with provocations and frictions caused by these countries over maritime territories, rights, and interests.¹¹⁷⁷

– Academy of Military Science (AMS)
2010 Strategic Review

The South China Sea has strong spillover effects, which China had seriously underestimated as of 2010. The neighborhood has begun to pay close attention to China’s behavior since we submitted the note verbale in 2009, and the South China Sea has since become the litmus test for China’s commitment to peaceful development...ASEAN has long been an illustration of China’s good neighborly diplomacy and intention to rise peacefully...Once ASEAN begins to openly criticize China, China will really lose its moral high ground.¹¹⁷⁸

– A South China Sea expert at CASS
Author’s interview, Beijing, May 2019

¹¹⁷⁶ NISCSS, *2005 Assessment Report on the Situation in the South China Sea* [2005年南海形势评估报告], 2006, internal material, p.33. The four keywords refer to the phrase “great powers are the key, peripheral areas the first priority, developing countries the foundation, multilateralism the important stage” (大国是关键、周边是首要、发展中国家是基础、多边是重要舞台) which was laid out after Hu Jintao took office in 2002 as a guideline for China’s conduct of foreign policy.

¹¹⁷⁷ AMS, *Crisis, Challenges and Transformation: A Review of the First Decade in the 21st Century and Outlook* [危机、挑战、转型：21世纪10年回顾与展望] (Beijing: Junshi kexue chubanshe, 2012), pp. 227-228.

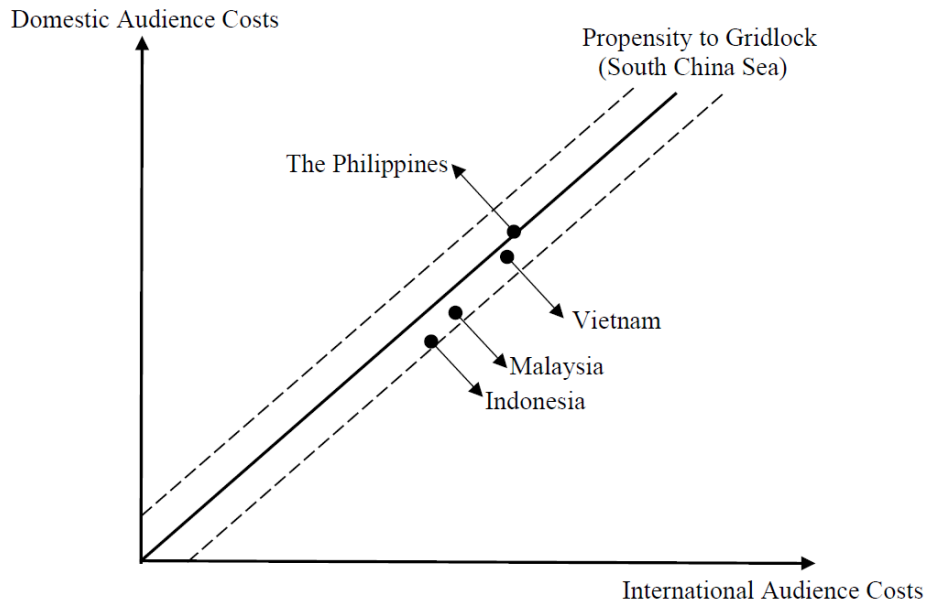
¹¹⁷⁸ In discussions with Chinese interlocutors, “spillover effects” [外溢效应] is the more often used term to refer to IAC, that is, the negative side effects, backlashes, and alienation of third-party stakeholders.

7. Vietnam's Spratly Cruise, the Tokin Gulf Fatal Shooting, and Sansha City

Contrasting its strong propensity to escalate local incidents in the East China Sea over the past two decades, China has been more selective in escalating contingencies in the South China Sea disputes during the same period. Moreover, incidents were not followed by an immediate escalation or de-escalation; instead, standoffs often ensued before Beijing opted for a subsequent escalation or de-escalation. As such, China's crisis behavior pattern in the South China Sea is remarkable as much for a greater variation between escalation and de-escalation as it is for the frequent occurrence of standoffs.

The South China Sea falls in the "propensity to gridlock" area that straddles the 45-degree borderline in the audience cost trade-off model (Figure 7.1). In this area, the tradeoff between the two types of audience costs more often is not immediately clear when a local incident takes place. On the domestic end, Beijing in general faces smaller audience costs over the South China Sea than the East China Sea. At the top, the leadership consensus on maintaining cordial ties with Southeast Asian countries has remained clear across most of the period. Also, unlike the East China Sea case in which moderate voices among elites are often overwhelmed by nationalist outcries, bureaucratic, business, and intellectual elites diverge more widely regarding how forcefully China should assert its claims in the South China Sea. At the grassroots level, whereas nationalist emotions at times run high during local incidents, popular pressure for a tough posture on the South China Sea is in general far smaller and more manageable than the East China Sea. This absence of a strong compromise-averse coalition, while granting Chinese decision makers more latitude in making choices, has led Beijing to be relatively more sensitive to changes in the audience costs on the international end.

Figure 7.1 The South China Sea in the “Propensity to Gridlock” Area



This chapter traces China’s handling of three incidents in the South China Sea during the first decade of the 21st century: Vietnam’s decision in 2004 to launch a tourism cruise to the contested Spratlys, the fatal shooting of multiple Vietnamese fishermen by the Chinese Maritime Police in the Tonkin Gulf in 2005, and Beijing’s decision in late 2007 to table the plan of establishing the Sansha City. The prevalence of international audience costs generated in both bilateral and multilateral settings created incentives for Beijing to de-escalate.

THE 2004 VIETNAMESE SPRATLY CRUISE

Since the end of the Cold War particularly following the 1995 Mischief Reef incident, China redoubled its charm offensive toward Southeast Asia in an effort not only to dispel lingering suspicions among its small neighbors but also to placate growing concerns in the international community about China’s long-term intentions and to foster a positive image of China as a responsible, non-threatening rising power.¹¹⁷⁹

¹¹⁷⁹ Wang Hui [王辉], “China, Japan and their relations with ASEAN: Competition and Cooperation in Interactions” [中、日与东盟关系：互动中的竞争与合作], in Li Yiping [李一平] and Zhuang Guotu [庄国土], ed., *Post-Cold*

The first decade of the 21st century is notable for significant improvements in China-ASEAN relations as well as the overall stability in the South China Sea.¹¹⁸⁰ In November 2002, China and ASEAN countries signed the Declaration on the Conduct of Parties in the South China Sea (DOC), an nonbinding document in which the signatories pledged to resolve their maritime disputes by peaceful means and to “exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability.”¹¹⁸¹ Concluding the declaration at the ASEAN-China summit in Phnom Penh, Cambodia, Chinese Premier Zhu Rongji praised the conclusion of the DOC as a representation of a “higher level of political trust between the two sides.”¹¹⁸² In October 2003, Beijing took another step to boost political trust with Southeast Asian countries through China’s accession to ASEAN’s Treaty of Amity and Cooperation (TAC). Relations with ASEAN countries have since become a crown jewel of Beijing’s good neighborly diplomacy as well as an opportunity to showcase China’s commitment to multilateralism and its peaceful rise.

With that said, the South China Sea during this period is not without controversies and incidents. Tensions mounted between China and other claimants especially Vietnam on issues ranging from tourism in the disputed areas to fatal fishing clashes, hydrocarbon resources and administrative disputes. However, contrasting its strong propensity to respond forcefully to incidents in the East China Sea during the same period, China avoided taking an escalatory posture when responding to most of the incidents in the South China Sea. As demonstrated below, whereas

War International Relations of Southeast Asia [冷战以来的东南亚国际关系] (Xiamen: Xiamen University Press, 2005), p. 63; Zhang Yunlin [张蕴岭] and Sun Shihai [孙士海], *A Report on the Development of Asia-Pacific No. 6 (2005)* [亚太地区发展报告 No. 6 (2005)] (Beijing: Social Science Academic Press, 2006), p. 053

¹¹⁸⁰ Andrew Chubb argues in a recent article that China became more assertive on the South China Sea disputes starting from 2007, a few years earlier than most English-language analyses have assumed. Andrew Chubb, “PRC Assertiveness in the South China Sea,” *International Security*, Vol. 45, No. 3 (Winter 2020/2021), pp. 79-121.

¹¹⁸¹ “Declaration on the Conduct of Parties in the South China Sea,” a full text of the document was retrieved from ASEAN website, https://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2, accessed Mar. 26, 2019.

¹¹⁸² Tham Choy Lin, “ASEAN, China sign free trade pact and South China Sea Declaration,” *Malaysia General News*, Nov. 4, 2002.

the more cordial China-ASEAN ties contributed significantly to this contrast, the absence of a strong compromise-averse coalition during this period created a permissive domestic environment for Beijing to quickly contain the fallout from the incidents.

In October 2003, information that Vietnam was considering opening tourism trips to the Spratlys began to surface. Le Dung, spokesperson of Vietnam's foreign ministry, stated on October 9 that Vietnam was "studying the feasibility of organizing such trips."¹¹⁸³ Beijing might have communicated with Hanoi regarding this announcement through backchannels, but no information shows China made any open response during this period.

In March 2004, Hanoi made it official that the first tour to the Spratlys was scheduled for mid-April with a stated objective of reaffirming Vietnam's sovereignty over the area. On March 24, the Philippines cautioned against Vietnam's planned tour.¹¹⁸⁴ The next day, Beijing noted that it was aware of reports about Vietnam's plan to organize tourist groups to the Spratlys and had already made a presentation to the Vietnamese side concerning what Beijing believed to be an infringement on China's sovereignty. Invoking "the principles enshrined in the DOC," Beijing urged Vietnam to "immediately correct its erroneous act" in the South China Sea.¹¹⁸⁵ Responding to Beijing and Manila's opposition, Hanoi bluntly defended its plan, claiming that it had the right to open tourism because "[t]he Spratlys are part of Vietnamese territory."¹¹⁸⁶

As it became clear that Vietnam would not suspend the tourist group slated for April 19, then China's Vice Foreign Minister Wang Yi summoned Vietnamese Ambassador on April 16 to lodge

¹¹⁸³ "Vietnam eyes disputed Spratly Islands for tourism," Deutsche Presse-Agentur, Oct. 9, 2003.

¹¹⁸⁴ "Philippines cautions Vietnam over tour plan to Spratlys," Deutsche Presse-Agentur, Mar. 24, 2004.

¹¹⁸⁵ "The Chinese side had made a solemn presentation to the Vietnamese side regarding Vietnam's plan to organize tourism trips to the Nansha islands" [就越南准备组织赴南沙群岛旅游, 中方已向越方提出严正交涉], *People's Daily*, Mar. 26, 2004.

¹¹⁸⁶ Tini Tran, "Tour, bird-watching stand trigger latest row over Spratly Islands," Associated Press, Apr. 3, 2004.

a protest.¹¹⁸⁷ Despite Beijing's complaint, Vietnam pressed ahead with the plan. On April 20, some 100 Vietnamese tourists including senior officials from Vietnam's National Administration of Tourism took the eight-day cruise voyage to the Spratlys on a naval ship.¹¹⁸⁸ This tour was organized by a travel company under Vietnam's Ministry of Defense, giving the activity a civilian cover. Dismissing criticisms by China and the Philippines, the Vietnamese foreign ministry's spokesperson Le Dung characterized the tour as a "normal civil activity to meet the demands of people travelling and visiting."¹¹⁸⁹ Vietnam's vice premier Vu Koan similarly underscored that the tour was "just some tourist companies' idea" during an interview with Hong Kong's Phoenix TV.¹¹⁹⁰

Calling Vietnam's action a violation of China's territorial sovereignty and the principles enshrined in the DOC, Beijing expressed "strong dissatisfaction" over the trip and demanded Vietnam "immediately stop actions that could complicate the situation" and "honor its pledge."¹¹⁹¹ The Philippine foreign ministry likewise summoned Vietnam's ambassador to "express concern" over the trip, although Manila cautiously toned down its complaint in what appeared to be an effort to protect ASEAN's solidarity.¹¹⁹²

Adding fuel to the fire, in mid-May media reports surfaced that Vietnam had since April begun rebuilding an airport with a 600-meter runway on the contested Big Spratly Island to enable future

¹¹⁸⁷ Yi Ming [一鸣], "China demands Vietnam abide by the DOC" [我国要求越南恪守南海各方行为宣言], *China Ocean News*, Apr. 23, 2004.

¹¹⁸⁸ "Vietnam launches first tour to disputed Spratly Islands despite protests from China" Associated Press, Apr. 18, 2004.

¹¹⁸⁹ "Vietnam dismisses regional criticism of tour of disputed Spratlys," Deutsche Presse-Agentur, Apr. 20, 2004.

¹¹⁹⁰ Lan Jianxue [蓝建学], "Vietnam's actions on the Nansha issue over the recent years" [近年来越南在南沙问题上的动向], Zhang Yunlin [张蕴岭] and Sun Shihai [孙士海], ed., *Asia-Pacific Region Development Report 2004* [亚太地区发展报告 2004] (Beijing: Shehui Kexue Wenxian Chubanshe, 2005), p. 251. Transcript of the whole interview was published in Ruan Cishan [阮次山], *Talking with World Leaders* [风云对话] (Beijing: Jiuzhou Press, 2006) pp. 212-221.

¹¹⁹¹ "MFA spokesperson made a statement expressing strong dissatisfaction with Vietnam's organizing tour to Nansha Islands" [外交部发言人发表谈话: 对越南组织赴南沙群岛旅游表示强烈不满], *People's Daily*, Apr. 20, 2004.

¹¹⁹² "Philippines summons Vietnamese envoy over Spratlys tour," Deutsche Presse-Agentur, Apr. 21, 2004.

tourism flights. Duong Xuan Hoi, director of the tourism department at Vietnam's National Administration of Tourism, confirmed on May 14 that the Vietnamese Air Force was reconstructing the airport to land small aircraft "for tourism purposes" and acknowledged that future trips could take place.¹¹⁹³ Four days later, MFA spokesperson Liu Jianchao – responding to a media question about Vietnam's airport renovation – characterized Vietnam's construction as "a violation of the DOC principles that would lead to further complication of the South China Sea issue."¹¹⁹⁴

The Cost Trade-off: The International End Carried the Day

The international end of the audience costs unambiguously prevailed in China's calculation at the time. Meanwhile, the presence of domestic stakeholders supporting a conciliatory posture toward Vietnam, in combination with a weak compromise-averse coalition at home, enabled Beijing to take a de-escalatory response.

Low Domestic Audience Costs: China Reaching Out to ASEAN and Hardline Pushes Curtailed

The consensus on the importance of maintaining robust relations with ASEAN as well as with Vietnam at the time was clear in the Chinese leadership. On November 8, 2002, four days after China signed the DOC, the CCP's 16th Party Congress report reaffirmed China's commitment to good neighborly diplomacy.¹¹⁹⁵ Signaling a continuity and enhancement of this policy, the Hu-Wen leadership broached the idea of "peaceful rise" to articulate China's nonbelligerent commitment and reassure the international community, as elaborated in Chapter 4.

¹¹⁹³ "Vietnam renovates airport in disputed Spratly Islands," Agence France Presse, May 14, 2004; "Vietnam: Spratly Islands Airport," *Stratfor Situation Report*, May 14, 2004, <https://worldview.stratfor.com/situation-report/vietnam-spratly-islands-airport>, accessed Oct. 17, 2019.

¹¹⁹⁴ "MFA spokesperson answers media questions" [外交部发言人答记者问], *People's Daily*, May 19, 2004.

¹¹⁹⁵ "Jiang Zemin's Report at the 16th Party Congress of the CPC."

Turning now to the post-Cold War Sino-Vietnamese relations, the Chinese leadership put an emphasis on safeguarding stability and the shared ideology between the two countries. In 1999, Beijing officially codified the bilateral commitment to stabilizing the relationship with a sixteen-character principle: “long-term stability, future-orientation, good neighborliness, and all-round cooperation” (长期稳定、面向未来、睦邻友好、全面合作).¹¹⁹⁶ During his visit to Hanoi in February 2002, Jiang Zemin proposed that the two countries should be “good neighbors, good friends, good comrades, and good partners” (好邻居、好朋友、好同志、好伙伴).¹¹⁹⁷ Unlike the “new thinking on Japan” debate that emerged immediately following the Jiang-Hu power transition and suggested a likely divergence between Jiang’s and Hu’s approaches toward Japan, Jiang’s policy line undergirding the Sino-Vietnamese relationship was adopted in full by the succeeding Hu-Wen administration with little if any debate. In 2003, when meeting for the first time as China’s top leader with the visiting CPV party chief Nong Duc Manh, Hu Jintao invoked Jiang’s formula in full, reaffirming policy continuity in defining the bilateral relationship.¹¹⁹⁸

The Chinese leadership also held a clear consensus regarding the significance of prioritizing economic cooperation with ASEAN. Apart from a framework agreement signed in 2002 aiming for a China-ASEAN free trade area (FTA) by 2010,¹¹⁹⁹ China began actively engaging ASEAN countries in sub-regional cooperation initiatives, most notably, the Greater Mekong Subregion

¹¹⁹⁶ For a detailed analysis of the sixteen-character principle, see, Christina Lai, “A Coercive Brotherhood: Sino-Vietnamese Relations from the 1990s to 2018,” *Journal of Contemporary China*, 2020, Vol. 29, No. 123, pp. 469-486.

¹¹⁹⁷ Guo Ming [郭明], Zhang Xue [张雪] and Wei Shuxian [韦树先], ed., *New Era of China Vietnam Relationship* [中越关系新时期] (Beijing: Shishi chubanshe, 2007), p. 244. For a detailed trace of the sixteen-character principle, see, Christina Lai, “A Coercive Brotherhood: Sino-Vietnamese Relations from the 1990s to 2018,” *Journal of Contemporary China*, 2020, Vol. 29, No. 123, pp. 469-486.

¹¹⁹⁸ Xinhua, “Hu Jintao and Nong Duc Manh hold meeting, speaking highly of Sino-Vietnamese relations” [胡锦涛与农德孟举行会谈，高度评价中越关系], Apr. 8, 2003, reprinted on Sina, <http://news.sina.com.cn/c/2003-04-08/0032985215.shtml>, accessed Oct. 18, 2019.

¹¹⁹⁹ Tham, “ASEAN, China sign free trade pact and South China Sea Declaration.”

Economic Cooperation (GMS) program, China-ASEAN Expo, and later the Pan-Beibu Gulf Economic Cooperation Forum. While intended as an effort to ameliorate ASEAN's unease about competition from China for foreign investment and labor-intensive product exports,¹²⁰⁰ Beijing conceived these subregional arrangements also as important policy tools to accelerate the opening and development of China's southwestern region as part of the West Development Strategy launched in late 1990s. As the 2002 CASS bluebook on Asia-Pacific development noted, "The next period is an important one for China's implementation of 'West Development' and 'going out' strategies; [therefore] the construction of the [China-ASEAN] FTA would carry more importance and influence."¹²⁰¹ Wang Yi, then China's Vice Foreign Minister, wrote in a 2003 *Qiushi* article, "The surrounding area is becoming an important region for China's implementation of 'going out' strategy, and is also an external extension of the West Development Strategy."¹²⁰²

Below the top, the pulling and hauling among parochial interests kicked in. The divergent interests and policy agendas at this level effectively forestalled the emergence of a broad-based compromise-averse coalition on the South China Sea disputes. Guangxi and Yunnan, China's gateway to the Indochinese Peninsula that had longed for greater economic integration and infrastructure connectivity with Southeast Asia, emerged as major domestic stakeholders benefiting from the regional and sub-regional cooperation initiatives (Table 7.1).

In particular, since the normalization of Sino-Vietnamese relations in early 1990s, Guangxi, sharing with Vietnam a 1,020-kilometer borderline increasingly liberalized for border trade, had a

¹²⁰⁰ For examples of Chinese analysis on addressing the "China economic threat theory," see, Zhai Kun [翟崑], "Psychological adjustment in peripheral diplomacy" [周边外交的心理调节], *World Affairs* [世界知识], issue 22, 2004; and Zhai Kun, "Analysis of the 'China threat theory' in Southeast Asian region" [试析东南亚地区的"中国威胁论"], *Asia & Africa Review* [亚非纵横], issue 5, 2006, pp. 52-55.

¹²⁰¹ Zhang Yunling [张蕴岭] and Sun Shihai [孙士海], ed., *Asia-Pacific Region Development Report 2002* [亚太地区发展报告 2002] (Beijing: Social Sciences Documentation Publishing House, 2003), p. 63.

¹²⁰² Wang Yi [王毅], "Forging friendship and partnership with neighbors" [与邻为善, 与邻为伴], *Qiushi*, issue 4, 2003, p. 19.

major stake in expanding economic ties with Vietnam and with ASEAN in general.¹²⁰³ Boosting border trade was a top priority for the province's external relations, as articulated in its 10th Five-Year Plan starting from 2001.¹²⁰⁴ In early 2003, Gao Hucheng, then Vice Governor of Guangxi, acclaimed that with its geographical location, Guangxi was well positioned to play a critical role in the China-ASEAN FTA.¹²⁰⁵ Gu Xiaosong, then head of the Southeast Asia Research Institute at the Guangxi Academy of Social Sciences (GASS), envisioned Guangxi – with its critical location and infrastructure – would be transformed into a linchpin connecting China's southwestern region with Southeast Asia.¹²⁰⁶ In March 2004, the Guangxi provincial party committee applauded its hosting of the China-ASEAN Expo in Nanning and the China-ASEAN FTA a “rare opportunity” for the opening of Guangxi to the outside world.¹²⁰⁷ Whereas Guangxi aspired to expand its economic ties with the broader Southeast Asian region, Vietnam remained the province's top trading partner. In 2003, Vietnam accounted for 80 percent of the total value of Guangxi's trade with ASEAN countries. Small-scale border trade, at a growth rate of more than 50 percent in both directions, represented the most dynamic and fastest growing dimension in the province's overall foreign trade.¹²⁰⁸ Nong Lifu, then Deputy Director of the Southeast Asia Studies

¹²⁰³ For an excellent study of the role of Guangxi and Yunnan in China's border diplomacy toward Southeast Asia in the 1990s, see, Peter T. Y. Cheung and James T. H. Tang, “The External Relations of China's Provinces,” in Lampton, ed., *The Making of Chinese Foreign and Security Policy in the Era of Reform 1978-2000*, pp. 104-107

¹²⁰⁴ “Report on the outlines of the 10th Five-Year Plan for socioeconomic development in Guangxi Zhuang Autonomous Region” [关于广西壮族自治区国民经济和社会发展第十个五年计划纲要的报告], *Guangxi Daily*, Jan. 18, 2001.

¹²⁰⁵ Wu Jianqing [伍建青] and Jiang Mulan [姜木兰], “Guangxi will play an important role in building China-ASEAN FTA” [构建“中国—东盟自由贸易区”广西将发挥重要作用], *Guangxi Daily*, Feb. 19, 2003.

¹²⁰⁶ Gu Xiaosong [古小松], “Guangxi would be transformed from a hinterland frontier into an international intersection and hub” [广西将由国内边陲变为国际通道和枢纽], *Guangxi Daily*, Feb. 19, 2003.

¹²⁰⁷ Research Small Group under the Propaganda Department of Guangxi Autonomous Region Party Committee [自治区党委宣传部课题研究小组], “Correctly recognize the opportunities and challenges brought by China-ASEAN FTA” [正确认识中国—东盟自由贸易区给广西带来的机遇和挑战], *Guangxi Daily*, Mar. 30, 2004.

¹²⁰⁸ Dai Zhiqiang [戴志强] and Xu Linyi [徐林翊], “Guangxi foreign trade keeps rapid growth” [我区对外贸易持续高速增长], *Guangxi Daily* [广西日报], Jan. 26, 2004; Nong Lifu [农立夫], “Accelerate establishment of Guangxi-Vietnam border cooperation mechanism” [加快建立桂越边境合作机制], *Guangxi Daily*, Mar. 24, 2004.

Table 7.1 Sub-regional Multilateral Cooperation Mechanisms between China and Southeast Asia

	Greater Mekong Subregion Economic Cooperation (大湄公河次区域合作)	China-ASEAN Expo (中国-东盟博览会)	Two Corridors, One Circle (两廊一圈)	One Axis, Two Wings (一轴两翼)	Pan Beibu Gulf Economic Cooperative Zone (泛北部湾经济合作区)	Nanning-Singapore Economic Corridor (南宁-新加坡经济走廊)
Date of Initiation	1992	2004	May 2004	July 2006	July 2006 (Fully launched in July 2007)	July 2006
Initiating party	Asia Development Bank	China (Guangxi)	Vietnam	China (Guangxi)	China (Guangxi)	China (Guangxi)
Components	<ul style="list-style-type: none"> • Yangan-Mandalay-Kunming corridor • Bangkok-Laos-Kunming corridor • Hai Phong-Hanoi-Kunming corridor • Lancang-Mekong river 	N/A	<ul style="list-style-type: none"> • Kunming-Lao Cai-Hanoi-Hai Phone-Quang Ninh Economic Corridor • Nanning-Lang Son-Hanoi-Hai Phone-Quang Ninh Economic Corridor • Beibu Gulf Economic Rim (later expanded and upgraded to the Pan Beibu Gulf Economic Cooperative Zone) 	<ul style="list-style-type: none"> • Pan Beibu Gulf Economic Cooperative Zone • Greater Mekong Subregion Economic Cooperation • Nanning-Singapore Economic Corridor 	<ul style="list-style-type: none"> • Maritime Southeast Asia 	<ul style="list-style-type: none"> • Trans-Asian Railway • Nanning-Singapore highway
Involved ASEAN countries	Vietnam, Cambodia, Laos, Myanmar, Thailand	ASEAN	Vietnam, Malaysia, Singapore, Indonesia, Brunei, the Philippines	ASEAN	Vietnam, Malaysia, Singapore, Indonesia, Brunei, the Philippines	Vietnam, Cambodia, Thailand, Malaysia, Singapore
Leading participating Chinese province(s)	Yunnan	Guangxi	Yunnan, Guangxi, Guangdong, Hainan	Guangxi, Yunnan	Guangxi	Guangxi
Prioritized fields of cooperation	Transport, energy, telecommunication, environment, tourism, agriculture, human resource development, trade, etc.	Trade in goods	Trade, agriculture, tourism, resource development and processing, infrastructure, electricity power, environmental protection and ecological construction, etc.	Tourism, logistics, trade, investment and the formation of industrial chains, etc.	Ports and transport, trade in goods and services, investment, energy, tourism, agriculture and marine aquaculture, environment, etc.	Trade, investment, tourism, ports, and economic cooperation along the borders.

Institute at GASS, called on the provincial government to institutionalize a multi-layer cooperation mechanism with Vietnam from the provincial all the way down to the county level to regulate and facilitate border trade.¹²⁰⁹

Notably, the provincial leadership in Guangxi seemed to be uniquely positioned to lobby the central government for the province's sub-regional economic cooperation agenda. During the first decade of the 21st century, Guangxi was able to make full use of officials from the central government's ministries in Beijing who were taking temporary posts (挂职) in Guangxi to promote its economic cooperation initiatives with Southeast Asia. Some officials, especially those from the Ministry of Commerce who were sent to Guangxi to take temporary posts, "helped Guangxi enormously in lobbying the central government."¹²¹⁰ A case in point is Vice Governor Gao Hucheng, who was promoted to China's Commerce Minister in 2013. Before being posted to Guangxi, Gao had worked at MOFCOM as an assistant to Wu Yi – then Minister of Commerce who later became be China's vice premier. Moreover, Liu Qibao, then Guangxi's party chief and a close ally of Hu Jintao, reportedly had "played an important role in winning support from the central government for various policy proposals put forth by the local government."¹²¹¹

As one of the Chinese coastal provinces (along with Hainan and Guangdong) of the South China Sea, Guangxi's economic interests seem to have translated into its ostensible silence on the South China Sea disputes. A comparison of the three provinces' official newspapers shows that Guangxi has given extremely limited coverage on the South China Sea disputes since early 2000s (Figure 7.2). Meanwhile, Guangxi has been a staunch provincial supporter for a cordial and

¹²⁰⁹ Nong, "Accelerate establishment of Guangxi-Vietnam border cooperation mechanism."

¹²¹⁰ Mingjiang Li, "Local Liberalism: China's provincial approach to relations with Southeast Asia," *Journal of Contemporary China*, vol. 23, no. 86, 2014, p. 288.

¹²¹¹ Ibid.

cooperative relationship not only with Vietnam (Figure 7.3) but also with other claimant states such as the Philippines (Figure 7.4). A South China Sea expert in Hainan stated it plainly,

Guangxi has considerable cooperation with Vietnam, and for most of the time has avoided openly stating its own position on the South China Sea issue. Hainan, in contrast, is charged with the task of administering the South China Sea and thus definitely has a different tone [than Guangxi] on the disputes. This [discrepancy] is not necessarily an intentional ‘good cop, bad cop’ arrangement [by the central government] but is driven by the fact that the two provinces do have quite divergent interests.¹²¹²

A former Chinese military attaché to Vietnam characterized Guangxi – contrasting Hainan – as “the positive energy in Sino-Vietnamese relations.”¹²¹³ Advocating for a good Sino-Vietnamese relationship without appearing to compromise on sovereignty issues, Guangxi has strategically framed its economy-centered agenda in conformity with Beijing’s good neighborly diplomacy, west development strategy, as well as the unrolling China-ASEAN FTA.

Likewise, Yunnan had also actively lobbied for expanding economic integration and infrastructure connectivity with Southeast Asia under the banners of west development and China-ASEAN FTA.¹²¹⁴ As an inland province, Yunnan has remained almost completely silent on the South China Sea controversies.¹²¹⁵

On the other hand, compromise-averse voices calling for consolidating China’s control over and development of the disputed territories in the South China Sea appeared to often fall on deaf ears in Beijing during this period. In Hainan, a local push for incorporating the Paracels, Spratlys and Macclesfield into a single administrative entity emerged in the 1990s. In 1992, Xu Tianren,

¹²¹² Author’s interview, Haikou, April 2019.

¹²¹³ Author’s interview, Haikou, April 2019.

¹²¹⁴ For a detailed account on Yunnan, see, for example, Li, “Local Liberalism,” pp. 276-287.

¹²¹⁵ I did two separate searches, one by theme and the other by full-text, within Yunnan’s provincial official newspaper, *Yunnan Daily*, in CNKI core newspaper data. I read each search result to determine whether a news article is pertaining to the South China Sea disputes.

Figure 7.2 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles with Reference to the South China Sea Disputes (Search by theme on CNKI Core Newspaper Database: 2000-2018)

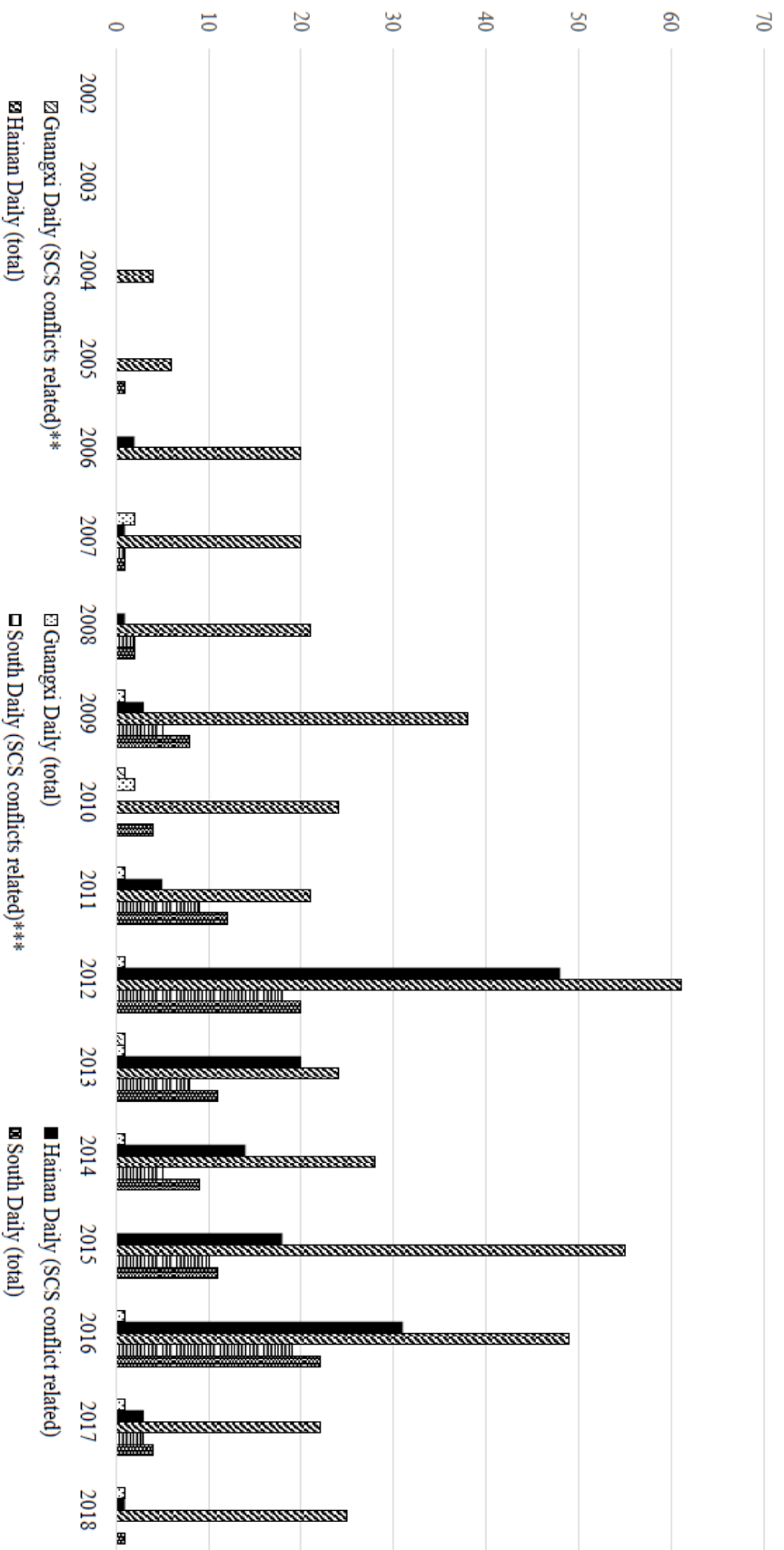


Figure 7.3 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles on Cooperative Relations with Vietnam (Search by theme on CNKI Core Newspaper Database: 2002-2018)

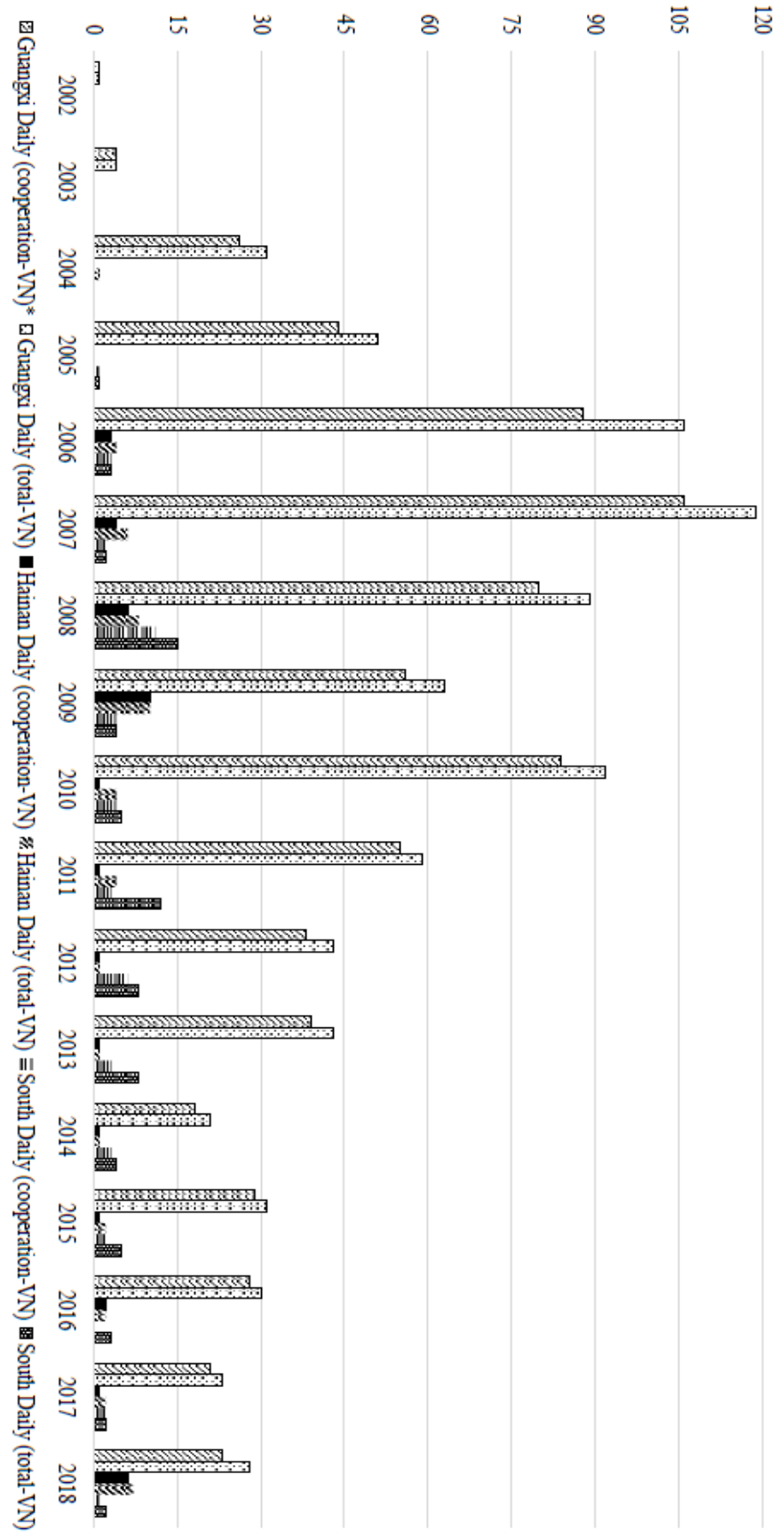
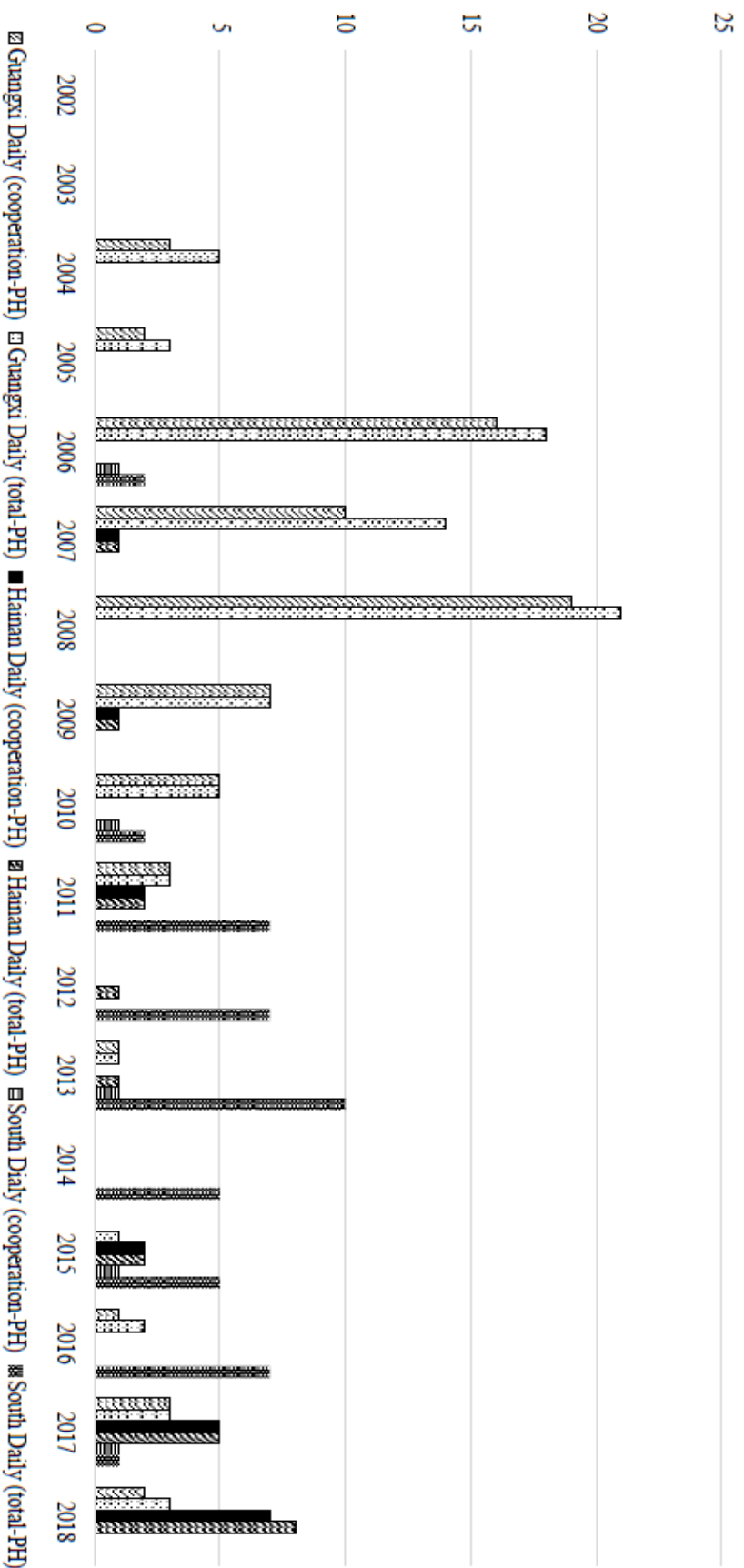


Figure 7.4 Guangxi, Hainan, and Guangdong Provincial Newspaper Articles on Cooperative Relations with the Philippines (Search by theme on CNKI Core Newspaper Database: 2002-2018)



the Party Secretary of the “Xisha, Nansha, and Zhongsha Islands Administrative Office” on Woody Island, submitted a proposal to the State Council and the Chinese Foreign Ministry, calling for the establishment of local administrative and law enforcement authorities over the archipelagos as a way to consolidate China’s sovereignty claims. But at the time Xu was told by “a leader at the foreign ministry” to “put it on hold for a while” (缓一缓).¹²¹⁶ Hainan did not cease its push thereafter. A 2000 report on Hainan’s development strategy upon China’s accession to WTO by the China Institute for Reform and Development (CIRD), a think tank affiliated with the Hainan provincial authorities, argued for the establishment of a prefectural-level Sansha city with the local government located on Woody Island.¹²¹⁷ In 2004 when speaking at a seminar on the South China Sea, Zhu Huayou, then Deputy Director of Hainan’s South China Sea Research Center who later was promoted to head the policy research bureau under the provincial government,¹²¹⁸ said,

Hainan Province since its foundation has done a great amount of work to establish on the Yongxing Island a prefectural - or county-level administrative unit encompassing Xisha, Nansha and Zhongsha. Now conditions to establish such a ‘Qiongsha’ City are ripe. A local administrative unit in the South China Sea can fully demonstrate China’s sovereignty and strengthen China’s position in the struggle for rights and interests there.¹²¹⁹

¹²¹⁶ Liu Jun [刘俊] and Yao Xuepeng [姚学鹏], “Birth of Sansha City” [三沙市诞生记], *Southern Weekly*, Jun. 29, 2012.

¹²¹⁷ “Use industrial opening to drive industrial upgrade, materialize a sustainable fast growth of Hainan’s economy – Hainan’s economic development strategy against backdrop of China’s WTO accession” [以产业开放拉动产业升级, 实现海南经济持续快速增长——中国加入 WTO 背景下的海南经济发展战略], July 2000, in *Research and Recommendations on Hainan’s Reform and Development – Aspirations and Explorations* [策划天涯——立足海南的追求和探索] (Beijing: Renmin chubanshe, 2008), China (Hainan) Institute for Reform and Development [中国(海南)改革发展研究院], p. 240.

¹²¹⁸ Hainan’s South China Sea Research Center was renamed the National Institute for South China Sea Studies (NISCSS) in July 2004, which is headed by Dr. Wu Shicun.

¹²¹⁹ Zhu Youhua [朱华友], “Marching toward the blue: Hainan’s hope and options for a way out” [走向蔚蓝色: 海南希望与出路的选择], in Hainan South China Sea Research Center [海南南海研究中心], *Papers of the South China Sea Resources and Cross-Strait Cooperation Seminar* [南海资源与两岸合作研讨会论文集], 2004, internal material, p. 210.

As will be detailed later in this chapter, whereas the Sansha City was an outgrowth of the Hainan-backed Qionghsha/Sansha proposal, until 2012, Beijing had taken pains to rein in Hainan's push. An extremely knowledgeable Chinese academic source close to the decision-making process during the Hu Jintao era put it plainly in private communication, "Relations with ASEAN has long been held dear to the heart of the Chinese leadership, and for this reason, [after the 1995 Mischief Reef incident] heavy-handed policies on the South China Sea were often jettisoned by Beijing. Hardliners such as some local officials in Hainan were quite dissatisfied with that."¹²²⁰

Advocates within the PLA calling for stepping up development activity in the South China Sea were also given a cold shoulder by Beijing at the time. In March 2004, during the annual National People's Congress (NPC) session, Wu Shengli, then commander of the PLA Navy's South Sea fleet and later the Commander of the PLA Navy from 2006 to 2017, called for accelerating infrastructure construction on the Spratlys to facilitate tourism and marine resources exploration. Speaking at a panel jointly presided by Guo Boxiong, then Vice Chair of the CMC, and Xu Caihou, then head of the PLA's General Political Department and later CMC Vice Chair, Wu argued that rapid development of the disputed islands would help protect China's national interests.¹²²¹ The policy agenda Wu advocated did not receive a greenlight from Beijing at the time. The *PLA Daily's* coverage on this discussion censored all the references to the Spratlys and the South China Sea in Wu's remarks,¹²²² suggesting Beijing's concerns about the potential ramifications such remarks might generate for China's diplomacy toward its Southeast Asian neighbors.

¹²²⁰ Author's interview, Beijing, March 2019.

¹²²¹ Wang Xiangwei, "Admiral wants Spratly islands developed faster; National interests need protecting, southern fleet chief says," *South China Morning Post*, Mar. 9, 2004.

¹²²² *Ibid.*

Apart from Hainan and the PLA, the Fisheries Enforcement Bureau is another longtime staunch supporter for consolidating China's control and administration of the South China Sea.¹²²³ Contrasting its low-key presence in the East China Sea and being a newcomer to the Sino-Japanese disputes, the FLE has long been actively involved on the forefront of the South China Sea disputes. In April 1994, a FLE vessel was dispatched to conduct China's first fishery enforcement patrol in the Spratlys.¹²²⁴ In December, the bureau landed on Mischief Reef to start constructing outposts and has since stationed fishery enforcement personnel on the land feature.¹²²⁵ In the early 2000s, the FLE in general was not as explicit or specific as Hainan or the PLA in pushing for policy agendas with respect to the South China Sea. Narrow institutional functions and interests might be one contributing factor. Another probable and perhaps more important reason was that the whole FLE at the time was swamped with new tasks, including implementing China's bilateral fishery agreements in the East China Sea and Yellow Sea, preparing for the implementation of the Sino-Vietnamese fishery agreement in the Tokin Gulf, settling Chinese fishermen forced out of production as a result of these agreements, institutionalizing fisheries enforcement patrols in China's EEZ after the EEZ and Continental Shelf Law came into effect in 1998, and training personnel and upgrading the fleet correspondingly.¹²²⁶ While continuing regular patrols to the Paracels and Spratlys, the FLE South China Sea bureau began to stage a PR campaign to showcase the significance of maintaining a robust Chinese presence in the contested areas through fishing activity. Officials from other line agencies and the media were sometimes invited to ride with the

¹²²³ Yi Shi [伊始], Yao Zhongcai [姚中才] and Chen Zhen'guo [陈贞国], *South China Sea! South China Sea!* [南海! 南海!] (Guangzhou: Guangdong renmin chubanshe, 2009), pp. 38-39. Chen Zhen'guo participated in 1994 December Chinese fishery enforcement voyage to Mischief Reef and was the secretary of the Communist Youth League at the FLE South China Sea Bureau when the book was published.

¹²²⁴ Yi, et al., "South China Sea!" p. 40; Zhang Liangfu [张良福], *Cruise in the South China Sea – Days of Patrolling the Spratly* [南海万里行——在南沙群岛巡航的日子] (Beijing: Haiyang chubanshe, 2006), pp. 21-22.

¹²²⁵ Yi, et al., "South China Sea!", pp. 33-66.

¹²²⁶ *China Fisheries Yearbook 2000*, p. 21; *China Fisheries Yearbook 2001*, p. 21; *China Fisheries Yearbook 2002*, p. 9; *China Fisheries Yearbook 2003*, p. 133; *China Fisheries Yearbook 2004*, p. 132.

patrol ships and visit the Paracels and Spratlys.¹²²⁷ Documentaries were produced to highlight the FLE's role in safeguarding China-controlled land features and protecting fishing activities in the region.¹²²⁸

High International Costs: Reconciling with Vietnam and Relations with ASEAN Looming Large

Whereas China faced low audience costs at home due to the relatively weak compromise-averse coalition on the South China Sea disputes, on the international end, Beijing seemed to calculate that it would face potentially high costs in the event of a forceful response to Vietnam's act in the Spratlys. The cost came from both the bilateral dimension of Sino-Vietnamese relations and from the multilateral dimension, especially from the ASEAN front.

In the bilateral dimension, China's priority at the time was to finalize the Sino-Vietnamese maritime boundary settlement and fishery agreement in the Tonkin Gulf as well as to continue the post-Cold War bilateral reconciliation. Discussions of past conflict had been suppressed following a 1993 agreement between Beijing and Hanoi.¹²²⁹ When Vietnam launched the cruise tour to the Spratlys and began rebuilding infrastructure on its occupied land feature in 2004, the two countries were about to ratifying the delimitation agreement and the fishery agreement, both of which were concluded after rounds of tough negotiation. At the time the ratification of the agreements was only awaiting the completion of a supplementary protocol to the fishery agreement.¹²³⁰ Beijing attached great significance to the success of the agreements that would culminate in China's first settlement to its contested maritime boundaries. The Chinese leadership perceived such a settlement not only as a key step in stabilizing the situation in the Tonkin Gulf and improving the

¹²²⁷ *China Fisheries Yearbook 2003*, p. 141; *China Fisheries Yearbook 2005*, p. 143.

¹²²⁸ *China Fisheries Yearbook 2003*, p. 141.

¹²²⁹ Fravel, *Strong Borders, Secure Nation*, p. 217.

¹²³⁰ Ian Storey, "Trouble and Strife in the South China Sea: Vietnam and China," *China Brief*, vol. 8, issue 8, Apr. 16, 2008.

Sino-Vietnamese relationship, but also an illustration of China's sincerity in peacefully settling maritime boundaries through negotiation, a major achievement of trust building with ASEAN, and a positive precedent for future negotiation.¹²³¹

In the multilateral context, Beijing was highly sensitive during this period to the potential spillover effects of Sino-Vietnamese frictions over the South China Sea on China's relations with other claimants and non-claimant ASEAN countries. Various Chinese government think tanks cautioned about the potential costs on China in the event of a Sino-Vietnamese conflict over the Spratlys. A 2002 internal report published by SOA's China Institute for Marine Affairs (CIMA) noted,

Vietnam has a major impact on the maritime situation in Southeast Asia. *China's struggle with Vietnam on the Nansha Islands will spill over to our maritime disputes with other Southeast Asian countries.* Singapore, Thailand, Malaysia, Indonesia, the Philippines, and Brunei, among others, have been strengthening and improving their military powers...Although these [military] powers are minor, the combat capabilities they generate in local sea areas cannot be neglected. *Particular attention should be paid to the [potential] problem of regional political and military alliances...*This would have ostensibly adverse impacts on China's future struggle over the South China Sea. It is entirely possible that a broad trend of 'economic competition, political antagonism, and military confrontation' will emerge.¹²³²

A 2002 CICIR task force report on China's policy toward ASEAN similarly suggested, "To properly manage some sensitive problems and relations, China needs to first step up consultation

¹²³¹ "Make Chinese-Vietnamese maritime boundary a tie of peace, friendship and cooperation: Wang Yi discusses China-Vietnam Beibuwan Delimitation agreement and fishery agreement taking effect" [让中越海上边界成为和平友好与合作的纽带——王毅就中越北部湾划界协定和渔业合作协定生效答记者问], *People's Daily*, Jul. 1, 2004; Nong Lifu [农立夫] and Gu Xiaosong [古小松], *2005 Annual Report of Vietnam's Conditions* [2005年越南国情报告] (Beijing: Social Sciences Academic Press, 2005), pp. 60-61; NISCSS, *2004 Assessment Report on the Situation in the South China Sea* [2004年南海形势评估报告], 2005, internal material, p. 10.

¹²³² CIMA, *Exclusive Economic Zone and Continental Shelf*, p. 391. Emphasis added.

and negotiation with ASEAN on maritime disputes... While clearly objecting to infringement on China's maritime rights and interests, China should also be careful to maintain stability in the South China Sea."¹²³³ Likewise, the 2004 CASS bluebook on Asia Pacific region highlighted the strong potential for spillover effects in the South China Sea disputes, "The Spratly dispute is not just a problem between China and Vietnam. More broader considerations need to be given to China's conflict with other claimants, littoral countries of the South China Sea, and countries outside the region."¹²³⁴

Notably, when Vietnam's Spratly tourism voyage and airport revamping took place, the timing was critical in Beijing's efforts to reassure and engage Manila. The Philippines had long harbored deep suspicions of China's intension since the Mischief Reef incident. From early 2000s, Beijing began to actively reach out to Manila in seeking a bilateral reconciliation.¹²³⁵ Following Philippine Presidents Joseph Estrada and Gloria Arroyo-Macapagal's state visits to China in 2000 and 2001, respectively, the two countries quickly moved closer. Since early 2002, Beijing and Manila had been in quiet discussions on the prospect of jointly developing the South China Sea. In November 2003, while still working on specifics of an official agreement, Philippine's national oil company PNOC announced the decision to pursue joint development in the South China Sea with CNOOC after the latter's Chairman Fu Chengyu flew to Manila to nail down the deal.¹²³⁶ Therefore, with the hope of producing a joint development agreement with the Philippines running high, and perhaps aware of the cautious tone in Manila's response to Vietnam's Spratly tour, Beijing might

¹²³³ CICIR ASEAN Task Force [中国现代国际关系研究所东盟课题组], "Research report on China's policy toward ASEAN" [中国对东盟政策研究报告], *Contemporary International Relations* [现代国际关系], issue 10, 2002, p. 10.

¹²³⁴ Lan, "Vietnam's actions on the Nansha issue over the recent years."

¹²³⁵ Evan S. Medeiros, Keith Crane, and Eric Heginbotham, et al., *Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise* (Santa Monica, CA: RAND Corporation, 2008), p. 100.

¹²³⁶ Chen Ting [陈挺], "China and the Philippine to sign a pact on jointly develop South China Sea" [中菲开发南海协议签署], *21st Century Business Herald* [21世纪经济报道], Nov. 13, 2003.

be reluctant to escalate the frictions with Vietnam out of the concern that a heavy-handed approach might reignite suspicions in the Philippines and adversely impact the deal under negotiation. Like the Sino-Vietnamese settlement in the Tonkin Gulf, Beijing attached great importance to the successful conclusion of the joint development agreement, which would represent not only a breakthrough in China-Philippine relations but also a significant development that set a precedent of cooperation for other claimants in the region. As noted by Zhang Xizhen, an expert on China-ASEAN relations at Peking University, after the official agreement was signed in September 2004 during Arroyo's visit to Beijing, "China has always talked about joint development...this is a start."¹²³⁷

Another third-party state in the South China Sea that Beijing had persistently strived to reassure was Malaysia. In general, Beijing had maintained a quite genial relationship with Kuala Lumpur. Unlike in the Sino-Vietnamese and China-Philippines relations, the disputes were hardly a flashpoint in the China-Malaysia relationship. Malaysia from 2002 replaced Singapore and became China's largest trading partner in ASEAN and the seventh largest globally.¹²³⁸ Moreover, what seemed of greater importance to China was the fact that despite being a claimant to the South China Sea, Malaysia had been arguably the most vocal party in countering the "China threat" perceptions in the region. In September 2003, Malaysia's outgoing Prime Minister Mahathir Mohamad stated, "We do not think that China would indulge in military adventures. There is therefore no reason for Southeast Asia to fear China's military might." Even though Mahathir

¹²³⁷ "Oil pact marks new approach to disputes by China," *Financial Times*, Sept. 3, 2004.

¹²³⁸ Malaysia remained China's top trading partner in ASEAN until 2016 when replaced by Vietnam. Nie Dening [聂德宁], "Progress and Prospects of Sino-Malaysia Bilateral Trade since the Full Implementation of the China-ASEAN Free Trade Area" [中国-东盟自贸区全面实施以来中马贸易的进展与展望], *Southeast Asian Affairs* [南洋问题研究] no. 4, 2011, general serial no. 148, pp.35-36; "China remains Malaysia's largest trading partner for eight years in row" [中国连续 8 年成为马来西亚最大贸易伙伴], *Xinhua*, Feb. 15, 2017, http://www.xinhuanet.com/world/2017-02/15/c_129480847.htm, accessed Apr. 5, 2019.

acknowledged that Southeast Asia “has the most to fear from China’s expansionism,” such fear, he emphasized, “is unnecessary” unless “China is provoked.”¹²³⁹ On the other hand, China was aware of the negative impacts that its clash with other disputants could have on Malaysia’s threat perception and its South China Sea strategy. As observed by Zhang Mingliang, a historian at the Southeast Asia Research Institute of Ji’nan University in Guangzhou, the 1988 China-Vietnam naval skirmish “inevitably had impacts on Malaysia’s judgment about the situation in the South China Sea and its own relations with China.” As a result of the skirmish, Kuala Lumpur elevated the position of the Spratlys in its national defense planning from a secondary concern to a top priority.¹²⁴⁰

On the U.S. front, Washington’s outreach to Southeast Asia, while alarming to China, did not seem to present a major source of geopolitical costs at the time. Two factors contributed to this assessment. First, as detailed in Chapter 4, the overall U.S.-China relations were quite cordial as Beijing cooperated with Washington in fighting international terrorism and rolling back North Korea’s nuclear weapons program and as Washington reciprocated by curbing the pro-independence impulse in Taiwan. Second, after 9/11, Washington reached out to ASEAN with a nearly single-minded focus on security, treating Southeast Asia as the “second front” of America’s war on terrorism.¹²⁴¹ In the words of Michael Green, Washington’s Southeast Asia policy was indeed a “derivative” of the global war on terrorism.¹²⁴² Moreover, wars in Afghanistan and Iraq, which gave rise to “a narrative dominated by counterterrorism and wars against Muslims,” only

¹²³⁹ “Malaysian leader: China not military threat, but Southeast Asia needs way to defuse conflicts,” Associated Press, Sept. 18, 2003.

¹²⁴⁰ Zhang Mingliang [张明亮], *Breaking the Deadlock in the South China Sea – What Should China Do* [超越僵局——中国在南海的选择] (Hong Kong: Hong Kong Press for Social Sciences Ltd., 2011), p. 272.

¹²⁴¹ John Gershman, “Is Southeast Asia the Second Front?” *Foreign Affairs*, vol. 81, issue 4, Jul/Aug 2002, pp. 60-74.

¹²⁴² Green, *By More Than Providence*, p. 501.

further tarnished America's standing in Southeast Asia which was home to a large Muslim population.¹²⁴³

Beijing De-escalated

Presented with an audience cost trade-off calculation that apparently tilted toward the international end, Beijing responded to Vietnam's cruise tour with a soft touch, refraining from taking countermeasures barring diplomatic rhetoric. Indeed, on May 20 Beijing rolled out the red carpet for Vietnam's Prime Minister Phan Van Khai. Moreover, during his meeting with Khai, Premier Wen Jiabao proposed to elevate Sino-Vietnamese relations to a "higher level" by increasing senior-level exchanges, deepening economic ties, enhancing local and people-to-people communication, and by "appropriately solving outstanding problems in the bilateral relations."¹²⁴⁴ Hu Jintao took a similar conciliatory tone. Underscoring the ideological comradeships, Hu told Khai that both countries' reform and economic development would benefit from strengthened "Sino-Vietnamese all-rounded friendly cooperation."¹²⁴⁵ Khai proposed that the two countries launch an economic cooperation initiative which he titled "two corridors, one circle." One corridor would connect China's Yunnan from Kunming to Vietnam's Quang Ninh; the other would link China's Guangxi from Nanning to Vietnam's Hai Phong. The circle referred to the Tonkin Gulf economic rim (Table 7.1).¹²⁴⁶ China agreed to the proposal and put Guangxi in the leading role of the initiative, especially the Tonkin Gulf rim economic cooperation. In June, both Chinese and Vietnamese legislative branches ratified the delimitation and fishery agreements.

¹²⁴³ Ibid., p. 501.

¹²⁴⁴ "Wen Jiabao holds talks with Vietnamese Prime Minister, both sides exchange opinions regarding China-Vietnam relations and issues of common concerns" [温家宝同越南总理举行会谈，双方就中越关系和共同关心的问题深入交换意见], *People's Daily*, May 21, 2004.

¹²⁴⁵ "Hu Jintao meets Vietnam's Prime Minister Phan Van Khai" [胡锦涛会见越南总理潘文凯], *People's Daily*, May 22, 2004.

¹²⁴⁶ "What is 'two corridors, one circle'" [何谓“两廊一圈”], *Takungpao*, Aug.23, 2017, <http://www.takungpao.com.hk/finance/text/2017/0823/107248.html>, accessed Oct. 27, 2019.

Reciprocating Beijing's de-escalation, Hanoi denied in August that its state-run airline was planning to open a new tourism air route to the Spratlys by early 2005.¹²⁴⁷ An annual assessment on China's international security environment published by CICIR suggested that Vietnam also halted tourism voyages to the Spratlys, a likely result of China's dissuasion and pressuring.¹²⁴⁸

In early October, Chinese Premier Wen Jiabao made his first official visit to Hanoi to further boost high-level exchanges.¹²⁴⁹ The swift de-escalation and undisrupted high-level exchanges notwithstanding, the bilateral relationship soon stumbled again as competition for hydrocarbon and marine resources in the region intensified. On the heels of Wen's visit, Vietnam announced the opening of nine blocks in the South China Sea for international bidding for oil and gas exploration. China protested and returned in kind by deploying an oil drilling platform to an area 67 nautical miles off the coast of Hainan and 63 nautical miles off the coast of Vietnam.¹²⁵⁰ Before long, another local incident took place in January 2005, this time in the newly demarcated Tonkin Gulf.

THE 2005 FATAL SHOOTING IN THE TONKIN GULF

The Sino-Vietnamese fishery agreement in the Tonkin Gulf, effective from June 30, 2004, was no panacea to eliminate fishing disputes in this area, especially in waters adjacent to the newly delimited boundary. According to a Wikileaks-disclosed confidential cable sent from the U.S. Embassy in Hanoi to Washington on January 28, 2005, low-intensity frictions at sea between Chinese and Vietnamese fishermen in the Tonkin Gulf had been on the rise since the summer

¹²⁴⁷ "Vietnam denies plans to fly to disputed Spratly Islands," Agence France Presse, Aug. 26, 2004; "Vietnam Airlines plans flights to disputed Spratly Islands," Agence France Presse, Aug. 20, 2004.

¹²⁴⁸ Dao Shulin [刀书林] and Zhai Kun [翟崑], "Security situation in East Asia" [东亚安全形势], in Lu Zhongwei [陆忠伟] ed., *Strategic and Security Review 2004/2005* [国际战略与安全形势评估], (Beijing: Shishi chubanshe, 2005), p. 234.

¹²⁴⁹ Ray Cheung, "Wen aims to build up trust with Hanoi visit; Sovereignty disputes take second place to trade and diplomacy, say analysts," *South China Morning Post*, Oct. 4, 2004.

¹²⁵⁰ "Vietnam to go forward with oil and gas exploration near disputed Spratly Islands," Associated Press, Oct. 21, 2004; "Vietnam asks China not to drill for oil in disputed area," Deutsche Presse-Agentur, Nov. 20, 2004.

2004.¹²⁵¹ Data from China’s official publication appears consistent with the account in the U.S. cable. According to the fishery yearbook published by the Chinese Ministry of Agriculture, from January through June in 2004, the FLE South China Sea Bureau had deployed 22 law enforcement vessels for fishing protection operations; the figure climbed to 33 from July through December.¹²⁵² A likely cause of the surge in frictions is that a bilateral response and coordination mechanism was still in development at the time – Chinese and Vietnamese authorities did not launch joint patrols until in April 2006.

On January 8, 2005, a fatal encounter between the Chinese Maritime Police (under the MPS) and Vietnamese fishermen took place in the Tokin Gulf roughly halfway between Hainan and Vietnam’s port city Hai Phong, leaving nine Vietnamese dead and eight arrested by Chinese authorities. This incident is unusual both in its level of violence and fatalities. As a Vietnamese scholar noted, “Not since 1988...had such bloodshed occurred.”¹²⁵³ It is also one of the rare fatal cases confirmed by both governments. Various Chinese interlocutors pointed to this incident in private communication as having significant chilling effects on Chinese MLE officials especially with respect to the use of lethal weapons in operations. However, very limited information on this incident is available in Chinese-language open sources.

The CMP became systematically involved in fishery enforcement activities in the Tokin Gulf after the Sino-Vietnamese fishery agreement took effect. China created a cross-agency collaborative mechanism, which was comprised of a coordination small group and a joint command, in order to coordinate fishing protection operations of its MLE and military forces in

¹²⁵¹ Confidential Hanoi 000247 (Wikileaks Canonical ID: 05HANOI247_a), “Chinese missteps in Vietnam are a U.S. opportunity,” Jan. 28, 2005, https://wikileaks.org/plusd/cables/05HANOI247_a.html, accessed Apr. 5, 2019.

¹²⁵² *China Fisheries Yearbook 2005*, p. 143.

¹²⁵³ Tuong Vu, “The Party v. the People: Anti-China Nationalism in Contemporary Vietnam,” *Journal of Vietnamese Studies*, vol. 9, no. 4, Fall 2014, p. 41.

the region. This mechanism put the FLE in charge, with the CMP and PLAN acting as supporting agencies.¹²⁵⁴

After the fatal shooting, Beijing claimed that the Vietnamese were pirates attempting to rob Chinese fishermen at gunpoint. According to the Chinese account, several Chinese fishing boats from Hainan were operating in waters on the Chinese side of the delimitation line when they were attacked and robbed by three “unknown armed” ships. The armed ships fired at the CMP vessels which responded to the fishing boats’ call for help. CMP then returned fire. The arrested attackers admitted that they were Vietnamese nationals. Beijing vowed to prosecute the detained Vietnamese nationals based on Chinese laws.¹²⁵⁵ Knowledgeable Chinese sources including former MLE and MFA officials, government-affiliated think tank analysts and scholars similarly noted in separate interviews that the involved Vietnamese nationals were civilian fishermen who bore arms.¹²⁵⁶

Hanoi denied Beijing’s allegation and insisted the Vietnamese were fishermen. On January 16, the Vietnamese foreign ministry lodged a protest with the Chinese Embassy in Hanoi. Meanwhile, Vietnamese authorities issued a statement, employing what the U.S. diplomatic cable described as “unusually harsh language” in criticizing China’s act in the encounter.¹²⁵⁷ The Vietnamese statement claimed the location of the incident was on the western side of the delimitation line in

¹²⁵⁴ Wu Zhuang [吴壮], “Strengthen law enforcement, surveillance and regulation, ensure smooth implementation of the fisheries agreement” [加大执法监管力度, 确保协定顺利实施], *China Fishery News* [中国渔业报], Oct. 31, 2005.

¹²⁵⁵ “MFA Spokesperson Kong Quan answers media’s questions regarding the armed robbery at sea in Beibu Gulf” [外交部发言人孔泉就北部湾海上武装抢劫案件答记者问], MFA, Jan. 14, 2005, <http://www.fmprc.gov.cn/ce/ceza/chn/fyrth/t179739.htm>, accessed 10/28/2017

¹²⁵⁶ Author’s interviews, Shanghai, April 2019; Guangzhou, May, 2019; Beijing, May and June 2019.

¹²⁵⁷ Ministry of Foreign Affairs of Vietnam, “Statement on the Chinese ship attacking Vietnamese fishermen” [Về việc tàu Trung Quốc tấn công ngư dân Việt Nam: Yêu cầu Trung Quốc giải quyết mọi hậu quả], Jan. 16, 2005, <http://www.mofa.gov.vn/vi/nr040807104143/nr040807105001/ns050117170913>, accessed May 18, 2018; Confidential Hanoi 000247 (Wikileaks Canonical ID: 05HANOI247_a), “Chinese missteps in Vietnam are a U.S. opportunity.”

the common fishing area. Calling CMP's act a violation of the delimitation agreement and the fishery agreement, Hanoi demanded Beijing conduct an investigation into the fatal shooting, severely punish the killers, release the detained Vietnamese nationals, and compensate for the losses of Vietnamese lives and property.¹²⁵⁸

It appears that Beijing took moves to de-escalate the situation. On January 23, representatives from Vietnam's Consulate General in Guangzhou were allowed to visit the detained Vietnamese fishermen, who had been "treated well by the Chinese side." Officials from both sides also discussed the incident, which at the time began to be portrayed as the result of the Vietnamese ship "straying into Chinese waters."¹²⁵⁹ Little precise information is available on China's handling of the detained Vietnamese, but a former MFA official noted in private correspondence that a likely solution was a quiet deportation through land route.¹²⁶⁰ Meanwhile, some Chinese interlocutors also noted that CMP officers who opened fire were subject to stern disciplinary actions (处分). The decision to punish the officers who were domestically perceived as properly performing their duty, according to these Chinese sources, had a profound chilling effect on the morale of China's MLE forces. Law enforcement personnel have since tended to "passively enforce the law" and undiscerningly avoid the use of lethal weapons in operations.¹²⁶¹

After the incident, Hanoi also proposed to use the Joint Committee on Fishery, established according to the fishery agreement, to stabilize the situation in the common fishing area.¹²⁶² It

¹²⁵⁸ "China requested to deal with the consequences of the attack on Vietnamese fishermen by Chinese vessels," Ministry of Foreign Affairs of Vietnam, Jan. 16, 2005, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns050120170205, accessed Apr. 2, 2019.

¹²⁵⁹ "Vietnamese diplomats visit fishermen detained in China," Agence France Presse, Jan. 23, 2005.

¹²⁶⁰ WeChat correspondence, October 2019.

¹²⁶¹ Author's interviews, Shanghai, April 2019; Beijing, May, and June 2019.

¹²⁶² "China requested to deal with the consequences of the attack on Vietnamese fishermen by Chinese vessels."

took another year for both sides to fully institutionalize regular joint patrols and joint fishery law enforcement operations in the Tokin Gulf.¹²⁶³

THE 2007 SANSHA CITY PLAN

Vietnam joined the China-Philippines Joint Maritime Seismic Undertaking (JMSU) in March 2005 after vainly protesting over the accord.¹²⁶⁴ The tripartite deal, however, did little to ameliorate the longtime Sino-Vietnamese rivalry for hydrocarbon resources in the South China Sea,¹²⁶⁵ where the reserves – although believed to be promising – were still unconfirmed in large part due to under-exploration and outstanding maritime disputes.¹²⁶⁶

Beijing and Hanoi locked horns in April 2007 upon the revelation of a joint project by Vietnam's NOC PetroVietnam, British Petroleum (BP), and Conoco Phillips (CP) to explore two blocks west to the Vanguard Bank and build a gas pipeline in the area.¹²⁶⁷ Calling Vietnam's move "illegal and invalid,"¹²⁶⁸ Beijing exerted pressures on BP and CP to cease operation on the project, warning the IOCs that they would incur unspecified "economic consequences" if they failed to

¹²⁶³ Jiang Huai [江淮], "Beibu Gulf: a gulf for Sino-Vietnamese cooperation" [北部湾: 中越合作之湾], *World Affairs* [世界知识], issue 24, 2006.

¹²⁶⁴ "Philippines defends joint study of Spratlys with China," Deutsche Presse-Agentur, Sept. 10, 2004; "Chinese missteps in Vietnam are a U.S. opportunity."

¹²⁶⁵ In 1994, naval warships and survey vessels from China and Vietnam confronted in the energy-rich Vanguard Bank near the Spratlys, which eventually led China to call off an exploration project with the U.S. oil company Crestone Energy in northern part of this area. *Stirring up the South China Sea (IV): Oil in Troubled Waters*, Crisis Group Asia Report N°275, Jan. 26, 2016, p. 6; Zhang, *Cruise in the South China Sea*, pp. 257-268.; Philip Shenon, "China Sends Warships to Vietnam Oil Site," *New York Times*, Jul. 21, 1994, <https://www.nytimes.com/1994/07/21/world/china-sends-warships-to-vietnam-oil-site.html>, accessed Oct. 24, 2019.

¹²⁶⁶ The estimate by U.S. EIA puts the figures at 11 billion barrels of oil reserves and 190 trillion cubic feet of natural gas reserves in the South China Sea. These numbers represent both proved and probable reserves. "South China Sea," last updated Feb. 7, 2013, <https://www.eia.gov/beta/international/regions-topics.php?RegionTopicID=SCS>, accessed Oct. 24, 2019.

¹²⁶⁷ The blocks where the joint project was expected to take place included 05-2 and 05-3, both of which China considers part of the Vanguard Bank. "Conoco Phillips and BP concerns about projects in the South China Sea," Wikileaks, Jun. 15, 2007 (Canonical ID: 07HANOI1119_a), https://wikileaks.org/plusd/cables/07HANOI1119_a.html, accessed May 5, 2019; Feng Xuetao [冯学涛], "Oil and Gas development makes Vietnam and Japan hold tighter to each other" [南海油气开发让越南与日本抱得更紧了], NISCSS, Aug. 18, 2018, http://www.nanhai.org.cn/review_c/297.html, accessed Oct. 23, 2019.

¹²⁶⁸ Cui Yin [崔寅], "MFA holds regular press conference" [外交部举行例行记者会], *People's Daily*, Apr. 11, 2007.

comply – according to confidential cables from the U.S. Embassy in Hanoi later disclosed on Wikileaks.¹²⁶⁹ Notably, the cables also noted that China had not employed pressures on IOCs partnering up with or bidding blocks from other disputant countries such as the Philippines, Indonesia and Malaysia for offshore E&P in disputed waters.¹²⁷⁰

The special importance that Beijing attached to the Vanguard Bank and China’s differentiated strategies towards other disputant countries’ E&P activities in the South China Sea is unmistakably elucidated in a 2002 internal study by CIMA,

China should tailor its strategies according to the various levels of development in different areas of the Spratlys as well as according to relevant countries’ attitudes. In James Shoal-Sabah Basin, some countries have conducted E&P, but China has never protested...Vanguard Bank has sheer volumes of oil and gas resources...China must compete for this region by nudging and squeezing Vietnam to create a structure of interlocking blocks...China should also pay attention to exploration in the Reed Bank and pursue joint development there if extractable resources are discovered.¹²⁷¹

The study also suggested blocking attempted joint development projects between Vietnam and multinational energy firms,

For the time being, Vietnam is surveying the Vanguard Bank area and has already discovered commercial oil and gas resources...Since this is a disputed area, Vietnam cannot conduct joint development with other countries without the consent of the Chinese government.¹²⁷²

¹²⁶⁹ “Conoco Phillips and BP concerns about projects in the South China Sea;” “Sino-Vietnam territorial dispute entangles multiple multinational energy firms,” Wikileaks, Sept. 7, 2007 (Canonical ID: 07HANOI1599_a), https://wikileaks.org/plusd/cables/07HANOI1599_a.html; “Foreign Ministry summons Ambassador to discuss Sino-Vietnam South China Sea dispute,” Wikileaks (Canonical ID: 07HANOI1623_a), Sept. 11, 2007, https://wikileaks.org/plusd/cables/07HANOI1623_a.html. All accessed on May 5, 2019.

¹²⁷⁰ “Sino-Vietnam territorial dispute entangles multiple multinational energy firms.”

¹²⁷¹ CIMA, *Exclusive Economic Zone and Continental Shelf*, p. 152.

¹²⁷² *Ibid.*, pp. 260-261.

The policy line prescribed in this internal study, as will be elaborated in the following chapters, seems to explain in part the unusually high frequency of frictions at sea between China and Vietnam since 2010 over energy development in the South China Sea.

In a move further flaring up the bilateral tensions, Vietnam incorporated the Spratlys (“Truong Sa islands” in Vietnamese) into an electoral district under the jurisdiction of Khanh Hoa Province during Vietnam’s National Assembly elections in May. According to reports in Vietnam’s state media, this election was “the first time voters of Truong Sa District cast their ballots in the local constituencies.”¹²⁷³

A major diplomatic row between Beijing and Hanoi was touched off in late November when Hong Kong media revealed that China was ready to elevate the “Xisha, Nansha, and Zhongsha Islands Administrative Office” to a county-level Sansha City which would incorporate and administer the Paracels, Spratlys and the Macclesfield. The Hong Kong newspaper *Ming Pao*, citing the records of a party committee meeting posted on the website of Wenchang County in Hainan, reported that the Hainan-backed proposal had been approved by the Chinese State Council. The records also showed that Wenchang County would serve as Sansha’s onshore logistical support base. *Ming Pao* also reported that it had confirmed with Wenchang’s propaganda officials the authenticity of this record.¹²⁷⁴ According to retrospective Chinese media accounts that emerged following the official launch of Sansha in 2012, the State Council did give a greenlight to Hainan’s proposal in 2007 primarily as a retaliation to Vietnam’s joint development scheme in the Spratlys

¹²⁷³ “Truong Sa heads to the poll early,” Viet Nam News, May 14, 2007, <https://vietnamnews.vn/politics-laws/164578/truong-sa-heads-to-the-polls-early.html#reru7PPeYjoDGlxY.97>, accessed Oct. 24, 2019.

¹²⁷⁴ “Hainan plans to establish Sansha City in the South China Sea, covering an area roughly equal to a quarter of the country’s land territory” [海南籌建南海三沙市，面積接近全國陸地四分之一], China Review News [中評社], Nov. 20, 2007, <http://hk.crntt.com/doc/1004/9/5/6/100495698.html?coluid=45&kindid=0&docid=100495698>, accessed Nov.22, 2017; Long Wu [龙武], “The establishment of Sansha City: now and future” [三沙设市的今生与来世], *Takungpao* [大公报], Aug. 7, 2012, http://www.takungpao.com/mainland/content/2012-08/07/content_894386.htm, accessed Nov. 22, 2017.

with BP and the inclusion of the Spratlys in the Vietnamese National Assembly elections.¹²⁷⁵ Aware of the political sensitivity of the city plan, the Wenchang County's meeting records used a codename – “City X” – whenever referring to Sansha.¹²⁷⁶ While Beijing did not explicitly confirm the news on Sansha,¹²⁷⁷ the information was quickly picked up and reported also by the Hong Kong-based, Beijing-backed China Review News – a sign indicative of official acquiescence.

Vietnam reacted ferociously to the Sansha news. On December 3, the Vietnamese Foreign Ministry's spokesperson Le Dung stated that Hanoi's objection to China's establishment of Sansha to “administer three islands including Viet Nam's Hoang Sa and Truong Sa archipelagos.” The Sansha plan was, said Le, “not in line with the common perception of high-ranking leaders of the two countries” and detrimental to “the bilateral negotiation process of seeking fundamental and long-term solutions to sea-related issues.”¹²⁷⁸

The news also sparked unprecedented anti-China protests in Vietnam. The first wave of protests erupted on December 9 as several hundred Vietnamese held hour-long rallies outside the Chinese embassy in Hanoi and the Chinese consulate in Ho Chi Minh City.¹²⁷⁹ Amid suspicions that the protests were tolerated by Vietnamese authorities, Hanoi denied that the demonstrations were sanctioned and instead characterized them as “spontaneous actions taken without permission

¹²⁷⁵ Joseph Y. S. Cheng, “Sino-Vietnamese Relations in the Early Twenty-first Century: Economics in Command?” *Asian Survey*, vol. 51, no. 2 (March/April 2011), p. 390; Liu and Yao, “Birth of Sansha City;” “After Chinese State Council approved Sansha City in November 2007...” [中国国务院于 2007 年 11 月批准设立三沙市之后.....] *Asia Weekly* [亚洲周刊], Dec. 17, 2007, issue 50, reprinted on nansha.org [南沙群岛在线], <https://www.nansha.org/index.php/forum/9/1831>, accessed on Mar. 15, 2019.

¹²⁷⁶ “Hainan plans to establish Sansha City in the South China Sea.”

¹²⁷⁷ Storey, “Trouble and Strife in the South China Sea: Vietnam and China.”

¹²⁷⁸ “Vietnam objects to China's establishment of San Sha city on the Hainan Island,” Vietnam Ministry of Foreign Affairs, Dec. 3, 2007, https://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns071204135539, accessed Oct. 22, 2019.

¹²⁷⁹ “Vietnamese rally outside China embassy over disputed islands,” Agence France Presse, Dec. 9, 2007; “Vietnamese hold rare demonstration to protest China's attempt to control disputed islands,” Associated Press, Dec. 9, 2007; “Rallies over archipelagos not sanctioned: Foreign Ministry,” *Viet Nam News*, Dec. 10, 2007, <https://vietnamnews.vn/politics-laws/171775/rallies-over-archipelagos-not-sanctioned-foreign-ministry.html#7hHmFVVSQ8ozipCh.97>, accessed Mar. 18, 2019.

by Vietnamese relevant agencies.”¹²⁸⁰ On December 16, hundreds of Vietnamese staged a second wave of protests in in Hanoi and Ho Chi Minh City.¹²⁸¹

The Cost Trade-off: The International Costs Continued to Prevail

As in 2004 and 2005, China in 2007 faced an audience cost trade-off dominated by the international end. Domestically, Beijing was unlikely to incur a strong backlash should it choose to de-escalate. The leadership consensus prioritizing the maintenance of peripheral stability remained clear and strong, the pro-cooperation interests prevailed over the compromise-averse coalition, and the general public was barely aware of the Sansha issue at the time.

Internationally, considering the upcoming Olympic Games, pending renewal of the tripartite JMSU, and the prospering China-ASEAN economic cooperation initiatives, Beijing would likely incur substantial geopolitical costs should it choose to escalate the situation by ignoring Hanoi’s opposition and officially launching the Sansha city.

Domestic Audience Costs Capped: Expanding Ties with ASEAN, Restricting Public Attention

As of the occurrence of the Sansha episode, the Chinese leadership retained a clear consensus prioritizing stability in China’s external environment, as was reiterated and elaborated at the key domestic events – especially the Central Work Conference on Foreign Affairs and the 17th Party Congress. The 2006 Central Work Conference on Foreign Affairs called for adhering to the path of peaceful development to create “a peaceful and stable international environment, a good neighborly and friendly peripheral environment, an equal and mutually beneficial cooperative environment, mutually trusting and collaborative security environment, objective and friendly

¹²⁸⁰ “Vietnam’s policy of resolving all disputes in the Eastern Sea through peaceful negotiations,” Vietnam Ministry of Foreign Affairs, Dec. 10, 2007, https://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns071210134638, accessed Oct. 25, 2019.

¹²⁸¹ Roger Mitton, “Vietnam sees second weekend of anti-China protests,” *Strait Times*, Dec. 17, 2007; “Vietnamese stage second anti-China rally over disputed islands,” Agence France Presse, Dec. 16, 2007.

public opinion environment.”¹²⁸² Likewise, in his report at the Party Congress in October 2007, Hu Jintao reaffirmed China’s commitment to continue upholding a foreign policy of good neighborly diplomacy and engagement in regional cooperation.¹²⁸³

With respect to China-Vietnam relations specifically, the consensus of the Chinese leadership was also clear. During Hu Jintao’s first official visit to Vietnam in November 2005, the sixteen-character principle and the “four-good” guideline articulated in the Jiang era were reiterated in full both in Hu’s speech at the Vietnamese National Assembly and in the joint statement issued at the end of the visit,¹²⁸⁴ suggesting the continuity in Beijing’s policy line defining and managing the bilateral relationship.

Below the top, the divergence of parochial interests was widening between the pro-cooperation and compromise-averse actors. On the one hand, Guangxi saw its own economic welfare anchor in the implementation of various sub-regional economic cooperation masterplans, to which maintaining a stable and positive Sino-Vietnamese relationship was a necessary condition. Building on the 2004 Vietnam-proposed “two corridors, one circle” initiative, Guangxi’s party chief Liu Qibao unveiled at the 2006 Beibu (Tokin) Gulf Rim Economic Cooperation Forum an ambitious master plan for expanding and institutionalizing sub-regional economic cooperation, branded as the “one axis, two wings” or the “M” strategy. This initiative included three components: the Nanning-Singapore Economic Corridor as the axis aiming for boosting China’s economic cooperation and connectivity with Southeast Asia on land (the “Mainland economic

¹²⁸² Liu Weibing [刘卫兵], “Central Work Conference on Foreign Affairs convenes in Beijing” [中央外事工作会议在京举行], *People’s Daily*, Aug. 24, 2006.

¹²⁸³ “Bilingual full text of the 17th Party Congress report” [十七大报告全文英汉对照], *China Daily*, Oct. 26, 2007, https://www.chinadaily.com.cn/hqzg/2007-10/31/content_6220592.htm, accessed Oct. 28, 2019.

¹²⁸⁴ “Hu Jintao’s speech at Vietnam’s National Assembly (full text)” [胡锦涛在越南国会的演讲（全文）], *Xinhua*, Nov. 1, 2005, <http://politics.people.com.cn/GB/1024/3819943.html>, accessed Oct. 29, 2019; “China and Vietnam issue ‘China-Vietnam Joint Statement’” [中越发表《中越联合声明》], *Xinhua*, Nov. 2, 25, <http://vn.chineseembassy.org/chn/zt/sbzywj/t918235.htm>, accessed Oct. 29, 2019.

cooperation”); the Pan Beibu Gulf Economic Cooperation Zone as one wing aiming to economically integrate China’s southern region with the maritime ASEAN countries through seaborne transport and trade (the “Marine economic cooperation”); and the Mekong sub-regional cooperation as the other wing (Table 7.1).¹²⁸⁵ In light of the China-ASEAN FTA slated for launch in 2010, these sub-regional cooperation initiatives, argued researchers at the Guangxi Academy of Social Sciences, would not only facilitate the flows of capital and trade, but would also function as building blocks towards a fully institutionalized China-ASEAN FTA.¹²⁸⁶ These initiatives, with Guangxi in the driver seat, also presented attractive opportunities to neighboring locales including Yunnan, the Pearl River Delta in Guangdong, and arguably even Hainan.

Guangxi’s formulation of the master plan, which adroitly combined Beijing’s domestic agenda for west development and foreign policy agenda for good neighborly diplomacy, convinced the central government. The “Guideline for West Development during the 11th Five-Year Plan Period” released by the State Council in March 2007 listed the Pan Beibu Gulf Economic Cooperation Zone as one of the three prioritized economic zones to be developed.¹²⁸⁷ In July, the *People’s Daily* gave an extensive coverage on the “Pan Beibu Gulf Economic Cooperation Forum” in Nanning. Both implied that Beijing not only endorsed Guangxi’s policy agenda but indeed elevated it to a national strategy.

¹²⁸⁵ Liu Qibao [刘奇葆], “Advance Pan Beibu Gulf development, collaboratively building a new structure for regional economic development” [推动泛北部湾开发合作 构建区域经济发展新格局], *People’s Daily*, Ju. 21, 2006.

¹²⁸⁶ “‘One axis, two wings:’ building a bigger platform for regional cooperation” [“一轴两翼”: 构筑区域合作大平台], Regional Development Institute of Guangxi Academy of Social Sciences [广西社会科学院区域发展研究所], *Guangxi Daily*, Dec. 26, 2006.

¹²⁸⁷ Guo Chunyuan [郭春原], “‘Guideline for West Development during the 11th Five-Year Plan period’ released” [《西部大开发“十一五”规划》发布], *People’s Daily*, Mar. 4, 2007; “Guideline for West Development during the 11th Five-Year Plan period” [西部大开发“十一五”规划], National Development and Reform Commission [国家发展和改革委员会] and State Council West Development Leading Small Group Office [国务院西部地区开发领导小组办公室], December 2006, <http://www.ndrc.gov.cn/fzgggz/fzgh/ghwb/gjjgh/200709/P020150630514150488919.pdf>, accessed Oct. 27, 2019.

As Guangxi's stake in a stable Sino-Vietnamese relationship continued to grow, the province appeared to become more explicit in its advocacy for a conciliatory policy line on the South China Sea disputes. Based on a review of the bilateral interstate relations and Guangxi's relations with Vietnam in 2007, the 2008 annual report on Vietnam released by GASS stated: "The South China Sea is a major barrier in the improvement of Sino-Vietnamese relations. Given the current situation in Sino-Vietnamese relations, both sides should reinforce their commitment to 'shelving the disputes, pursuing joint development.'"¹²⁸⁸

Hainan, by contrast, persisted in its advocacy for consolidating China's control of the South China Sea. In a 2005 report, the Hainan-affiliated CIRD proposed to build a three-stage "strategic base" structure from Hainan outward during the 11th Five-Year Plan period (2006-2010) in order to effectively support China's advancement into the South China Sea in the long run. According to this report, the "difficult part in developing the South China Sea is in the Nansha;" and to facilitate development in the Spratlys, the Hainan Island should be developed into a rear base and the Paracels an intermediate one. As such, the "status and role" of both Hainan and the Paracels, as argued by the report, should be "elevated."¹²⁸⁹ In March 2007, the Hainan delegation to the NPC and CPPCC sessions proposed a long list of policies aiming for boosting Hainan's marine economy. To help Hainan build a robust "blue economy," the delegation argued that the central government should elevate the administrative level of the Paracels, Spratlys and Macclesfield Bank, in addition to permitting tourism in the Paracels, building an oil and gas exploration base in Hainan, sharing

¹²⁸⁸ Gu Xiaosong [古小松], Liu Jianwen [刘建文] and Nong Lifu [农立夫], *2008 Annual Report of Vietnam's Conditions* [2008年越南国情报告] (Beijing: Social Sciences Academic Press, 2008), p. 67.

¹²⁸⁹ "Plan for developing the South China Sea and constructing Hainan strategic base – (eighteen) policy recommendations for China's 11th Five-Year Plan" [南海开发计划与海南战略基地建设——对我国“十一五”规划的建议 (18条)], February 2005, in *Research and Recommendations on Hainan's Reform and Development*, pp. 155-165.

revenues from energy development with Hainan, and authorizing Hainan to conduct independent and collaborative E&P in the South China Sea.¹²⁹⁰

The FLE South China Sea Bureau backed Hainan's push for Sansha/Qiongsha, arguing for establishing Sansha/Qiongsha on the basis of strengthening the agency's enforcement capabilities against illegal foreign fishing activities in Chinese waters. For instance, a political commissar at the FLE South China Sea bureau noted in a 2005 work report that as the number of Vietnamese fishermen caught illegally fishing in Chinese waters grew, the deportation procedure would impose an increasingly heavy burden on the fishery enforcement agency. As a result, the overwhelmed Chinese FLE personnel had to simply expel the Vietnamese fishermen after detaining them. The report argued that this "bottleneck" could be eliminated by establishing Sansha/Qiongsha, "If China has a city here, intruding into Chinese inner waters would be equivalent to invading China's territory. Then China can indict them." Beijing again decided to table this proposal to "avoid [triggering] escalatory spirals," as noted by Li Guoqiang, then vice director of the Institute of Chinese Borderland Studies of CASS.¹²⁹¹

Regardless, Hainan appeared to understand that without a significant deterioration in the South China Sea situation as a *raison d'être*, its advocated policy line might not get an upper hand in Beijing's agenda. In August 2007, after Hanoi angrily reacted to a *China Daily* report that China would develop Hawaii-style tourist facilities on the Paracels, Beijing quickly suspended the tourism plan – until April 2012.¹²⁹² On Sansha, Hainan seemed also concede to the priority that

¹²⁹⁰ Tan Lilin [谭丽琳] and Huang Xiaohua [黄晓华], "A great marine province's 'blue' dream" [海洋大省的“蓝色”诉求], *Hainan Daily*, Mar. 6, 2007.

¹²⁹¹ Liu and Yao, "Birth of Sansha City."

¹²⁹² Roger Mitton, "Vietnam blasts China's plan for Paracels; Hanoi accuses Beijing of violating its sovereignty with project for the disputed islands," *Strait Times*, Aug. 18, 2007; "Hainan initiates controversial trial tourism voyage to the Paracels" [海南启动有争议赴西沙旅游试航], BBC, Apr. 7, 2012, https://www.bbc.com/zhongwen/simp/world/2012/04/120407_china_tourism_xisha, accessed Oct. 25, 2019.

Beijing placed on maintaining peripheral stability and on the success of the upcoming Olympic Games. The 2007 NISCSS annual report on the South China Sea situation, after reviewing the Sansha controversies, proposed to press on with the establishment of Sansha “after the Olympics” at “an appropriate time” and in a “low-profile fashion.”¹²⁹³

Although there had been extensive internal discussion on the Sansha/Qionghsha plan in the Chinese government, the general public was barely aware of the issue at the time, which in turn minimized the potential popular backlash and political costs on Beijing when the Chinese decision makers chose to back down. A search in the CNKI core newspaper database shows that prior to 2012, the Sansha topic was given little if any domestic media coverage. Indeed, almost all the information about the Sansha issue during this episode was released through the Hong Kong media. For several reasons, the Hong Kong media represented a unique channel to put the trial balloon out. First, many Hong Kong media outlets are genuinely unofficial (such as *Mingpao* in this incident) or in some cases have a nonofficial cover (such as the *China Review News*). Meanwhile, quite a few of the Hong Kong media outlets were known by China observers for being “notoriously unreliable.”¹²⁹⁴ The two conditions in combination allow for easy deniability by Beijing when necessary. Third, after the leak by local cadres in Wenchang, restricting the coverage on Sansha to Hong Kong media ensured a low level of publicity on the issue in mainland China, which in turn contained the potential popular backlash against Beijing.

Knowledgeable Chinese interlocutors confirmed that after approval of Sansha, Beijing intended to put out some information as a trial balloon to “test the wind” (放风试探), but the way

¹²⁹³ NISCSS, *2007 Assessment Report on the Situation in the South China Sea* [2007年南海形势评估报告], 2008, internal material, p. 40. Emphasis added.

¹²⁹⁴ Michael Swaine, “China’s Assertive Behavior Part Three: The Role of the Military of the Military in Foreign Policy,” *China Leadership Monitor*, issue 36, winter 2012.

the scheme was leaked by local authorities in Hainan was unexpected.¹²⁹⁵ In other words, Beijing seemed to have a plan to gradually put out rumors about Sansha to test the reactions of other disputant countries. But what Beijing had in its plan might be critically different from how the information was actually given out by local cadres in Wenchang, probably in terms of timing (after rather than before the Olympics), amount (probably much less information than what Wenchang had disclosed) and/or specificity (more ambiguous and briefer rather than the detailed account Wenchang had provided).

International Costs Remained High: Continuing Boundary Settlement, Renewing JMSU

During the second half of the 2000s, Sino-Vietnamese relations gained as much new momentum in the economic dimension as in the political dimension. After the delimitation of the Tonkin Gulf was completed and the implementation of the fishery agreement institutionalized, Beijing and Hanoi started negotiating for joint development and delimitation in the area outside the mouth of Tonkin Gulf.¹²⁹⁶ In a signal of Beijing's intentions to further improve relations with Hanoi, Hu Jintao in his speech at Vietnam's National Assembly went as far as invoking Ho Chi Minh's description of the warm Sino-Vietnamese relationship in 1950s and 1960s as "comrades plus brothers," an expression Jiang Zemin jettisoned when codifying the "four good" guideline in spite of Hanoi's request to include the description.¹²⁹⁷

Getting more done deals with Vietnam might also be perceived by Beijing as useful to convince other rivaling claimants in the South China Sea to embark on similar talks. Following Hu Jintao's 2005 visit, the two sides established a joint working group dedicated to negotiation on delimiting

¹²⁹⁵ Author's interviews, Shanghai, April 2019; Haikou, April 2019.

¹²⁹⁶ "China and Vietnam issued 'China-Vietnam Joint Statement'" [中越发表《中越联合声明》全文], Xinhua, Nov. 2, 2005, <http://vn.chineseembassy.org/chn/zt/sbzywj/t918235.htm>, accessed Nov. 1, 2019.

¹²⁹⁷ Alexaner L. Vuving, "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways," *Asian Survey*, vol. 46, issue 6, 2006, p. 817.

the areas outside the mouth of the Tonkin Gulf. When the Sansha news broke out, they had conducted three rounds of talks and agreed on basic working procedures of the mechanism.¹²⁹⁸ Premier Wen Jiabao might not be exaggerating or merely paying lip service when he told visiting Vietnamese Premier Nguyen Tan Dung in Nanning in October 2006 that the relationship with Vietnam “is among China’s most important foreign relations.”¹²⁹⁹ The political significance that Beijing attached to the bilateral relationship is also evidenced by Hu Jintao’s state visit to Vietnam in November 2006, just one year after his 2005 visit.

In addition to Vietnam, Beijing was also concerned that a headlong move to declare the establishment of Sansha might generate ramifications on the Philippine front. The tripartite JMSU, which was about to expire in July 2008 and up for renewal, was in a shaky position at the time despite the initial praise it received for its significance as a precedent of cooperation among disputants in the contested waters. The Arroyo government staked much of its political capital on the JMSU and was worried that the Sino-Vietnamese tensions would rock the boat to the extent that President Arroyo urged Vietnam and China to continue their participation in the project in August 2007.¹³⁰⁰ From late 2007, however, Manila itself faced domestic questioning about the JSMU after the media began to inquire about the exact location of the JMSU-covered area, which had remained confidential.¹³⁰¹ In early 2008, Philippine’s public backlash against the JMSU intensified after it was revealed that the designated zone of the tripartite deal, located off Palawan in the southern Philippines, included a substantial part of Philippine’s “legal continental shelf.”

¹²⁹⁸ MFA, *China’s Foreign Affairs 2008*, p. 267-268; *China’s Foreign Affairs 2009*, p. 309.; the fourth round of talk was about to take place in Beijing in January 2008.

¹²⁹⁹ Guan kejiang [管克江] and Yang Ou [杨讴], “Wen Jiabao meets with leaders of Myanmar, Brunei, Vietnam, Laos and Thailand” [温家宝会见缅甸文莱越南老挝泰国领导人], *People’s Daily*, Nov. 1, 2006.

¹³⁰⁰ “Arroyo urges Vietnam, China to continue seismic research in Spratlys,” *Japan Economic Newswire*, Aug. 9, 2007; “Philippines urges countries to take ‘next step’ over disputed Spratlys,” Agence France Presse, Aug. 10, 2007.

¹³⁰¹ *Stirring up the South China Sea (IV)*, p. 19.

Importantly, this area was not claimed by either China or Vietnam, and as such, constituted “a sell-out on the part of the Philippines.”¹³⁰² In March, the Philippine Senate launched an investigation into the JMSU.¹³⁰³ In addition, Arroyo and her husband had been under a Senate investigation for allegations of corruption in Philippine’s \$329 million deal with China’s ZTE Corp. In November 2007, two impeachment complaints were filed against Arroyo over the ZTE project.¹³⁰⁴

Beijing was worried that the tide in the Philippines’ domestic politics in general would turn against China. In March, the Chinese Embassy in Manila released a statement which plainly stated: “China is worried about certain recently-emerged tendencies in the Philippines, which may have a negative impact on China-Philippine friendly relations and mutually-beneficial cooperation.” The JMSU, the statement claimed, was “conducive to maintenance of peace and stability in the South China Sea and the region at large.”¹³⁰⁵ The timing of the statement suggests that Beijing had been closely following the Philippines’ domestic controversies surrounding the JMSU and might have concluded that to launch Sansha at that point would put another nail in the coffin of the JMSU while further undermining Arroyo’s domestic standing.¹³⁰⁶

On the Southeast Asia front, the region still stood as an international audience that Beijing perceived as needing to be reassured not only through aggressive promotion of greater economic integration, but also through more active engagement and accommodations in the security arena.

¹³⁰² Barry Wain, “Manila’s Bungle in the South China Sea,” *Far Eastern Economic Review*, Jan/Feb 2008, pp.45-48.

¹³⁰³ Bernard U. Allauigan and Ira P. Pedrasa, “Senate to start new probe on Spratlys exploration,” Mar. 10, 2008.

¹³⁰⁴ The contract with ZTE to establish a national broadband network was allegedly overpriced by \$130 million to fund kickbacks. Arroyo cancelled the deal in October 2007. “What Went Before: The NBN-ZTE deal,” *Philippine Daily Inquirer*, Dec, 30, 2011, <https://newsinfo.inquirer.net/119639/what-went-before-the-nbn-zte-deal-2>; Manny Mogato, “Manila’s Arroyo described as ‘evil’ in graft probe,” Reuters, Feb. 18, 2008, <https://www.reuters.com/article/us-philippines-scandal/manilas-arroyo-described-as-evil-in-graft-probe-idUSMAN3603920080218>. Both accessed Oct. 25, 2019; “SC junks 3 petitions vs ZTE deal, says govt cancelled it,” GMA, Jul. 14, 2008, <https://www.gmanetwork.com/news/news/nation/106876/sc-junks-3-petitions-vs-zte-deal-says-govt-cancelled-it/story/>, accessed Oct. 25, 2019.

¹³⁰⁵ “China worried about tendencies in Philippines having negative influence on ties,” Xinhua, Mar. 12, 2008; “China concerned over Philippine Spratly controversy,” Agence France Presse, Mar. 13, 2008.

¹³⁰⁶ Boggled down in legal problems and political scandals, the Arroyo administration decided not to renew the JMSU. The agreement expired on July 1, 2008.

In June 2007, driven by the imperative to mitigate surging international concerns about China's lack of military transparency, Beijing sent a high-level military delegation headed by Zhang Qinsheng, then Deputy Chief of the PLA General Staff, to the annual Shangri-La Dialogue in Singapore for the first time.¹³⁰⁷ The importance that Beijing attached to the Shangri-La Dialogue as a means of reassuring the region was made clear in a Xinhua report. As a "platform for communication on security and defense affairs," according to the report, the Shangri-La Dialogue had "facilitated regional strategic dialogues and consultation" and attracted significant attention from a number of Asia-Pacific middle powers and small states. However, "in the past five years, due to the absence of participation by PLA senior officials, 'China threat theory' rhetoric has permeated the dialogue." The Chinese military's participation in the dialogue, the report concluded, would enable China not only to directly counter such suspicions and build confidence with countries in the region, but also "to gradually shape the dialogue to China's advantage."¹³⁰⁸

On the U.S. front, China watched warily as U.S. presence and influence in Southeast Asia bounced back – albeit to a limited extent – under Bush's second term as Washington responded to criticism at home and abroad for neglecting the region.¹³⁰⁹ While continuing to bypass ASEAN's key multilateral mechanisms,¹³¹⁰ Washington took steps to patch up relations with the region. Most

¹³⁰⁷ "Defense budget true and authentic," *China Daily*, Jun. 2, 2007, http://www.chinadaily.com.cn/china/2007-06/02/content_885793.htm, accessed Nov. 2, 2019; "China's defense diplomacy at Shangri-La Dialogue since 2007," chinamil.com.cn, May 31, 2019, http://eng.chinamil.com.cn/view/2019-05/31/content_9519879.htm, accessed Nov. 2, 2019.

¹³⁰⁸ "China-U.S. military interactions attract attention" [中美两军互动引人瞩目], *Xinhua-International Herald Leader* (新华社 - 国际先驱导报), Jun. 11, 2007, reprinted on People.com.cn, <http://military.people.com.cn/BIG5/42962/5851094.html>, accessed Nov. 2, 2019.

¹³⁰⁹ See, for example, Diane K. Mauzy and Brian L. Job, "U.S. Policy in Southeast Asia: Limited Re-engagement after Years of Benign Neglect," *Asian Survey*, vol. 47, issue 4, July/August 2007, pp. 622-641; Elizabeth Economy, "China's Rise in Southeast Asia: implications for the United States," *Journal of Contemporary China*, 2005, 14 (44), August, pp. 409-425.

¹³¹⁰ Washington was absent from the East Asia Summit (EAS) because the participation of the summit requires the United States to sign and ratify TAC. The "non-interference in internal affairs" clause in TAC was considered by Washington as constraining U.S. freedom of action on Burma. Secretary of State Condoleezza Rice's absence from the 2006 ASEAN Regional Forum was perceived by the region as a sign of a lack of American interest in the region.

notably, the U.S. introduced the ASEAN-U.S. Enhanced Partnership in late 2005, a “comprehensive agenda for political, security, and economic cooperation,” and signed the pact with ASEAN in July 2006.¹³¹¹ In November 2006, the United States proposed a “Free Trade Area of the Pacific” (FTAAP) at the APEC meeting that would encompass all APEC members.¹³¹² These moves, in combination with the rapidly improving U.S.-Vietnam relationship, alarmed Chinese analysts. The NISCSS in its 2006 annual report raised the issue of the U.S. “return” to Southeast Asia and its geopolitical implications for China:

Over recent years, U.S. influence in Southeast Asia has weakened in relative terms...Facing the danger of being marginalized...the U.S. has since strengthened its partnership with ASEAN in political, security, economic and social development dimensions...the U.S. ‘return’ to Southeast Asia is intended to safeguard America’s longtime strategic interests, including coping with the strategic competition in the region created by the ‘China factor.’ This would create strategic pressures on, as well as an encirclement of, China.¹³¹³

When it comes to the U.S.-Vietnam bilateral front specifically, although Chinese analysts seemed confident that this relationship had intrinsic limitations because of the two countries’ rivaling ideologies and values,¹³¹⁴ Beijing paid close attention as the relations between Hanoi and Washington improved rapidly during this period. Most notably, Vietnam’s Premier Phan Van Khai’s historical trip to Washington in June 2005 marked the first visit to the United States by a

Rice attended the forum in 2006, but the US remained a nonparticipant to the EAS for the rest of Bush’s tenure. Green, *By More than Providence*, pp. 512-513.

¹³¹¹ Green, *By More than Providence*, p. 501; “The ASEAN-U.S. Enhanced Partnership,” U.S. Department of State, Bureau of Public Affairs, Washington D.C., Jul. 26, 2006, <https://2001-2009.state.gov/r/pa/scp/2006/69569.htm>, accessed No. 2, 2019.

¹³¹² Green, *By More than Providence*, p. 510.

¹³¹³ NISCSS, *2006 Assessment Report on the Situation in the South China Sea* [2006年南海形势评估报告], 2007, internal material, pp. 8-9.

¹³¹⁴ Liu Jianwen [刘建文], Nong Lifu [农立夫] and Gu Xiaosong [古小松], *2006 Annual Report of Vietnam’s Conditions* [2006年越南国情报告] (Beijing: Social Sciences Academic Press, 2006), pp. 60-61; Zhai Kun [翟崑], “Vietnam: between China and the US” [越南: 在中美之间], *World Affairs*, issue 14, 2005, pp. 28-29.

Vietnamese premier since the end of the Vietnam War. A diplomat at the Chinese General Consulate in Ho Chi Minh City wrote that Khai's visit demonstrated that "striking progress" had been made in US-Vietnam relations.¹³¹⁵ The relationship saw more progress over the next couple of years. In 2006, Washington not only signed a bilateral agreement with Hanoi to clear the way for Vietnam's accession to the World Trade Organization (WTO),¹³¹⁶ but also removed Vietnam's designation as a "country of particular concern" as a way of acknowledging the improvement in Vietnam's religious freedom and human rights records in general.¹³¹⁷

China Called off the Sansha Plan and Elevated Relations with Vietnam

Presented with the prospect of potential international audience costs clearly exceeding domestic audience costs, Beijing tabled the city establishment plan, dodged references to the sensitive word "Sansha" in official statements, and even had Hainan clean up after itself. On December 11, 2007, when commenting on the anti-China demonstrations in Hanoi and Ho Chi Minh City, the Chinese Foreign Ministry's spokesperson Qin Gang made a moderate remark by saying that China had a clear understanding that Vietnam "has different claims in different historical periods" and called on Hanoi to "take effective measures to prevent the situation from further escalating and the bilateral relations from being damaged."¹³¹⁸ A week later, when commenting on the second wave of anti-China protests in Vietnam, Qin made an even briefer response by simply stating that "there

¹³¹⁵ Wang Longhu [王龙虎], "Remarkable Progress for U.S.-Vietnamese Relations" [美越关系进展令人瞩目], *All-round Southeast Asia* [东南亚纵横], issue 8, 2005, pp. 1-4.

¹³¹⁶ Murray Hiebert, Phuong Nguyen and Gregory B. Polling, *A New Era in U.S.-Vietnam Relations: Deepening Ties Two Decades after Normalization*, a Report of the CSIS Sumitro Chair for Southeast Asia Studies, June 2014, p. 5; Mark E. Manyin, William Cooper and Bernard A. Gelb, *Vietnam PNTR Status and WTO Accession: Issues and Implications for the United States*, CRS report for Congress (RL 33490), updated Aug. 2, 2006, p. 1.

¹³¹⁷ U.S. Commission on International Religious Freedom, *Religious Freedom in Vietnam: Assessing the Country of Particular Concern Designation 10 Years After its Removal*, February 2017, p. 1.

¹³¹⁸ "December 11, 2007 MFA spokesperson Qin Gang holds regular press conference," Dec. 11, 2007, transcript retrieved at https://www.fmprc.gov.cn/web/wjdt_674879/fyrbt_674889/t388977.shtml, accessed Mar. 18, 2019.

is no change to China's position."¹³¹⁹ Qin's comments on both occasions stopped short of an explicit confirmation or denial of whether Beijing had approved the establishment of Sansha. When referring to the controversies, Qin indeed dodged the word "Sansha."¹³²⁰ A *People's Daily* article published on January 6, 2008 still referred to the local administrative agency in the South China Sea by its old name "'Xisha, Nansha, and Zhongsha Islands Administrative Office,"¹³²¹ indicating there was no change to the administrative status of this body. As a Chinese interlocutor put it plainly, "At that time, maintaining good relations with Vietnam and more broadly with the surrounding areas was still a priority. So once the Vietnamese protested, China backpedaled [on the Sansha issue]."¹³²²

Local officials in Hainan simply denied or sidestepped questions of whether Sansha had been approved and existed. Wenchang County's party boss, who detailed the Sansha plan at the party committee meeting, was subject to a corruption investigation on November 27 shortly after the *Mingpao* report came out and was removed from office in December.¹³²³ While the corruption charges might be valid – Chinese official information later claimed that the investigation started well before the Sansha row – knowledgeable Chinese interlocutors noted in private that the Sansha issue played a role in precipitating the investigation.¹³²⁴ On December 19, a Wenchang

¹³¹⁹ "December 18, 2007 MFA spokesperson Qin Gang holds regular press conference," Dec. 18, 2007, transcript retrieved at <http://www.china-embassy.org/chn/fyrth/t391082.htm>, accessed Mar. 18, 2019.

¹³²⁰ Zhang, *Breaking the Deadlock in the South China Sea*, p. 95.

¹³²¹ Fu Zaichou [符载畴], Jiang Shan [江山] and Luo Changai [罗昌爱], "Fishermen in the Paracels have a better and better life" [西沙渔民生活越来越好], *People's Daily*, Jan. 6, 2008.

¹³²² Author's interview, Shanghai, April 2019.

¹³²³ "Former Wenchang city party boss Xie Mingzhong to be handed over to the judiciary branch" [文昌原市委书记谢明中将被移送司法机关], the People's Government of Hainan Province, Jan. 31, 2008, http://www.hainan.gov.cn/hn/zwgk/zfjs/yfzx/200801/t20080131_361942.html, accessed Oct. 26, 2019; "The whole story of former Wenchang party boss Xie Mingzhong falling from grace" [海南元文昌书记谢明中落马始末: 曾逼走两个市长], *Nanfeng Chuang* [南风窗], Mar. 18, 2008, reprinted on ifeng.com, http://news.ifeng.com/mainland/200803/0318_17_446676.shtml, accessed Oct. 26, 2019.

¹³²⁴ "Former Wenchang city party boss Xie Mingzhong to be handed over to the judiciary branch;" Author's interviews, Shanghai, April 2019; Haikou, April 2019.

government representative denied that there had been a plan to set up Sansha. Another Hainan provincial government official claimed that the provincial government had not received any documents from Beijing regarding designating the archipelagos as a city.¹³²⁵

In an interview with *Takungpao* in March 2008, Wei Liucheng, then Hainan's party chief, cautiously responded to an inquiry about whether the city had been established. Instead of giving a clear yes-or-no answer, Wei told the reporter that the establishment of Sansha was a "very sensitive issue." Given that China still had territorial disputes in the South China Sea and that Wenchang was merely a county-level city, according to Wei, Wenchang was not authorized to make the decision, not even the Hainan provincial authorities.¹³²⁶

In a move likely intended to reassure Hanoi, Beijing elevated the bilateral relationship to one of "comprehensive strategic partnership" during Vietnam's communist party chief Nong Duc Manh's a visit to China in June 2008, the highest level in the Chinese hierarchy of foreign relations.¹³²⁷ In October, the two sides agreed to establish a hotline between the leaders.¹³²⁸

¹³²⁵ Kristine Kwok, "Plan to designate islands as a city denied; Sino-Vietnamese row takes a new turn" *South China Morning Post*, Dec. 19, 2007.

¹³²⁶ "Wei Liucheng discusses establishing Sansha City, describing the topic sensitive" [卫留成谈建三沙市称话题敏感], *Takungpao*, Mar. 7, 2008, reprinted on Nansha.org [南沙群岛在线], <https://www.nansha.org/index.php/forum/9/1831>, accessed Mar. 16, 2019.

¹³²⁷ "China-Vietnam joint statement (2008)" [中越联合声明 (2008 年)], Xinhua, Jun. 2, 2008, http://www.asean-china-center.org/2008-06/02/c_13360726.htm, accessed Nov. 1, 2019; "China's 'partners'" [中国的 "伙伴"], *Takungpao*, May 23, 2013, <http://news.takungpao.com/mainland/focus/2013-05/1630701.html>, accessed Nov. 1, 2019.

¹³²⁸ "China, Vietnam issued a joint statement in Beijing on Oct. 25 (full text)" [中国、越南两国 10 月 25 日在京发表联合声明 (全文)], Xinhua, Oct. 25, 2008, http://www.gov.cn/govweb/jrzg/2008-10/25/content_1131011.htm, accessed Nov. 1, 2019.

8. The Scarborough Shoal Standoff and the HD-981 Clash

This chapter presents a comparison of the 2012 China-Philippine Scarborough Shoal Standoff, in which Beijing, after an initial impasse, engaged in a strong nonmilitary escalation that gave China the control of the land feature, and the 2014 Sino-Vietnamese HD-981 clash, in which, with the exception of fending off Vietnamese ships at sea, Beijing refrained from taking further escalatory measures.

Scholars and policy analysts often portray China's behavior in the South China Sea in the 2010s as following a strategy of "salami slicing" or "gray zone coercion." Some studies offer an alternative argument that in order to establish a reputation for resolve, China adopts a strategy of "killing the chicken to scare the monkey," that is, to selectively coerce a rivaling claimant to deter further challenges from other claimants.¹³²⁹ While these interpretations shed some light on the rationale of China's employment of nonmilitary coercion, they fare poorly in explaining the striking difference between the two critical incidents that occurred during the post-2010 period of so-called new Chinese assertiveness, namely, why did Beijing tend to be tough on Manila while demonstrating a degree of tolerance toward the apparently undeterred Hanoi?¹³³⁰ This difference is indeed quite counterintuitive, as one should well expect Beijing to adopt a more heavy-handed approach toward Hanoi, given the bloody history of Sino-Vietnamese border war and naval skirmishes, the geographical expansiveness of Vietnam's claims, and the higher level of conflict intensity and Chinese casualties involved in the HD-981 incident. Beyond the drastic difference

¹³²⁹ Zhang, "Cautious Bully," p. 138.

¹³³⁰ For a quantitative comparison of China's handling of the Philippines and Vietnam, see, Pascal Abb, "Punish the Philippines, Forgive Vietnam? The South China Sea Disputes in the Eyes of Chinese Experts," in Enrico Fels and Truong-Minh Vu, ed., *Power Politics in Asia's Contested Warts: Territorial Disputes in the South China Sea* (Cham: Springer International Publishing, 2016), pp. 139-157. Based on an automated content analysis of 1816 commentaries by Chinese foreign policy experts from CICIR, CIIS and SIIS from 2010 through 2014, Pascal Abb notes that Vietnam has received a "significantly more positive coverage" than the Philippines during this period; indeed, the Philippines has received a highly negative coverage.

between individual cases, different patterns of conflict also arise. As a veteran South China Sea researcher aptly captures the contrast: “The Sino-Vietnamese maritime conflict has in general demonstrated a cyclical pattern of rise and fall while the China-Philippine conflict resembled an upward spiral until after Philippine’s change of leadership in 2016.”¹³³¹

Distinctly different cost trade-off calculations in the two incidents best explain why China opted for an escalatory response in one incident but de-escalated the other. In the Scarborough Shoal standoff, presented with an empowered domestic compromise-averse coalition on the one hand and ambivalence in the way the international community responded to the standoff on the other, Beijing seemed to calculate that a de-escalation might be costlier than an escalation. Again, unlike most incidents in the East China Sea, the prevalence of the domestic end in the Scarborough Shoal incident was not as clear-cut as to allow for an immediate decision to escalate at the outset of the incident. Rather, following an initial period of gridlock, China engaged in a strong nonmilitary escalation and opportunistically seized Scarborough when the trade-off between two levels of audience costs seemed clearer. In the HD-981 instance, Beijing’s incentive to take escalatory measures to punish Vietnam for its violent reactions declined as it became clear that an escalation would be costly both domestically and internationally.

THE 2012 SCARBOROUGH SHOAL STANDOFF

Beijing’s relations with Manila became strained after the latter adopted a bill in 2009 that would declare the country’s archipelagic baseline and define both the Kalayaan Island Group (KIG) and the Scarborough Shoal as “a regime of islands” under the Philippines. The final bill was a watered-down version of an earlier, more assertive one which explicitly included the KIG in the baseline

¹³³¹ Author’s interview, Haikou, April 2019.

of the Philippine territory and triggered China's protests.¹³³² By framing the contested offshore land features as "a regime of islands," the bill essentially excluded the KIG and Scarborough Shoal from the country's archipelagic baseline. Despite protest over the bill, Beijing refrained from taking further actions.¹³³³ Whereas the watering down might be one reason, China perceived the domestically embattled Arroyo administration as lacking the necessary political capital to block the bill. To Chinese eyes, the Arroyo era was still among the best periods in China-Philippine relations as Manila persistently "strived to avoid provoking China."¹³³⁴

After President Benigno Aquino III assumed office in 2010, however, China-Philippine relations witnessed a steadfast deterioration as Aquino was perceived as being more explicit than his predecessor in criticizing China's behavior in the South China Sea and more active in pushing for what Beijing called "multilateralizing" (国际化) the disputes.¹³³⁵ In March 2011, Manila accused Chinese patrol ships of harassing and driving away a British-owned survey vessel which was operating in the Reed Bank under a contract with the Philippine government.¹³³⁶ In April, the two countries submitted their respective Notes Verbales to the UN, staking competing claims to

¹³³² "Beijing forces Manila retreat over Spratlys; Philippines rewords bill on disputed South China Sea Atolls," *South China Morning Post*, Feb. 12, 2009; "China lodges stern protest over Baselines Bill of the Philippines," Xinhua News Service, Feb. 18, 2009.

¹³³³ "Philippine leader signs law on maritime borders," Agence France Presse, Mar. 11, 2009; "Chinese embassy protests Philippine law to extend territorial claim in South China Sea," Xinhua, Mar. 11, 2009.

¹³³⁴ Cao Yunhua [曹云华] and Ju Hailong [鞠海龙], ed., *Report on the Situation in the South China Sea 2011-2012* [南海地区形势报告 (2011-2012)] (Beijing: Shishi chubanshe, 2012), p. 203.

¹³³⁵ The term "国际化" is widely used in Chinese official documents, speeches, analytical writings, and media reports without a clear definition. In the official Chinese discourse on the South China Sea, it is used interchangeably with "multilateralizing," namely, going beyond the bilateral setting in which China negotiates with each of the other claimants on a one-on-one basis. Authoritative sources confirm the interchangeability between the Chinese term "国际化" and the English term "multilateralize." In paragraph 77 of the position paper China issued in July 2016, the Chinese version is "明确表示反对外部势力介入, 反对南海问题国际化" and this part in the English version is translated as "China has expressed its clear opposition to intervention by outside forces and attempts to multilateralize the South China Sea issue." "China Adheres to the Position of Settling Through Negotiation the Relevant Disputes Between China and the Philippines in the South China Sea," State Council Information Office of the People's Republic of China, https://www.fmprc.gov.cn/nanhai/eng/snhwtlcwj_1/t1380615.htm, Jul. 13, 2016. The Chinese version could be found at <https://www.scio.gov.cn/wz/Document/1484047/1484047.htm>. Both were accessed on Nov. 20, 2019.

¹³³⁶ "Philippines, Indonesia strengthen ties in Aquino state visit," *Business World*, Mar. 9, 2011; "Philippines set for oil drilling amid China spat," Agence France Presse, Mar. 23, 2011.

the Spratlys.¹³³⁷ In June, Manila claimed that Chinese ships made at least seven major intrusions into the Philippine-claimed waters in the first half of 2011.¹³³⁸ More to Beijing's ire, during his trip to Beijing in July in preparation for Aquino's state visit, Philippine Foreign Secretary Albert del Rosario proposed submitting the two countries' rivaling claims to the International Tribunal for the Law of the Sea (ITLOS) when meeting with China's Foreign Minister Yang Jiechi. Beijing quickly rejected Rosario's proposal on the basis that the dispute should be resolved through direct negotiations between the claimants.¹³³⁹ Growing bilateral tensions were conspicuous also in Aquino's annual State of the Nation Address at the Philippine Congress on July 25. In this speech, Aquino not only reaffirmed his intention to take the dispute to the tribunal but also pledged to beef up the country's armed forces, signaling Manila's resolve to defend its claims even by military means: "There was a time when we couldn't appropriately respond to threats in our own backyard. Now, our message to the world is clear: What is ours is ours."¹³⁴⁰

The two sides remained far apart on the South China Sea disputes during Aquino's visit to Beijing in August. When meeting with Chinese President Hu Jintao, Aquino told Hu that the disputes were "a regional problem that requires a regional solution,"¹³⁴¹ an approach clearly at

¹³³⁷ Philippine Mission to the United Nations, Note Verbale No. 000228, Apr. 5, 2011, https://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/phl_re_chn_2011.pdf, accessed Nov. 4, 2019; Permanent Mission of the People's Republic of China to the United Nations, Note Verbale CML/8/2011, Apr. 14, 2011, https://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/chn_2011_re_phl_e.pdf, accessed Nov. 5, 2019.

¹³³⁸ Carlyle A. Thayer, "China's New Wave of Aggressive in the South China Sea," Paper to Conference on Maritime Security in the South China Sea sponsored by the Center for Strategic and International Studies (CSIS), Washington D.C. June 20-21, 2011.

¹³³⁹ Jim Gomez, "Manila to China on spat: We'll go to UN tribunal," Associated Press, Jul. 11, 2011; "China rejects Philippine proposal on disputed sea," Agence France Press, Jul. 12, 2011; "China reaffirms South China Sea dispute be resolved through negotiations," Xinhua News Service, Jul. 12, 2011.

¹³⁴⁰ Christine O. Avendaño, "President Aquino: Philippines to protect 'what's ours'", *Philippine Daily Inquirer*, Jul. 26, 2011, <https://newsinfo.inquirer.net/30063/president-aquino-philippines-to-protect-%E2%80%98what%E2%80%99s-ours%E2%80%99>, accessed May 3, 2019; Alastair McIndoe, "Aquino to take Spratly spat to UN; He pledges to defend Philippines' claim in South China Sea," *Strait Times*, Jul. 26, 2011; Jim Gomez, "Aquino to China: Filipinos will defend territory," Associated Press, Jul. 26, 2011. Emphasis added.

¹³⁴¹ "Aquino tells Hu S China Sea dispute not just bilateral problem," *Japan Economic Newswire*, Aug. 31, 2011.

odds with Beijing's longstanding position that the disputes be resolved bilaterally between the disputants. In response, Hu reiterated China's stance that the disputes "should be resolved peacefully through consultation and negotiation between the two countries concerned."¹³⁴²

Relations between China and the Philippines continued to worsen during the months leading up to the standoff. In February 2012, Beijing voiced its objection to Manila's decision to invite foreign oil companies to conduct energy exploration in waters northwest of Philippine's Palawan Province. The Zhongsheng column of the *People's Daily* warned that exploration in the disputed areas without China's permission "is bound to run into trouble" and that China would "take necessary actions to resolve the problem when it must."¹³⁴³ In late March, tensions heightened again after Manila built a loading ramp and renovated a runway on the Thitu Island in the Spratlys.¹³⁴⁴

Against this backdrop of worsening ties and growing frictions at sea, a standoff erupted on April 10 when the Philippines Armed Force dispatched a frigate to inspect eight Chinese fishing boats spotted in the lagoon of the Scarborough Shoal. Philippine sailors boarded the Chinese boats and found large amounts of giant clams, corals and live sharks inside one of the boats.¹³⁴⁵ Receiving calls from the Chinese fishing ships equipped with satellite phones and the Beidou position system, two CMS patrol vessels, which were reportedly on routine patrols in vicinity waters, responded after getting approvals from the CMS headquarters, SOA, and the Chinese

¹³⁴² "China, the Philippines agree to downplay maritime disputes, enhance economic ties," Xinhua, Aug. 31, 2011.

¹³⁴³ Zhongsheng [钟声], "The Philippines must learn to exercise self-restraint on the South China Sea issue" [菲律宾在南海问题上须学会自我约束], *People's Daily*, Feb. 29, 2012.

¹³⁴⁴ "Philippines to push ahead with building pier on disputed Spratly island," *Japan Economic Newswire*, Mar. 30, 2012.

¹³⁴⁵ Jim Gomez, "Philippine warship in standoff with China vessels," Associated Press, Apr. 11, 2012. The Chinese government and state media claimed that 12 Chinese fishing boats were involved in the incident. "China protests the harassment of fishermen," Xinhua News Service, Apr. 11, 2012.

foreign ministry.¹³⁴⁶ Upon arrival, the CMS ships interjected themselves between the Chinese fishing boats and the Philippine warship, preventing the arrests of Chinese fishermen.¹³⁴⁷ As neither side was willing to budge, a tense standoff ensued.

Philippine's Foreign Secretary Rosario summoned Chinese Ambassador Ma Keqing to lodge a protest, stating that the Chinese fishermen were engaging in "illegal fishing and harvesting of endangered marine species."¹³⁴⁸ The Chinese Embassy in Manila claimed that the Chinese fishermen were taking shelter in the lagoon from "harsh weather conditions" when "a Philippine naval gunboat blocked the entrance of the lagoon and sent 12 Philippine soldiers, six of whom were armed...and harassed the Chinese fishermen."¹³⁴⁹ Sources familiar with the marine economy in the South China Sea noted that the involved Chinese fishing boats, originating from Tanmen, a fishing town in east Hainan, were poaching rare marine species especially giant clams, which were highly profitable due to strong demands on the Chinese market. According to the Chinese sources, the Scarborough Shoal had been a particularly attractive site for Chinese fishermen because the marine environment in that area nurtured high-quality giant clams. Before Chinese authorities outlawed the sales of giant clams from 2017, giant clam processing and sales had prospered into a lucrative business important to the livelihood of fishermen in Tanmen and many other localities in Hainan.¹³⁵⁰

¹³⁴⁶ Han Yong [韩永] and Guan Xiangdong [关向东], "Huangyan Island, Chinese Island" [黄岩岛, 炎黄岛], *China Newsweek*, May 11, 2012, reprinted on Sohu.com, <http://news.sohu.com/20120511/n342969585.shtml>, accessed Nov. 6, 2019.

¹³⁴⁷ Gomez, "Philippine warship in standoff with China vessels;" Floyd Whaley, "Philippines and China in a Standoff at Sea," *New York Times*, Apr. 12, 2012.

¹³⁴⁸ "Scarborough standoff highlights tensions in the South China Sea," *BusinessWorld*, Apr. 12, 2012.

¹³⁴⁹ "Chinese embassy urges Philippines to stop illegal activities in China's territory," Xinhua News Service, Apr. 11, 2012.

¹³⁵⁰ Author's interviews, Beijing, July 2017; Singapore, August 2018; Guangzhou, May 2019.

On April 12, in a likely move to de-escalate, the Philippines sent a coast guard ship to replace the naval warship. Meanwhile, China deployed an extra FLE ship to the area.¹³⁵¹ Diplomatic negotiation deadlocked as each side demanded the other retreat first.

Amid the heightened tensions, the Philippines kicked off the annual two-week Balikatan exercise with U.S. forces on April 16 near the contested South China Sea areas. In the context of the standoff, Beijing perceived the drills as specifically targeting China despite Washington and Manila's insistence that China was not an "imaginary target" in the drills.¹³⁵² The *PLA Daily* claimed that both the Philippines and the U.S. were using the military exercise to "stir up the water in the South China Sea," as the former sought to drag its powerful ally into the South China Sea disputes and the latter attempted to use the dispute to justify its return to Asia-Pacific.¹³⁵³

On April 17, Manila again called on Beijing to take the dispute to the ITLOS for arbitration,¹³⁵⁴ which Beijing dismissed on the basis that both parties had "previously agreed to deal with disputes through bilateral talks." For the second time after the first summoning on April 15, China's Vice Foreign Minister Fu Ying summoned Alex Chua, the charge d'affaires of the Philippines, urging Manila to immediately pull out its ship.¹³⁵⁵ On April 20, China ratcheted up pressure on the Philippines by deploying its most advanced 2,580-ton, helicopter-capable FLE ship *Yuzheng 310* to the Scarborough.¹³⁵⁶

¹³⁵¹ "Philippines says warship removed from China standoff," Agence France Presse, Apr. 12, 2012; Zhou Quanyong [周泉涌] and Hu Jing [胡婧], "Fishery law enforcement ship safeguards rights and protects fisherman in Huangyan Island" [渔政船维权护渔黄岩岛], *China Fisheries News*, Apr. 16, 2012.

¹³⁵² Jim Gomez, "US, Filipino troops start drills near disputed sea," Associated Press, Apr. 16, 2012; "Philippine, U.S. forces hold 1st gas field protection exercise," *Japan Economic Newswire*, Apr. 22, 2012.

¹³⁵³ Xue Hao [薛皓], "What does U.S-Philippine military exercise seek to achieve" [美菲军演意欲何为], *PLA Daily*, Apr. 21, 2012.

¹³⁵⁴ Johanna Paola D. Poblete, "Dispute with China continues: Philippines stands firm," *BusinessWorld* Apr. 18, 2012.

¹³⁵⁵ China Focus: China summons Philippine diplomat over Huangyan Island dispute," Xinhua News Service, Apr. 18, 2012.

¹³⁵⁶ "Chinese patrol ship reaches Huangyan Islands after dispute," Xinhua, Apr. 20, 2012.

The Cost Trade-off: Domestic Costs Prevailed – Marginally

Unlike incidents in the South China Sea in the first decade of the 2000s, it appears that Beijing did not perceive a clear-cut audience cost trade-off at the outset of the Scarborough Shoal incident. On the domestic end, Beijing was facing a growing compromise-averse coalition on the South China Sea issue. The simultaneous flare-ups in the South and East China Seas cast doubts on China's traditional foreign policy of moderation while empowering those stakeholders who support a firm response to perceived foreign challenges to China's sovereignty claims. Moreover, unlike Vietnam, the Philippines does not have a geographical location that enables it to foster constituencies in China's border provinces that prefer a stable bilateral relationship and could powerfully offset the compromise-averse interests. Nor does the Philippines have a shared ideology with China that could serve as a powerful brake on the dangerous action-reaction spiral as in the HD-981 incident.

On the international end, China's anticipated costs seemed ambiguous on both the U.S. and ASEAN fronts at the onset of the standoff. Thus, a period of gridlock on the frontline ensued in tandem with the pulling and hauling within China's foreign policy community between the "maintaining stability" and "protecting rights" camps. As the standoff continued, America's perceived reluctance to reaffirm its defense commitment to the Philippines as well as the lack of cohesiveness in ASEAN's response led Beijing to believe that an escalation was unlikely to trigger a concerted pushback or balancing effort against China, thus tipping the tradeoff calculation toward the domestic end – though arguably only by a small margin.

Domestic Costs on the Rise: Empowered Hardliners, Heightened Public Attention

The roughly simultaneous mounting challenges to China's maritime claims in both the East and South China Seas from 2010 gave rise to the calls for rethinking Deng's formula of "shelving the disputes and pursuing joint development," as detailed in Chapter 6. As the debate unfolded,

continued frictions on both maritime fronts rendered the traditional approach increasingly untenable while strengthening the hardline position.

The 2010 fishing trawler collision in the East China Sea justified Beijing's provision of a more aggressive state protection for Chinese fishermen operating in contested waters. The South China Sea has long been rife with fishing disputes between the claimants that have resulted in detentions of each other's fishermen, confiscation of catches, exorbitant fines, and even violent clashes. While encouraging Chinese fishermen to operate in the contested waters as a way of asserting China's sovereignty, Beijing had traditionally adopted a confrontation-averse approach. Chinese fishing boats operating in the contested areas were instructed to "keep a minimum distance of three nautical miles from islets and reefs occupied by other countries as well as from foreign oilrigs." Catching endangered or protected marine species was prohibited, as this would "cause trouble for China's diplomacy and damage China's international image." In the event of detention by foreign authorities, the Chinese fishermen should "patiently wait" for Chinese diplomats to provide necessary consular assistance and negotiate for their release.¹³⁵⁷ While requirements for Chinese fishermen operating in Scarborough Shoal were not specifically articulated in open sources, knowledgeable Chinese interlocutors noted that China had long adopted a similar approach – until the standoff in which the CMS and FLE ships "unprecedentedly" intervened in an ongoing detention and brought the fishermen back.¹³⁵⁸

The fact that it was two CMS ships which first responded and intervened in Philippine's detention of Chinese fishermen renders the Scarborough incident another illustration of the agency's *raison d'être* and was used by CMS to undergird its leading role in safeguarding China's

¹³⁵⁷ Xia Zhangying [夏章英], *A History of Fisheries in the Nansha Islands* [南沙群岛渔业史] (Beijing: Haiyang chubanshe, 2011), pp. 209-213.

¹³⁵⁸ Author's interview, Guangzhou, May 2019.

maritime rights. A strongly worded commentary published in the SOA-run *China Ocean News* on May 4 pledged a commitment to respond firmly to foreign challenges to China's maritime sovereignty and asserted the CMS's leading role in such endeavors:

In the waters under China's jurisdiction, there are no off-limits areas for CMS's maritime rights protection patrols...the more controversial and sensitive an area is, the higher priority it will be given in CMS's patrols...To challenge CMS's enforcement activity is in a sense to challenge China.¹³⁵⁹

When speaking with the CMS officials on the frontline at a video teleconference on June 12, Liu Cigui, then director of the SOA, encouraged the CMS personnel to continue the rights protection struggle unswervingly "until the achievement of the final victory."¹³⁶⁰

On the other hand, the PLA retained a relatively restrained tone in its official statements regarding the standoff, which was consistent with the stated Chinese strategy of putting the military on the "second line" and the MLE agencies on the "first line." The first top-level response of the PLA came on April 24 when China's Defense Minister Liang Guanglie told media that the military's action would be based on the needs of China's diplomacy. Stressing his confidence in the co-management of the incident by MFA and other agencies charged with jurisdiction on maritime affairs, Liang stated that the standoff could be resolved through diplomatic means.¹³⁶¹ Two days later, the Chinese Defense Ministry's spokesperson Geng Yansheng stated at a press briefing that Chinese armed forces would work with the fishery and marine surveillance agencies to collaboratively defend China's maritime rights and interests.¹³⁶² On May 12, a *PLA Daily*

¹³⁵⁹ Yi Yan [一言], "Firmly and unswervingly defend China's maritime rights and interests" [坚定不移地维护国家海洋权益], *China Ocean News*, May 4, 2012.

¹³⁶⁰ "SOA Director Liu Cigui held video conference and greeted CMS personnel on the forefront of the Scarborough Shoal rights protection and law enforcement operation" [国家海洋局刘赐贵局长视频连线慰问黄岩岛维权执法一线海监编队], *Ocean Development and Management*, no. 6, 2012, p. 12.

¹³⁶¹ Du Zhaoping [杜朝平] and Zhong Weidong [钟卫东], "The PLA has the capabilities to defend China's rights and interests in the South China Sea" [解放军有能力捍卫南海权益], *China National Defense Daily*, May 1, 2012.

¹³⁶² "Chinese army to safeguard national marine rights," Xinhua News Service, Apr. 26, 2012.

commentary similarly stated that there was still room for resolving the standoff through diplomatic means and called for adherence to the principle of “on just grounds, to our advantage, and with restraint” (*youli, youli, youjie*) to preserve China’s “strategic initiative.”¹³⁶³ When attending the ASEAN Defense Ministers Meeting Plus in late May in Phnom Penh, Cambodia, Liang did not dodge a meeting with Philippine’s Defense Secretary Voltaire Gazmin. Speaking with a relatively measured tone, Liang urged the Philippine military to “prioritize the broad interest” and to exercise restraint “in words and deeds.”¹³⁶⁴

The restrained official line notwithstanding, hardline voices within the PLA enjoyed plenty of liberty in openly calling for a resolute response to the perceived challenge from the Philippines. Speaking at a forum hosted by Tsinghua University on April 21, Luo Yuan, a retired Major General of the PLA and an international affairs pundit, urged for “wisdom and resolution to resolve the sovereignty disputes” as the South China Sea disputes “cannot afford further delay.”¹³⁶⁵ A widely circulated essay penned by a strategist at the PLA Air Force Command College described the Philippines’ act in Scarborough as having “violated China’s bottom line of territorial integrity” such that it was time for China to “show its sword” (亮剑) to forestall further provocations by the Philippines and deter other claimants from following suit.¹³⁶⁶ As the standoff continued into May, more senior PLA officials joined the advocacy for a firm response. Major General Jin Yi’nan, a strategist at the National Defense University, claimed in mid-May that the Philippines and other claimants were attempting to exploit China’s hope of using its “window of strategic opportunity”

¹³⁶³ Wen Bing [温冰], “On just grounds, to our advantage, and with restraint to win greater strategic initiative” [有理有利有节, 赢得更大战略主动], *PLA Daily*, May 12, 2012.

¹³⁶⁴ “Liang Guanglie meets with Philippine Defense Secretary” [梁光烈会见菲律宾国防部长], *PLA Daily*, May 30, 2012

¹³⁶⁵ Yang Chun [杨春] and Dai Lian [戴莲], “hiding our capabilities’ must be combined with ‘doing something’” [“韬光养晦”须和“有所作为”相结合], *Southern Daily*, Apr. 22, 2012.

¹³⁶⁶ Zhou Erquan [周二权], “Solving the South China Sea disputes, fight when need to” [解决南海争端, 该打就打], *China Business Herald* [中国经济周刊], issue 17, Apr. 30, 2012.

– a 20-year period after 9/11 that Beijing envisioned as creating a stable international environment for China – to focus on domestic socioeconomic development. China must not compromise on territorial sovereignty in exchange for the window of strategic opportunity, asserted Jin.¹³⁶⁷ Rear Admiral Li Shaohong, then deputy chief of staff of the South Sea Fleet, pledged that the PLAN “will complete the task with a strong sense of duty *once the CMC makes a concrete decision on the Scarborough Shoal situation.*”¹³⁶⁸ Li’s remark seems also indicating that at the time Beijing might have yet come up with a clear cost-benefit calculation.

Most notably, the general public emerged as an important dimension in Beijing’s increased domestic costs, as tensions in the South China Sea continued to ratchet up and the Chinese media coverage on the disputes increased significantly starting from 2011 (Figure 8.1). During the standoff specifically, control on media reporting of the incident was relatively loose – and especially so when viewed in light of the tight control on media during the HD-981 clash (Table 8.1).

In the context of heightened public attention, at least two moves made by the Philippines in the early stage of the standoff appeared to have contributed to the increased popular pressures on Beijing to take a firm posture. First, Manila deployed the BRP Gregorio del Pilar frigate to inspect and arrest the Chinese fishermen. While it is fair to say that in terms of military capabilities, the Philippines’ warship was an antiquated WWII-era cutter whereas the Chinese CMS and FLE ships were much newer, larger, and modern,¹³⁶⁹ this grey-hull-versus-white-hull contrast not only sent a strong signal about Manila’s seemingly hostile intentions but also presented a striking contrast to

¹³⁶⁷ Du Zhaoping [杜朝平], “The PLA is ready to defend national sovereignty” [捍卫国家主权，解放军时刻准备着], *China National Defense Daily* [中国国防报], May 15, 2012.

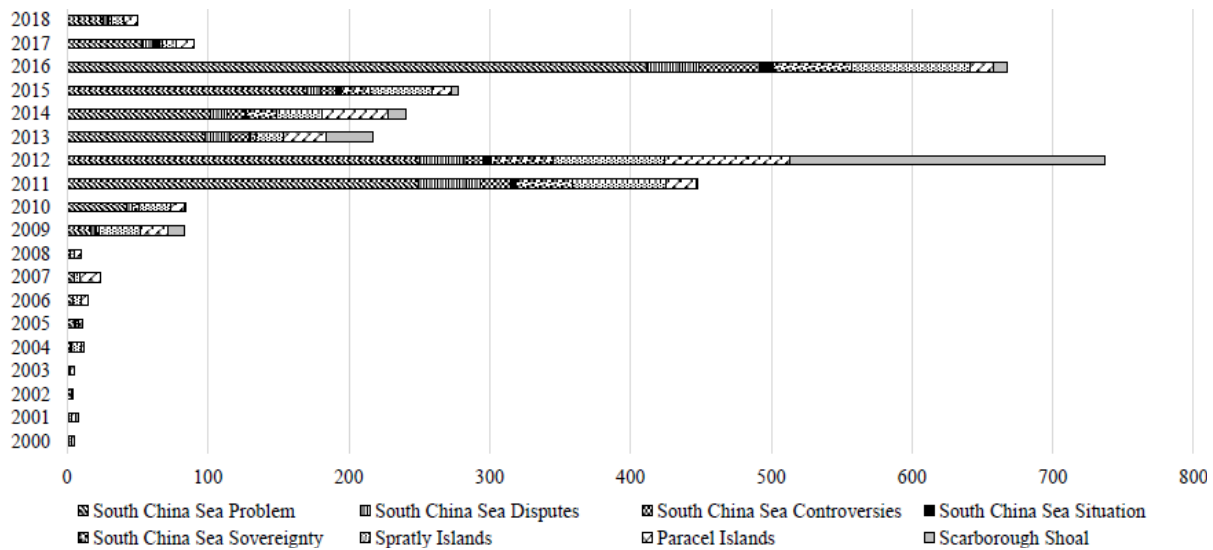
¹³⁶⁸ Ibid. Emphasis added.

¹³⁶⁹ For a detailed account of the modernization and capabilities of China’s MLE ships, see, Joshua Hickey, Andrew S. Erickson and Henry Holst, “China Maritime Law Enforcement Surface Platforms,” in Erickson and Martinson, ed., *China’s Maritime Gray Zone Operations*, pp. 108-132.

the Chinese audience. A Chinese interlocutor noted in an interview that the deployment was perceived as a signal of provocation: “China did not see the incident as a big deal at the outset. But the Philippines made the first mistake by dispatching a warship. This move led China to question: ‘What does the Philippines intend to do by sending a frigate?’”¹³⁷⁰ By the same token, a military attaché with the U.S. Embassy in Beijing noted during a close-door discussion at the PLA’s AMS that the deployment of the warship in effect escalated the situation.¹³⁷¹ On China’s part, its decision to respond to the Philippines’ warship with MLE ships was criticized back at home for looking weak.¹³⁷²

Second, Manila released a set of photos on April 11, which showed the Chinese fishing boats in the Scarborough Shoal being inspected by Philippine soldiers and the Chinese fishermen being

Figure 8.1 Newspaper Article Frequency on the South China Sea



Source: CNKI core newspaper database.¹³⁷³

¹³⁷⁰ Author’s interview, Shanghai, April 2019.

¹³⁷¹ AMS close-door meeting, Beijing, March 2019. Author’s conference notes.

¹³⁷² Raissa Robles, Greg Torode and Teddy Ng, “Manila moves to defuse stand-off at disputed reef; Warship withdrawn as diplomacy continues over eight Chinese crews accused of illegal fishing,” *South China Morning Post*, Apr. 13, 2012.

¹³⁷³ I ran several rounds of theme searches, using each of the terms “South China Sea Problem” [南海问题], “South China Sea Disputes” [南海争端], “South China Sea Controversies” [南海争议], “South China Sea Situation” [南海局势], “South China Sea Sovereignty” [南海主权], “Nansha Islands” [南沙群岛], “Xisha Islands” [西沙群岛],

Table 8.1 Chinese Media Coverage on the Scarborough Shoal Standoff and the HD-981 Clash

	Scarborough Shoal Standoff					HD-981 Clash			
	Total	April	May	June	July	Total	May	June	July
<i>People's Daily</i>	65	15	32	6	12	27	16	8	3
<i>PLA Daily</i>	28	12	10	4	2	5	1	2	2
<i>China National Defense Daily</i>	5	0	5	0	0	0	0	0	0
<i>China Ocean News</i> (under SOA)	15	2	9	4	0	2	0	1	1
<i>China Energy News</i> (under NEA)	0	0	0	0	0	2	0	1	1
<i>China Fishery Newspaper</i> (under MOA)	2	2	0	0	0	0	0	0	0
Total by month		31	56	14	14		17	12	7
<i>China Youth Daily</i> (中国青年报)	11	1	4	4	2	0	0	0	0
<i>Beijing News</i> (新京报)	39	17	15	6	1	0	0	0	0
<i>Beijing Youth Daily</i> (北京青年报)	35	14	12	8	1	2	1	0	1
<i>Liberation Daily</i> (解放日报)	23	8	10	4	1	2	0	0	2
<i>Xinmin Evening News</i> (新民晚报)	23	10	8	4	1	2	0	0	2
<i>China Business News</i> (第一财经日报)	11	4	7	0	0	0	0	0	0
<i>Guangzhou Daily</i> (广州日报)	16	5	8	2	1	1	0	0	1
<i>Southern Metropolis Daily</i> (南方都市报)	27	9	12	5	1	5	2	0	3
<i>Yangcheng Evening News</i> (羊城晚报)	22	10	11	1	0	2	1	0	1
<i>Shenzhen Metropolis Daily</i> (深圳特区报)	34	17	8	8	1	5	0	3	2
<i>Zhejiang Daily</i> (浙江日报)	12	4	5	2	1	1	0	0	1
<i>Yangtze Evening Post</i> (扬子晚报)	1	0	0	0	1	0	0	0	0
<i>Qilu Evening News</i> (齐鲁晚报)	36	11	22	3	0	0	0	0	0
<i>Strait Metropolis Daily</i> (海峡都市报)	34	11	18	4	1	2	0	0	2
Total by month		121	140	51	12		4	3	15

Source: *People's Daily* database;¹³⁷⁴ Duxiu (<https://www.duxiu.com/>).¹³⁷⁵

“Huangyan Island” [黄岩岛] for a separate search. Because this article frequency is to gauge year-to-year changes in the publicity of the South China Sea in China’s domestic society rather than examine the Chinese decisionmakers’ and elite’s perception, I do not distinguish authoritative, quasi-authoritative and non-authoritative sources in the search.¹³⁷⁴ I used the *People's Daily* database for *People's Daily* article counting. For the Scarborough Shoal case, I conducted separate rounds of full-text search using each of the words “Huangyan Island” and “the Philippines” for the period April 1- July 31, 2012, and I read each article to determine its relevance to the case and to exclude duplicated pieces; for the HD-981 case, I conducted separate rounds of full-text search using each of the words “Vietnam,” “981,” “drilling platform” (钻井平台) and “Triton South” (中建南) for May 1- July 31, 2014, and I read each article determine its relevance to the case and to exclude duplicated pieces.

¹³⁷⁵ For the rest of the newspapers, I used Duxiu’s newspaper database which contains more commercial media than CNKI core newspaper database. For the Scarborough Shoal case, I conducted full-text search using “Huangyan Island”

held at gunpoint. The photos were rapidly circulated on Chinese media and on the Internet accompanied by stories criticizing the Philippines' way of treating the detained Chinese fishermen.¹³⁷⁶ Such practice by the Philippines was not unprecedented.¹³⁷⁷ However, that these photos were publicized during an ongoing tense standoff represented a critical difference from past instances and was unwise from the perspective of crisis containment. Regardless of whether Beijing purposefully allowed the domestic circulation to create the *raison d'état* it needed to undertake an assertive response or it was merely responding to genuine pressure (or both) created by these pictures, the photos did present a vivid and striking image of the Chinese fishermen being bullied by foreign military personnel in what was claimed to be China's "ancestral sea." The NISCSS noted in its annual report: "During the course of the Scarborough Shoal standoff, the Chinese mainland media and public opinion lopsidedly pushed for a tough response, to 'show the sword' to the Philippines so to speak."¹³⁷⁸

In addition, bureaucratic interests and rivalry contributed to the heightened public attention to the standoff. On April 15, a few days prior to deploying *Yuzheng 310* to Scarborough Shoal, FLE invited a news crew from Shanghai's China Dragon TV to ride with the ship. The TV company's

for the period April 1- July 31, 2012; and for the HD-981 case, I conducted separate rounds of full-text searcher using each of the words "981" and "Triton south" for the period May 1- July 31, 2014. In selecting the popular commercial newspaper, I used as a reference the "2018 Top 100 most influential newspapers through integrated communication" [2018 年报纸融合传播力百强榜] released by the *People's Daily*. "2018 report on newspaper integrated communication index released" [2018 报纸融合传播指数报告发布], People.com.cn, Mar. 27, 2019, <http://media.people.com.cn/n1/2019/0327/c120837-30996998.html>, accessed Nov. 3, 2019.

¹³⁷⁶ "High resolution: The Philippines attempt to detain Chinese fishermen in Huangyan Island" [高清: 菲律宾试图在黄岩岛抓捕中国渔民], People.com, Apr. 12, 2012, <http://military.people.com.cn/GB/17637045.html>, accessed Nov. 6, 2019. These photos were soon reprinted on other Chinese popular news portals such as the *Global Times*, *Fenghuangwang*, and *Sina*.

¹³⁷⁷ Two Chinese fishing boats were detained by Philippine authorities in Scarborough Shoal in 2001 for illegally catching sea turtles. The Chinese fishermen were ordered to hold sea turtles for pictures, which were released to media and sent to the Chinese Embassy. Xia, *A History of Fisheries in the Nansha Islands*, p. 209.

¹³⁷⁸ Yen Tiehlin [阎铁麟], "Assessment of the South China Sea situation in 2012" [2012 年南海情势评估], in Liu Fu-kuo [刘复国] and Wu Shicun [吴士存], ed., *2012 Assessment Report on the Situation in the South China Sea* [2012 年南海地区形势评估报告] (Taipei: Institute of International Relations National Chengchi University, 2013), p. 13.

request for a media ride had been pending for two years before FLE extended the invitation. The FEL used this opportunity to showcase in front of camera the process of resupplying diesel, food and fresh water to Chinese fishing boats in the Scarborough Shoal and ritually planted the PRC flag on a reef in the shoal. The message was clearly articulated: “The FLE represents the sovereignty of the Chinese government.”¹³⁷⁹ On June 8, the SOA’s director Liu Cigui complained to Xinhua that media reports on the Scarborough incident often mistook CMS vessels shown in video footage for FLE ships, which “shows that people do not know much about CMS despite the fact that it has always been at the forefront in the defense of China’s maritime rights and interests.”¹³⁸⁰

Ambivalence in US Commitment and ASEAN Response

China’s international audience costs seemed ambiguous at the onset of the standoff. The first source of ambiguity came from the ambivalence of the United States with respect to the critical question of what treaty obligations the U.S. would be required to fulfill in the event of a clash between China and the Philippines in the South China Sea.

Following U.S. Secretary of State Hillary Clinton’s declaration in July 2010 of American interests in maintaining freedom of navigation in the South China Sea,¹³⁸¹ Chinese foreign policy analysts cast an increasingly wary eye as Washington and Manila moved to strengthen their security ties under the banner of the U.S. pivot to Asia.¹³⁸² As tensions grew in the South China

¹³⁷⁹ Zheng Wei [郑蔚] and Zhao Zhengnan [赵征南], “Flag of China planted on Huangyan Island” [五星红旗插上黄岩岛], *Wenhui Bao* [文汇报], May 17, 2012. A video footage of the ride is available at <https://www.youtube.com/watch?v=rnnS91wO9Z0>, accessed Nov. 9, 2019.

¹³⁸⁰ “For this ‘blue national territory’” [为了这片“蓝色国土”], *Ocean Development and Management*, no. 6, 2012, p.23.

¹³⁸¹ Remarks at Press Availability, Hillary Rodham Clinton, Secretary of State, National Convention Center, Hanoi, Vietnam, Jul. 23, 2010, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/07/145095.htm>, accessed Nov. 13, 2019.

¹³⁸² See, for example, Han Xudong [韩旭东], “U.S.-Philippine relations might enter a honeymoon period” [美菲军事关系或将进入蜜月期], *China National Defense Daily*, Jan. 31, 2012; Zhou Fangyin [周方银], “Situation of South

Sea, Manila began to regularly push Washington to reaffirm its commitment to honoring the 1951 U.S.-Philippine Mutual Defense Treaty (MDT), Article V of which defines scenarios covered by the treaty as including “an armed attack on the metropolitan territory of either of the Parties, or on the island territories under its jurisdiction in the Pacific Ocean, its armed forces, public vessels or aircraft in the Pacific.”¹³⁸³ Philippine President Aquino repeatedly called on Washington to help counter China’s assertive behavior in the South China Sea by bolstering the Philippines’ maritime capabilities.¹³⁸⁴ In March 2011, Manila acquired a 1960s-era *Hamilton*-class cutter decommissioned from the U.S. Coast Guard. The 3,390-ton cutter, renamed BRP Gregorio del Pilar, became the Philippines’ largest and newest lead frigate in the South China Sea.¹³⁸⁵ In June, the U.S. Ambassador to Manila Harry Thomas pledged U.S. support to the Philippines.¹³⁸⁶

But Washington had been reluctant to clarify its treaty obligations to the Philippines on the South China Sea issue as explicit and strong in a way as it did to Japan on the Diaoyu/Senkaku dispute. During a joint press conference with visiting Philippine Foreign Secretary Rosario in June 2011, when asked how America would respond in the event of a Chinese attack on Filipino forces in the Spratlys, U.S. Secretary of State Hillary Clinton declined to discuss “hypothetical events.”¹³⁸⁷ A report on U.S.-Philippine relations by the U.S. Congressional Research Service (CRS) released on April 5, 2012, three days prior to the outbreak of the standoff, acknowledged

China Sea and China’s strategy” [南海局势演变与中国的策略选择], *Annual Report on Development of Asia-Pacific (2012)*, pp.145-158; Cao and Ju, *Report on the Situation in the South China Sea 2011-2012*, pp. 97-98, pp. 211-217.

¹³⁸³ “Mutual Defense Treaty between the Republic of the Philippines and the United States of America,” Aug. 30, 1951, <https://www.officialgazette.gov.ph/1951/08/30/mutual-defense-treaty-between-the-republic-of-the-philippines-and-the-united-states-of-america-august-30-1951/>, accessed Nov. 13, 2019.

¹³⁸⁴ “Philippines wants US help to contain China,” *Agence France Presse*, Jun. 14, 2011.

¹³⁸⁵ Tom Baker, “Coast Guard Partners with Philippine Navy,” *Proceedings* vol. 143/5/1,371, May 2017, <https://www.usni.org/magazines/proceedings/2017/may/coast-guard-partners-philippine-navy>, accessed Nov. 6, 2019; “Philippines sends newest warship to disputed waters,” *Agence France Presse*, Dec. 14, 2011.

¹³⁸⁶ Renato Cruz De Castro, “Return to Relevance: The Philippine-US Alliance,” *World Politics Review* Feature Report, *Anchoring the Pivot: Updating America’s Asian Alliances*, Jul. 9, 2013.

¹³⁸⁷ “Remarks with Philippines Foreign Secretary Albert del Rosario After Their Meeting,” Hillary Rodham Clinton, Secretary of State, Washington DC, June 23, 2011, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2011/06/166868.htm>, accessed Apr. 21, 2019.

that the MDT “may leave room for different interpretations” and that Washington might interpret the treaty in a way that could limit U.S. involvement in the event of a China-Philippine clash in the South China Sea.¹³⁸⁸ There seemed to be, in the words of Aquino’s spokesperson Ricki Carandang, “a strategic ambiguity on the part of Washington as to whether the Philippines’ claims to the Spratly Islands fall within the treaty” – a sharp contrast to Washington’s explicit affirmation of the coverage of the Diaoyu/Senkaku Islands under the U.S.-Japan Defense Treaty.¹³⁸⁹

From the U.S. perspective, the ambivalence stemmed from two key factors, according to a former senior U.S. diplomat with firsthand experience dealing with both the East and South China Sea disputes. First, the legal status of the contested land features including the Scarborough Shoal lacks the necessary clarity to allow the U.S. to invoke the treaty,

[I]n the case of Scarborough Shoal...there was no basis for us believing or asserting this was Philippine territory. We consider it being within Philippine’s EEZ, but we took no position on territorial claims. Nor were we absolutely certain that these shoals were *islands*, as opposed to high-tide or low-tide elevations, so the status under international law was unclear...the international tribunal ultimately concluded [in July 2016] they did not provide territorial entitlement.¹³⁹⁰

Second, the U.S. interlocutor acknowledged that there is a “bigger political judgment issue” on the part of the United States. Namely,

[U.S.] military planners and decision-makers have a high degree of confidence in the sophisticated defense policy integration between the United States and Japan. This is a very mature alliance with a high degree of interoperability but also...policy coordination. The U.S.-Philippine military alliance has never reached quite that level of sophistication. There is always a certain degree of concern that

¹³⁸⁸ Thomas Lum, *The Republic of the Philippines and U.S. Interests* (Washington, DC: Congressional Research Service), Apr. 5, 2012, p. 28.

¹³⁸⁹ Greg Torode, “US under pressure over sea dispute; Washington has stopped short of specifics on its position under a defense pact with Manila on recent incursion by China in the South China Sea,” *South China Morning Post*, Jun. 17, 2011.

¹³⁹⁰ Author’s interview, Skype, September 2019. Emphasis added.

the government of the Philippines itself could take action without consultation with the U.S. that the U.S. consider unwise and create a situation...that would thrust the United States into potential conflict. So, there was a degree of caution in that sense.¹³⁹¹

Another former U.S. senior official interviewed by the author in 2016 for a separate research project also pointed to the confidence issue as a major contributing factor to U.S. ambivalence.¹³⁹²

Chinese analysts were well aware of Washington's ambivalence and its implications for a China-Philippine South China Sea scenario. Assessing the South China Sea situation for the year of 2011, a group of Southeast Asia experts at Ji'nan University in Guangzhou noted: "[T]he Philippines' South China Sea policy has limited balancing effects against China's strategic influence in the Asia-Pacific; the U.S. can by no means count on a country like the Philippines to cope with the impacts of China's rise in the region. Thus, America's support for and investment in the Philippines is bound to be limited."¹³⁹³ Based on a review of the Asia-Pacific security landscape in 2011, a CASS report made a similar projection that even as the United States became increasingly involved in the South China Sea, it would resist being dragged into a direct conflict with China by the Philippines or other claimants.¹³⁹⁴

The U.S. commitment remained unclear during the incident. An examination of the State Department's daily press briefing transcripts shows that the standoff was not raised until April 23. Speaking at the closing ceremony for Balikatan on April 27, U.S. Ambassador to Manila Harry Thomas did not mention the Scarborough incident in his remarks and made what the Filipinos

¹³⁹¹ Ibid.

¹³⁹² Shuxian Luo, "Confluence of Two Seas: Japan's New Strategic Relationship with the Philippines," *The United States and Japan in Global Context: 2016* (Washington DC: The Edwin O. Reischauer Center for East Asian Studies, Johns Hopkins University, 2016), p. 77. See also footnote 37 on the same page.

¹³⁹³ Cao and Ju, *Report on the Situation in the South China Sea 2011-2012*, p. 217.

¹³⁹⁴ Zhang Jie [张洁], "Disputes of South China Sea: The Touchstone of China's Peaceful Rise?" [南海争端: 中国和平崛起的试金石?], in Zhang Jie and Zhong Feiteng, ed., *China's Regional Security Environment Review [中国周边安全形势评估 2012]* (Beijing: Social Science Academic Press China, 2012), p. 109.

called only “a passing reference” to an “assurance of the Mutual Defense Treaty” between the two allies.¹³⁹⁵ On April 30, the U.S. and the Philippines held their first two plus two meeting in Washington DC. While the U.S. Secretary of State Hillary Clinton and Secretary of Defense Leon Panetta reaffirmed Washington’s treaty obligation and its objection to “any party’s threat or use of force in resolving the South China Sea disputes,”¹³⁹⁶ the U.S. officials left the question of whether the MDT covers the Philippines’ offshore claims unclarified.¹³⁹⁷

The U.S. ambivalence during the incident was perceived as a positive sign – and indeed welcomed as a sign of U.S. “neutrality” – by China. A May 3 *People’s Daily* article penned by Shen Dingli, a security expert at Fudan University, acclaimed Washington’s neutrality on the sovereignty disputes as being conducive to stability in the region: “The Philippines should be responsible for facing the consequence of its own provocative act. The American people have no reason to make sacrifice for an irresponsible ally.”¹³⁹⁸ The importance that Beijing attached to Washington’s “neutrality” was also clear in a meeting between Fu Ying, then China’s Vice Foreign Minister, and Kurt Campbell, then U.S. Assistant Secretary of State, on June 1 to work out a solution to end the standoff. According to Fu’s recently published memoir, she explicitly asked Campbell what role the United States played in the incident. Fu acknowledged that Campbell’s response that the U.S. did not play any role was “very important” because “it is related to China’s judgement of the incident.”¹³⁹⁹

¹³⁹⁵ DJ Yap, “US envoy mum on Philippine-China Standoff,” *Philippine Daily Inquirer*, Apr. 27, 2012, <https://globalnation.inquirer.net/35081/us-envoy-mum-on-philippine-china-standoff>, accessed May 19, 2019.

¹³⁹⁶ “Remarks With Secretary of Defense Leon Panetta, Philippines Foreign Secretary Albert del Rosario, and Philippines Defense Secretary Voltaire Gazmin After Their Meeting,” Hillary Rodham Clinton, Secretary of State, Treaty Room, Washington, DC, Apr. 30, 2012, full text transcript retrieved at <https://2009-2017.state.gov/secretary/20092013clinton/rm/2012/04/188982.htm>, accessed May 19, 2019.

¹³⁹⁷ Green, et al, *Countering Coercion in Maritime Asia*, p. 110.

¹³⁹⁸ Shen Dingli [沈丁立], “The U.S. neutrality is helpful for stability in the South China Sea” [美国保持中立有助南海稳定], *People’s Daily* (overseas edition), May 3, 2012.

¹³⁹⁹ Fu Ying [傅莹], *See the World 2: Challenges and Choices in the Face of Changes Unseen in a Century* [看世界 2: 百年变局下的挑战和抉择] (Beijing: Citic Publishing House, 2021), p. 265.

In early June, Aquino made his first state visit to Washington in the seeking of more U.S. support. While pledging American support for a “strong set of international norms and rules governing maritime disputes in the region,” U.S. President Barack Obama avoided naming China or mentioning the standoff. Philippine diplomats complained that Washington had been unwilling to go beyond “general pronouncements” about its treaty obligations with Manila,¹⁴⁰⁰ despite Aquino’s attempt to reassure Washington that Manila had no intention “to embroil the United States in military intervention” in the region.¹⁴⁰¹ That Manila was the first to escalate the standoff seemed to have contributed to Washington’s low confidence, if not outright frustration. As Jeffrey Bader, Senior Director on Asia on the NSC from 2009-2011, told the *New York Times* on June 9: “We could have a long-term problem with China in the South China Sea. The Filipinos did not contribute to solving the long-term problem by falling into a short-term confrontation with the Chinese, in a bid to quickly resolve an unresolvable territorial issue.”¹⁴⁰²

The second source of Beijing’s ambiguous international audience costs came from the ASEAN front. Beijing appeared to be even more worried about the prospect of ASEAN countries forming a “united front” balancing against China than the likelihood of triggering U.S.-Philippine MDT. The NISCSS clearly stated in its 2010 annual report:

Now the South China Sea has inevitably become a regional security issue that ASEAN pays attention to at various levels of meetings...ASEAN has not yet formed a unified position to China’s disadvantage. While continuing to deepen its friendly relationship with ASEAN, *China must actively prevent ASEAN from forming a unified position ostensibly adverse to China’s interests.*¹⁴⁰³

¹⁴⁰⁰ Matthew Pennington, “Philippine leader seeks US assurance on defense,” Associated Press, Jun. 8, 2012.

¹⁴⁰¹ Tracy Quek, “Aquino urges US backing in spat with China,” *Strait Times*, Jun. 9, 2012.

¹⁴⁰² Mark Landler, “Obama Expresses Support For Philippines in China Rift,” *New York Times*, Jun. 9, 2012.

¹⁴⁰³ Liu Fu-kuo [刘复国] and Wu Shicun [吴士存], ed., *2010 Assessment Report on the Situation in the South China Sea* [2010 年度南海地区形势评估报告] (Taipei: Institute of International Relations National Chengchi University, 2011), pp.65-66.

Similar worries about a potential increase in the geopolitical costs on the ASEAN front were also expressed by other Chinese foreign policy experts, although not as explicitly as in the NISCSS report. Zhu Feng, a scholar on international security and Director of the South China Sea center at Nanjing University, cautioned in 2011 that China's good neighborly diplomacy was "at its nadir" since the end of the Cold War due to the maritime disputes and growing economic frictions between China and its neighboring countries.¹⁴⁰⁴ In March 2012, less than two weeks before the occurrence of the standoff, Wu Jianmin, the late Chinese Ambassador to France and former President of the MFA-affiliated China Foreign Affairs University (CFAU), explicitly warned that an assertive posture or even resorting to military force in the South China Sea might risk "messing up China's peripheral environment."¹⁴⁰⁵

The prospect of increasing international audience costs on the ASEAN front loomed even larger during the initial weeks of the standoff as Manila actively sought to rally international support, especially by warning other claimants that this incident would not be an isolated one. In a message sent to media reporters on April 22, Philippine Foreign Secretary Rosario urged neighboring countries to take a united stand in the face of Chinese assertiveness in the South China Sea, warning that they too would be affected by China's claims should they choose not to speak up now.¹⁴⁰⁶ Two days later, Manila upped the ante as President Aquino told a forum that other small countries should be concerned by the way the Philippines was being treated by China because "perhaps the time will come when they will be treated similarly."¹⁴⁰⁷

¹⁴⁰⁴ Zhu Feng, "China's Trouble with the Neighbors," *Project Syndicate*, Oct. 31, 2011, <https://www.project-syndicate.org/commentary/china-s-trouble-with-the-neighbors?barrier=accesspaylog>, accessed May 5, 2019.

¹⁴⁰⁵ Lai Jingchao [赖竞超] and Lei Hui [雷辉], "If China resorts to war to resolve the South China Sea issue, the peripheral situation [would be messed up]" [解决南海问题若靠打, 周边局势反陷入混乱], *Southern Daily*, Mar. 24, 2012.

¹⁴⁰⁶ "Other nations must take stand on China: Philippines," *Agence France Presse*, Apr. 22, 2012.

¹⁴⁰⁷ Johanna Paola D. Pobelete and Antonio Siegfried O. Alegado, "Aquino warns international community that they could be bullied, too," *BusinessWorld*, Apr. 25, 2012.

Beijing's unease about the prospect of a united ASEAN front was evidenced in a speech that China's State Councilor Dai Bingguo delivered on May 17 at the *Chinese People's Association for Friendship with Foreign Countries*. Media reports and even scholarly writings widely cited Dai's remark that "China would not tolerate being bullied by small countries such as the Philippines" as a clear sign of Beijing's resolve to take an escalatory posture should Manila refuse to back down.¹⁴⁰⁸ However, this remark, viewed in light of the context of the whole speech and the platform on which it was delivered (China's semi-official organization dedicated to promoting people-to-people exchanges), implies a drastically different interpretation. In the first place, Dai cautioned his audience that China's sheer size and rapid development alone were sufficient to galvanize suspicions and fears among other countries, and as such, China must exercise great caution and "remain humble" in order to mitigate their fears and threat perception. Indeed, as Dai put it, "[t]he stronger and more developed we are, the humbler we need to be – do not make others fear us. We have every reason to be proud of our achievements. But we cannot become arrogant for that reason. We cannot be arrogant toward small countries and poor countries, nor can we be arrogant toward big countries and rich countries."¹⁴⁰⁹ A comparison of Dai's speech with his 2010 article (which called for China's adherence to the path of peaceful development) indeed reveals much similarity in their emphasis on the importance of international cooperation for China's continued development and cautioning against arrogance and triumphalism. With this cautious tone established, Dai then proceeded to qualify his remarks by adding that China's humility and caution should not be taken as a sign that it could "be bullied by small countries such as the

¹⁴⁰⁸ See, for example, Ryan D. Martinson, *Echelon Defense: The Role of Sea Power in Chinese Maritime Dispute Strategy* (Newport, RI: China Maritime Studies Institute, U.S. Naval War College, 2018), p.2.

¹⁴⁰⁹ "Dai Bingguo: Being humble and cautious does not mean toleration of being bullied by other countries such as the Philippines" [戴秉国：谦虚谨慎不等于容忍他国欺负如菲律宾], *China Daily*, May 15, 2012, reprinted on *Global Times*, <http://world.huanqiu.com/roll/2012-05/2724027.html?agt=15422>, accessed May 12, 2019.

Philippines.”¹⁴¹⁰ Considering also the timing of this speech, a highly plausible explanation to Dai’s qualification is that it was intended to ensure his speech was perceived as being politically correct. While moderation on territorial disputes has long been a sure recipe for nationalistic attacks,¹⁴¹¹ “talking tough when China has issues with its neighbors has become the politically correct practice,” as a number of Chinese interlocutors acknowledged in private.¹⁴¹² A former senior U.S. government official who personally knows Dai well gave a similar explanation for the qualification.¹⁴¹³ Another former senior U.S. government official with firsthand knowledge of the incident noted that while Asia hands usually pay attention to Dai’s speeches, this one did not draw special attention as an outstanding signal of Beijing’s intention to take an escalatory move.¹⁴¹⁴

Dai’s worries were shared by other Chinese policy elites. Lin Limin, a CICIR researcher, explicitly cautioned in a May 9 article about the potential international political costs that China might incur in the event of making an escalatory move. While the power asymmetry between China and the Philippines meant a high chance of a Chinese military victory, a “simplistic, impulsive decision to fight” would “extremely likely destroy the environment for China’s peaceful rise,” Lin cautioned, because “countries who have territorial disputes with China will side with the Philippines, leading to a deterioration in China’s peripheral environment. Furthermore, the extent and means of a U.S. intervention must also be taken into consideration.”¹⁴¹⁵ Likewise, Chu Hao, a CICIR Southeast Asian expert, cautioned in early July that China should continue to ignore calls for threat or use of force to settle the South China Sea disputes. An escalatory Chinese posture

¹⁴¹⁰ Ibid.

¹⁴¹¹ It is evident in the “New Thinking” on the East China Sea debate, and increasingly so on the South China Sea especially after 2010. For instance, Wu Jianmin was widely attacked and stigmatized as a “traitor” for his criticism on Chinese nationalism and calls for restraints in South China Sea disputes.

¹⁴¹² Author’s interviews, March, Beijing, 2019.

¹⁴¹³ Author’s interview, Los Angeles, August 2019.

¹⁴¹⁴ Author’s interview, Washington D.C., August 2019.

¹⁴¹⁵ Lin Limin [林利民], “South China Sea standoff a test for China’s strategic wisdom” [南海对峙考验中国战略智慧], *Beijing Daily*, May 9, 2012.

against the Philippines and Vietnam, argued Chu, would “only serve to push the two countries and probably all ASEAN members into the arms of the West” and leave China with a hostile surrounding environment.¹⁴¹⁶

The Chinese foreign policy community, however, was ostensibly divided and heatedly debating during the standoff on the question of how other international stakeholders would interpret China’s behavior in the South China Sea as a manifestation of its strategic intentions. Analysts supporting a heavy-handed response began to question the value of adhering to the DOC and even China’s longtime policy of engagement in Southeast Asia. For example, in a *China National Defense Daily* article in mid-April, a CASS researcher called for a “resolute and firm” approach in defending China’s rights in the South China Sea and blamed the DOC for having constrained China under most circumstances and led to China’s loss of rights and interests in the South China Sea.¹⁴¹⁷ Li Jinming, a veteran Southeast Asia and international law expert at Xiaman University, went further by calling on China to disregard the DOC. In order to demonstrate effective control and administration, according to Li, China must occupy uninhabited land features “as soon as possible” and start “artificial construction” on shoals “before a COC could be implemented.”¹⁴¹⁸

Meanwhile, this school of policy questioned the impacts that a tough response would have on China’s commitment to peaceful development. An April 28 *People’s Daily* article penned by Tian Wenlin, a CICIR researcher, asserted that worries that taking a hardline approach on South China Sea disputes would negatively impact China’s peaceful development were “unwarranted.”

¹⁴¹⁶ Chu Hao, “Test for China-ASEAN ties,” *China Daily*, Jul. 6, 2012, http://www.chinadaily.com.cn/opinion/2012-07/06/content_15553343.htm, accessed May 24, 2019.

¹⁴¹⁷ Yang Danzhi [杨丹志], “Rights protection in the South China Sea needs resolution and firmness” [南海维权需果断坚决], *China National Defense Daily*, Apr. 17, 2012.

¹⁴¹⁸ Zhang Zhe [张喆], “China steps up pressure on the Philippines” [中国加大对菲律宾施压力度], *Oriental Morning Post* [东方早报], Apr. 19, 2012.

Suggesting a conciliatory posture could be tantamount to appeasement, Tian contended that “good fences make good neighbors” – only a firm Chinese posture to fend off encroaches would effectively stabilize the situation in the South China Sea.¹⁴¹⁹

ASEAN’s muted response during the standoff buttressed the hardliners’ position. More than a week into the standoff, Manila openly complained that ASEAN had not issued “even a resolution of concern or of sympathy.”¹⁴²⁰ Still, Beijing’s lingering unease about an emerging united ASEAN front was reflected in a Zhongsheng commentary in the *People’s Daily* on the eve of the ASEAN Foreign Ministers Meeting (AMM). Warning against a derailing of the AMM caused by Manila’s push for a focus on the South China Sea, the commentary urged that the multilateral forum should focus on cooperation between ASEAN and China and not allow the broad interest of cooperation to be harmed by the South China Sea controversies.¹⁴²¹

On July 13, the AMM failed to issue a joint communique, the first time in the 45-year history of ASEAN and arguably a prima facie sign of ASEAN’s inability to form a united front and impose a substantial geopolitical cost on China. ASEAN was internally split as Manila demanded the inclusion of the Scarborough Shoal episode. The drafting process of the communique was replete with intense discussions and disagreement over whether to include a reference to the South China Sea.¹⁴²² Cambodia, chair of the meeting and Beijing’s close ally, insisted the communique be issued without mentioning the South China Sea disputes on the basis that “the Scarborough Shoal issue is a dispute of sovereignty between two countries – China and the Philippines. It’s not an

¹⁴¹⁹ Tian Wenlin [田文林], “China is well justified to defend its rights in the South China Sea” [中国南海维权理直气壮], *People’s Daily* (overseas edition), Apr. 28, 2012.

¹⁴²⁰ Alastair McIndoe, “Philippines, US hold war games amid row with China,” *Strait Times*, Apr. 17, 2012.

¹⁴²¹ Zhong Sheng [钟声], “Be alarmed at conspiracy to intervene ASEAN Foreign Ministers Meetings” [警惕干扰东盟外长会议图谋], *People’s Daily*, Jul. 3, 2012.

¹⁴²² “Vietnam, Philippines ‘bullying’ ASEAN over sea conflict: Cambodian sources,” *Japan Economic Newswire*, Ju. 12, 2012; “ASEAN sharply split on South China Sea row,” Agence France Presse, Jul. 11, 2012.

ASEAN issue.”¹⁴²³ Blaming Manila for “stirring up the mud” and “kidnapping” the AMM, Beijing hailed the ASEAN meeting as a “productive” event where “China’s views and positions have gained many countries’ appreciation and support.”¹⁴²⁴

A Moderately Strong Nonmilitary Escalation After an Initial Standoff

As the standoff evolved, it gradually became clear to Beijing that the domestic calls for standing firm vis-à-vis the Philippines overshadowed the international pressure for demonstrating China’s continued peaceful intentions. Therefore, Beijing was incrementally inclined to make an escalatory response. Meanwhile, China’s immediate goal was to get the fishermen back; and after the fishermen fled the scene, the goal became, as stated in an annual bluebook published by CASS: “to deter the Philippines from continuing confrontation with China.”¹⁴²⁵ There was no immediate fait accompli in the Scarborough to be reversed, and the possibility of the Philippines presenting Beijing with one through unilateral use of force was very low given the power asymmetry. On the other hand, Manila’s repeated threat to take the dispute to ITLOS did raise the prospect of a fait accompli in the diplomatic and legal dimensions. Therefore, Beijing engaged in a moderately strong nonmilitary escalation, which straddles restrained and forceful nonmilitary escalations as outlined in the taxonomy in chapter 2 and is comprised of imposing economic sanctions targeting nonessential commodities and services, intensifying MLE operations in the contested area, curtailing high-level diplomatic contact, and permitting anti-Philippine street protests.

On May 2, the Chinese General Administration of Quality Supervision, Inspection and Quarantine announced that due to “bacteria problems,” the agency would tighten inspections on

¹⁴²³ “Cambodia rejects ASEAN ministers’ plea to issue joint communique,” *Japan Economic Newswire*, Jul. 13, 2012.

¹⁴²⁴ “China says ASEAN talks ‘productive,’” Agence France Presse, Jul. 13, 2012; “Asia-Pacific countries need to strengthen cooperation: FM spokesman,” Xinhua News Service, Jul. 13, 2012.

¹⁴²⁵ Ye Hailin [叶海林], “Lessons of the ‘Huangyan Island incident’ for China’s maritime protection struggle from” [“黄岩岛”对中国南海维权斗争的启示], in Li Xiangyang [李向阳], ed., *Annual Report on Development of Asia-Pacific (2013)* [亚太地区发展报告 (2013)] (Beijing: Social Sciences Academic Press, 2014), p. 152.

fruits imported from the Philippines, and that bananas and pineapples from the Philippines were being held at Chinese ports.¹⁴²⁶ Data released by Philippine's Agriculture Department showed that the top fruit exports to China in 2011 in terms of value were bananas, seconded by pineapples,¹⁴²⁷ and China had been the second largest international importer of Philippine bananas (with Japan being the largest).¹⁴²⁸ Chinese authorities provided no specific information on the quantity of fruits being held, and figures in open sources varied greatly.¹⁴²⁹

Given the short duration, the nonessential nature, and the likely modest quantity of the goods that were affected (Figure 8.2), the tightened inspection was probably intended to be a symbolic warning, as opposed to be a move intended to inflict strategic costs by targeting essential commodities (e.g., rare earth). Quiet diplomacy between Beijing and Manila over the compounded bananas soon produced positive results. Manila announced on May 24 that after a joint inspection of the fruits by Chinese and Philippine quarantine officers, the uninfected fruits were cleared for entry to China while the infested part would be destroyed or shipped back to the Philippines.¹⁴³⁰

Information about the suspension of China's Philippine-bound tourism began to surface after Chinese Vice Foreign Minister Fu Ying again summoned the Philippines' charge d'affaires Alex

¹⁴²⁶ "Notice on Strengthening Inspection and Quarantine on Fruits Imported from the Philippines" [关于加强进口菲律宾水果检验检疫有关问题的通知], General Administration of Quality Supervision, Inspection and Quarantine of China [国家质量监督检验检疫总局], May 2, 2012, reprinted on <http://law.foodmate.net/show-174806.html>, accessed May 24, 2019; Teddy Ng, Alan Robles, Mimi Lau and Julian Ryall, "Manila accused of provoking public," *South China Morning Post*, May 10, 2012.

¹⁴²⁷ Bettina Faye V. Roc and Aubrey E. Barrameda, "Philippines looks for alternative markets for fruit exports," *BusinessWorld*, May 14, 2012.

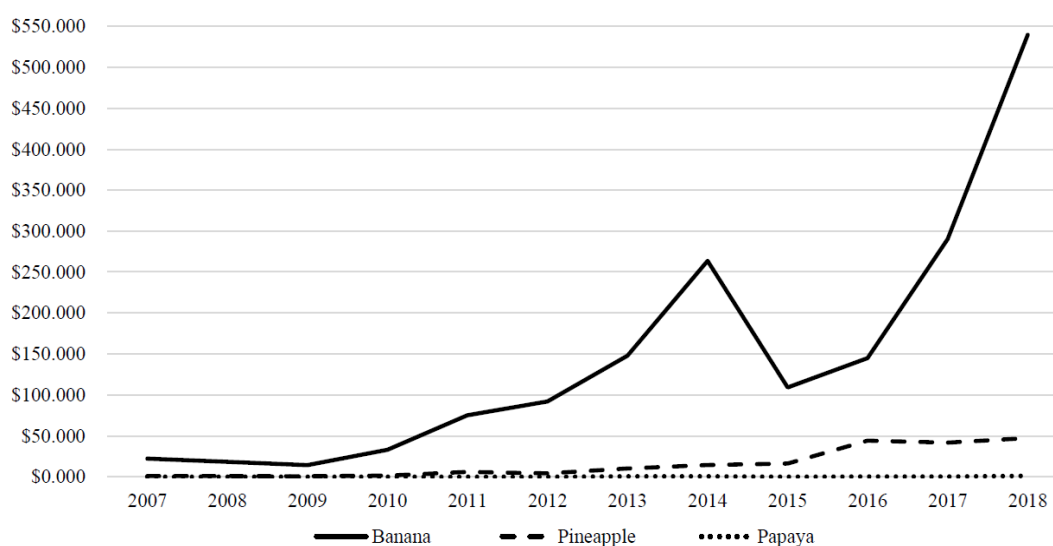
¹⁴²⁸ Christopher Bodeen, "Trade, public anger sharpening Beijing-Manila spat," Associated Press, May 10, 2012.

¹⁴²⁹ A May 11 *New York Times* report stated that as many as 1,200 shipments of bananas had been held at Chinese ports. Jane Perlez, "Dispute between China and Philippines Over Island Becomes More Heated," *New York Times*, May 11, 2012. Another Chinese media report in mid-May put the figure at "more than 1,500 shipments." "Philippine bananas being held at Dalian, Shanghai and other ports, some start to rot" [菲律宾香蕉滞留大连上海等地港口, 部分正在腐烂], *Daily Economic News* [每日经济新闻], May 16, 2012, reprinted on ifeng.com, <http://finance.ifeng.com/news/hqcj/20120516/6464838.shtml>, accessed May 24, 2019. But on May 16, Philippine Foreign Secretary Rosario claimed only 15 containers was being held. "Manila urges caution about S. China Sea standoff rumors," *Japan Economic Newswire*, May 16, 2012.

¹⁴³⁰ Bettina Faye V. Roc and Noemi M. Gonzales, "Agriculture dep't addresses China's concerns on fruits," *BusinessWorld*, May 25, 2012.

Chua on May 7 – the third time since the face-off started. During her meeting with Chua, Fu warned that China had “made all preparations to respond to any escalation of the situation by the Philippine side.”¹⁴³¹ Travel agencies in major Chinese cities such as Guangzhou and Shanghai announced to postpone or cancel booked trips for “safety concerns” as Filipinos began to stage demonstrations at the Chinese Embassy in Manila from May 11. China’s Southern Airlines, one of the country’s three major airline companies, announced that it was cutting flights to the Philippines, citing the cancellation of “a large number of tourist groups” as the reason for the cut.¹⁴³²

Figure 8.2 The Philippines’ fruit exports to China by trade value (million US\$)



Source: UN Comtrade Database (<https://comtrade.un.org/data/>); banana (HS 080300); pineapple (HS 080430); papaya (HS 080720).

¹⁴³¹ Ng Tze-wei, “Beijing toughens stance on shoal; Philippines obviously does not realize it has made serious mistakes, deputy foreign minister warns,” *South China Morning Post*, May 9, 2012.

¹⁴³² “China travel agencies suspend travel to Philippines,” Xinhua News Service, May 10, 2012; “Another Chinese city halts travel to Philippines,” Xinhua News Service, May 11, 2012; “Focus: Philippines, China territorial row spills into streets, cyberspace,” *Japan Economic Newswire*, May 11, 2012; “China airline cuts flights to Philippines,” Xinhua News Service, May 15, 2012.

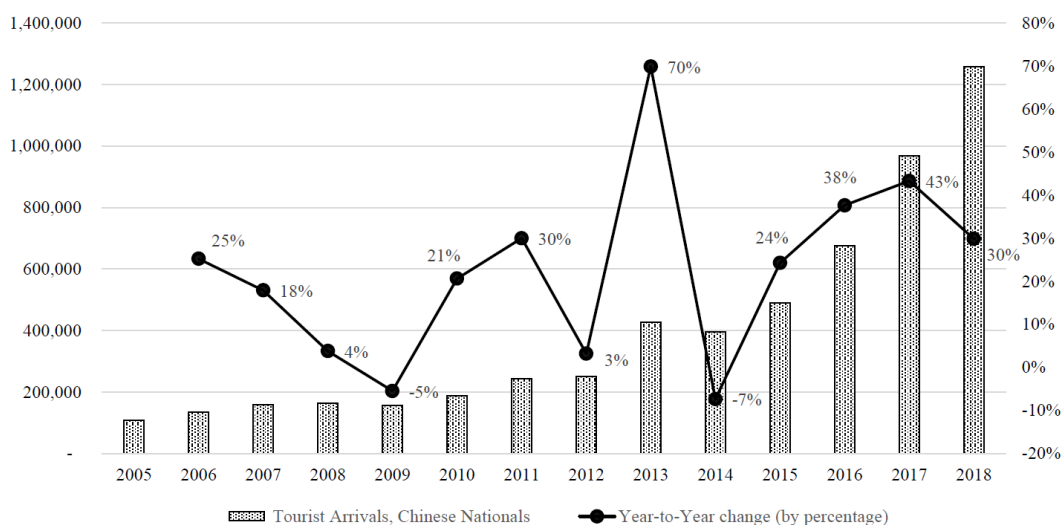
Despite claims by Chinese media including CCTV that over one million Chinese tourists travel to the Philippines every year and that the Chinese boycott would deal a “heavy blow” (重创) to the Philippines’ tourism industry,¹⁴³³ data from credible Philippine sources spanning multiple years reveals a very different story (Figure 8.3). Not only was the number of Chinese tourists to the Philippines way below one million until 2017, the year-to-year changes also demonstrate a clear trend of growth in general from 2005-2018, with only minor drops in 2009 and 2014. The year 2012, notwithstanding the tourism suspension, saw a modest 3-percent increase. To be sure, a counterfactual argument could be made that given the rapid growth in Chinese tourists since 2010 (21 percent and 30 percent in 2010 and 2011, respectively), the Philippines could have seen a much bigger increase in Chinese tourists in 2012 had there been no boycott. While this counterfactual argument might have some merit, a mere slowdown in tourist growth – and no decrease in absolute term – arguably had a very limited effect as an economic punishment. Moreover, in 2013 the Philippines saw a 70-percent spike in in-bound Chinese tourists, a fact which only confirms that the suspension of tourism was a symbolic rather than a substantial countermeasure in this standoff.

In the public dimension, only a few small-scale anti-Philippine demonstrations took place and received modest media coverage. On May 11, a group of Chinese citizens held a rally in front of the Philippine Embassy in Beijing. The protesters reportedly held banners with slogans such as “Huangyan Island will always belong to China” and “Don’t test China’s limit on guarding

¹⁴³³ CCTV-The World Global Watch [央视环球视线], “Sea areas in the Huangyan Island will start fishing moratorium from tomorrow” [黄岩岛海域等明起将进入休渔期], reprinted on Sina.com, May 15, 2012, <http://news.sina.com.cn/c/2012-05-15/011924414759.shtml>, accessed Nov 18, 2019. Similar reports were widely circulated in the Chinese media. See, for instance, “Experts says the Philippines will lose millions of dollars income if China suspends Philippine-bound tourism” [专家称若中国暂停赴菲旅游将致菲律宾损失千万美元], *Global Times*, <https://world.huanqiu.com/article/9CaKrnJvoLj>, accessed Nov. 18, 2019; “Multiple travel agencies suspends Philippine-bound tours, probably will deal a heavy blow to the Philippine tourism” [多地旅行社暂停赴菲旅游, 或重创菲律宾旅游业], ifeng.com, May 1, 2012 <http://finance.ifeng.com/news/hqcj/20120510/6442110.shtml>, accessed Nov. 18, 2019.

sovereignty.” According to Xinhua, the protest was “brief” as the police quickly intervened and broke up the protesting group.¹⁴³⁴ The next day, a group of Chinese protesters staged another brief rally at the same location.¹⁴³⁵

Figure 8.3 Chinese Tourist arrivals in the Philippines



Source: Data for 2005-2010, JC Punongbayan, “[Analysis] Why the influx of Chinese in the Philippines?” *Rappler*, Jun. 17, 2019, <https://www.rappler.com/thought-leaders/233238-reasons-influx-chinese-philippines>; data for 2011, Apa M. Agbayani, “Impact of China travel boycott ‘immediate but temporary,’” *Rappler*, May 10, 2012, <https://www.rappler.com/nation/5166-dot-chinese-travel-boycott-unfortunate>; data for 2012, “4.25-M tourists in PH in 2012: Record high but below goal,” *Rappler*, Jan. 23, 2013, <https://www.rappler.com/business/20304-4-27-m-tourists-in-ph-in-2012-record-high-but-below-goal>; data for 2013-2018, Department of Tourism, Republic of the Philippines, “Tourism Demand Statistics – Visitor Arrivals to the Philippines” (various years), http://www.tourism.gov.ph/tourism_dem_sup_pub.aspx. All websites accessed Nov. 18, 2019. The year-to-year change rates are calculated by the author.

On the frontline, FLE’s South China Bureau announced on May 14 to impose a fishing ban from May 16 to August 1, covering waters including the Scarborough Shoal but excluding most of the Spratlys. A spokesperson of the bureau asserted that foreign ships’ fishing activities in the banned area would be treated as a “blatant encroachment on China’s fishery resources” and warned that violators would face punishment such as fines, confiscations, and even criminal charges.

¹⁴³⁴ “China Voice: China-Philippines dispute should be settled through dialogue,” Xinhua News Service, May 11, 2012.

¹⁴³⁵ “Protest over Huangyan Island dispute held in Beijing,” Xinhua News Service, May 12, 2012.

While denying the ban being related to the ongoing standoff, Chinese authorities insisted that it “has every right to defend its sovereignty and protect its fishery resources.”¹⁴³⁶ Manila promptly reciprocated by imposing its own fishing ban in the area.¹⁴³⁷

In June, Washington stepped in to broker a solution to end the standoff. During the meeting with Fu Ying on June 1, Campbell proposed a simultaneous, mutual withdrawal of the Chinese and Philippine government ships from the Scarborough as a way to quickly defuse the tensions. According to Fu’s account of the meeting, Washington seemed earnest to end the standoff before Aquino started his state visit to the U.S. on June 8 such that the China-Philippine conflict would not be the focus of the U.S.-Philippine summit.¹⁴³⁸ On June 16, Aquino ordered the Philippine coast guard ships to leave the area, using an anticipated typhoon as a good face-saving pretext.¹⁴³⁹ Manila’s decision seemed in a large part to be the result of U.S. pressure. In an email sent to Hillary Clinton on the same day, Jake Sullivan, then director of policy planning at the State Department and a senior policy advisor to Clinton, stated that Washington had “put a lot of pressure on the Phils to step back.” With respect to China, the email stated – without specification – that Beijing made “commitments to ‘de-escalate.’”¹⁴⁴⁰ However, on June 18 when asked to comment on Philippine Foreign Secretary Rosario’s call on Beijing to honor its commitment to remove the remaining Chinese vessels from the Scarborough, the Chinese foreign ministry denied the existence of any commitment to a mutual withdrawal.¹⁴⁴¹

¹⁴³⁶ “China Focus: China to impose South China Sea fishing ban,” Xinhua News Service, May 14, 2012.

¹⁴³⁷ Noemi Gonzales, “Philippines to also implement fishing ban in Panatag shoal,” *BusinessWorld*, May 15, 2012.

¹⁴³⁸ Fu, *See the World 2*, p. 265.

¹⁴³⁹ “Philippines pulls out ships from disputed shoal,” Associated Press, Jun. 16, 2012.

¹⁴⁴⁰ From Jake Sullivan to Hillary Clinton, Date: Jun. 16, 2012, Subject: Dai, Hillary Clinton Email Archive, <https://wikileaks.org/clinton-emails/emailid/20458>, accessed Nov. 15, 2019.

¹⁴⁴¹ “MFA spokesperson Hong Lei holds regular press conference June 18, 2012” [2012年6月18日外交部发言人洪磊举行例行记者会], Jun. 19, 2012, <https://www.fmprc.gov.cn/zalt/chn/zgsd/t942674.htm>, accessed Nov. 17, 2019.

Open sources and private interviews provide drastically different – in effect diametrically opposing – accounts with respect to whether such an agreement was actually reached at the Campbell-Fu meeting.¹⁴⁴² Conventional wisdom contends that Beijing’s denial following Philippine’s June 16 withdrawal constituted an utterly bad-faith renege of what was believed to be a U.S.-brokered deal.¹⁴⁴³ An alternative explanation holds that Beijing might have avoided making a commitment to a total pull-out during the incident; instead, a secret arrangement was made through back-channel diplomacy between Beijing, Manila and Washington to allow a gradual, face-saving Chinese pullout. According to this explanation, there were a number of crisis communication errors during the process of U.S. shuttle diplomacy, and Manila’s public disclosure on June 16-18 of this arrangement compounded the situation by putting Beijing on the defense domestically. To avoid being perceived as compromising on China’s territorial sovereignty, Beijing immediately called off the withdrawal.¹⁴⁴⁴

In addition to the two narratives, a third explanation emerged upon a revisiting of published information in authoritative Chinese-language sources at the time as well as in interviews with knowledgeable Chinese sources. First, Beijing’s initial explicit denial of any simultaneous withdrawal commitment came on June 6. According to a June 7 *People’s Daily* report, both sides had pulled out their government vessels from the lagoon by June 5, but the Chinese foreign ministry stressed on June 6 that the Chinese pull-out came two days after the Philippine’s and denied that this move was the result of any agreed-upon simultaneous withdrawal accord.¹⁴⁴⁵

¹⁴⁴² Fu, *See the World 2*, pp. 265-266; Green, et al., *Countering Coercion in Maritime Asia*, pp. 118-119; author’s interviews, Beijing, June 2019; skype interview, September 2019.

¹⁴⁴³ Ely Ratner, “Learning the Lessons of Scarborough Reed,” *National Interest*, Nov. 21, 2013, <https://nationalinterest.org/commentary/learning-the-lessons-scarborough-reef-9442>, accessed Nov. 17, 2019.

¹⁴⁴⁴ Green, et al., *Countering Coercion in Maritime Asia*, p. 119.

¹⁴⁴⁵ “Philippines see easing of tensions with China at disputed shoal,” *Japan Economic Newswire*, Jun. 7, 2012; Qiang Wei [强薇], “MFA spokesperson states that China and the Philippines did not simultaneously withdraw their government ships from the Huangyan Island” [外交部发言人表示中菲并非同时从黄岩岛撤出公务船], *People’s Daily*, Jun. 7, 2012.

Beijing's emphasis of the sequenced withdrawals and the consistency of its denials (before and after Philippine's complete withdrawal on June 16) may be an indication that there was no unequivocal commitment to a simultaneous withdrawal – at least not from the Chinese perspective.

Second, Beijing might not have objected to a sequenced pullout, but its later refusal to withdraw was probably due to the perception that the Philippines intended to send its ships back to the Scarborough after the typhoon, rather than Manila's premature disclosure. China's domestic publicity on the standoff was high in April and peaked in May; but in June, media coverage significantly dropped by nearly two thirds (Table 8.1). This decline in publicity might have been intended to pave the way for a quiet, face-saving Chinese withdrawal by lowering the potential domestic audience costs that Beijing could incur with such a move. According to a Chinese interlocutor close to the foreign policy establishment, Beijing at the time did perceive the typhoon as a very good opportunity that could be used as a face-saving pretext. "But the Philippines suggested its ships might return after the typhoon, so China decided its ships would stay. After Philippine's ships left during the typhoon, Chinese ships just took shelter nearby [instead of leaving the area]." ¹⁴⁴⁶ The Chinese suspicions seemed not entirely unfounded. After Aquino ordered the pull out, the Philippine Foreign Department's spokesperson Raul Hernandez, without explicitly saying whether Philippine ships would return after the typhoon, stated that there was no agreement to withdraw from the area permanently. ¹⁴⁴⁷ Philippine Foreign Secretary Rosario similarly stated, "When weather improves, a re-evaluation will be made." ¹⁴⁴⁸

On June 20, Aquino threatened to order the Philippine government ships back to the Scarborough Shoal once the weather improved should Chinese ships continue to remain in the

¹⁴⁴⁶ Author's interview, Beijing, June 2019.

¹⁴⁴⁷ "Philippine ship pull-out calms tensions: China," Agence France Presse, Jun. 18, 2012.

¹⁴⁴⁸ "Boats leave disputed sea in typhoon season," UPI, Jun. 18, 2012.

area.¹⁴⁴⁹ On June 29, a spokesperson of the Chinese Embassy in Manila denied that China had expressed any intention of withdrawing its ships, simply claiming that “[t]here is no such commitment from China.”¹⁴⁵⁰

The strongest escalation came when China opportunistically seized full control of the Scarborough Shoal and presented the Philippines with a *fait accompli* on water. The Philippine Foreign Affairs Department reported on July 18, five days after the AMM failed to issue a joint communique, that several Chinese dinghies were tied together at the entrance of the lagoon to prevent Philippine vessels and fishing boats from returning.¹⁴⁵¹

Post Crisis China-Philippine Impasse and the Galvanized “Common ASEAN Position”

The Scarborough Shoal standoff ended with China gaining full control of the area. Despite Beijing and Manila’s attempt to mend ties through mutual envoy visits in the fall,¹⁴⁵² the bilateral relations deteriorated considerably after the Philippines decided in 2013 to take the dispute to a U.N. arbitral tribunal, which reportedly resulted in China withdrawing its invitation for Aquino to attend the China-ASEAN Expo in Nanning in September.¹⁴⁵³ The relations went from bad to worse after another faceoff in the Second Thomas Shoal in 2013 and early 2014. Even though high-level exchanges between the two countries were not as completely halted thereafter as between China and Japan following the Diaoyu/Senkaku nationalization,¹⁴⁵⁴ the political will and trust necessary

¹⁴⁴⁹ Christine O. Avendano, “PH ships to go back if Sinos don’t leave shoal,” *Philippine Daily Inquirer*, Jun. 21, 2012.

¹⁴⁵⁰ Jerry E. Esplanada, “China ‘relaxed’ with no PH ships in shoal,” *Philippines Daily Inquirer*, Jun. 29, 2012.

¹⁴⁵¹ Michaela del Callar, “DFA: China boats blocking PHL vessels from Panatag Shoal,” *GMA News Online*, Jul. 18, 2012, <https://www.gmanetwork.com/news/news/nation/265889/dfa-china-boats-blocking-phl-vessels-from-panatag-shoal/story/>, accessed May 27, 2019.

¹⁴⁵² Philippines Interior and Local Government Secretary Mar Roxas visited Beijing in September as Aquino’s special envoy; China’s Vice Foreign Minister Fu Ying visited Manila in October as a special envoy. Michael Lim, “Big gaps remain in PH-China ties,” *Philippines Daily Inquirer*, Sept. 24, 2012; MFA, “Vice foreign minister Fu Ying meets with Philippine president Aquino” [外交部副部长傅莹拜会菲律宾总统阿基诺], Oct. 19, 2012, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676452/xgxw_676458/t980754.shtml, accessed Nov. 19, 2019.

¹⁴⁵³ Hrvoje Hranjski, “Manila says China withdraws invitation for Aquino,” Associated Press, Aug. 29, 2013.

¹⁴⁵⁴ Xi and Aquino briefly met in November 2014 when Aquino was in Beijing to attend the APEC meeting and in November 2015 when Xi was in Manila for the APEC summit. “Xi Jinping briefly talked with Philippine President

to initiate serious discussions on crisis prevention and management in the South China Sea were completely absent at the time.

ASEAN's unprecedented failure to present a cohesive position on the confrontation unnerved its members, especially Indonesia. Jakarta promptly embarked on an intensive shuttle diplomacy with five ASEAN countries to mitigate the organization's internal rift and to forge a "common ASEAN position" on the disputes.¹⁴⁵⁵ On July 20, ASEAN foreign ministers issued a statement stipulating the organization's six principles on the issue of the South China Sea. Short of naming any party, the statement urged for a "full implementation" of the DOC, "full respect of the universally recognized principles of international law," and "continued exercise of self-restraint and non-use of force by all parties," while at the same time also pledging to "intensify ASEAN consultation."¹⁴⁵⁶ Manila welcomed the demonstration of ASEAN unity and "centrality as a regional bloc" in the face of what analysts characterized as Beijing's tactic of divide and conquer.¹⁴⁵⁷

Even though some international observers dismissed the six-point statement as a document that "simply restated the principles of the 2002 DOC,"¹⁴⁵⁸ it came as an alarming sign to China of the surging audience costs on the ASEAN front. Importantly, the perceived ASEAN cohesiveness

Aquino" [APEC 授权发布：习近平同菲律宾总统阿基诺简短交谈], Xinhua, Nov. 11, 2014, http://www.xinhuanet.com/world/2014-11/11/c_1113202778.htm; Ren Meizi [任梅子], "Xi Jinping and Aquino greeted each other for two minutes, Aquino thanked Xi for attending the summit" [习近平与阿基诺寒暄2分钟, 阿基诺: 感谢出席峰会], *Global Times*, Nov. 19, 2015, <https://world.huanqiu.com/article/9CaKrnJRBCY>. Both were accessed Nov. 19, 2019.

¹⁴⁵⁵ "ASEAN must push on with China sea code: Indonesia," Agence France Presse, Jul. 18, 2012.

¹⁴⁵⁶ "Statement of the ASEAN Foreign Ministers: ASEAN's Six-Point Principles on the South China Sea," Phnom Penh, Cambodia, Jul. 20, 2012,

¹⁴⁵⁷ Daniel C. O'Neill, *Dividing ASEAN and Conquering the South China Sea: China's Financial Power Projection* (Hong Kong: Hong Kong University Press, 2018); "PH welcomes Indonesia's effort to mend rifts in Asean," *Philippines Daily Inquirer*, Jul. 20, 2012; "China plays divide and rule with ASEAN states," *Nikkei Weekly*, Jul. 23, 2012.

¹⁴⁵⁸ Donald E. Weatherbee, *International Relations in Southeast Asia: The Struggle for Autonomy* (Lanham, MD: The Rowman & Littlefield Publishing Group, 2015), 3rd edition, p.178.

arguably prevented China from falling back on the so-called “Huangyan model” to gain control of other land features in the South China Sea. The widely proclaimed “Huangyan model,” defined by Chinese political analysts as a tactical employment of a wide range of nonmilitary escalatory measures in response to a perceived foreign provocation with a goal to “turn the situation to the advantage of China” by opportunistically gaining partial or complete control over contested land features,¹⁴⁵⁹ became a buzzword in Chinese media and policy writings.¹⁴⁶⁰ However, some Chinese analysts were skeptical as to whether the model could be applied to the Spratlys. Zhang Jie, a South China Sea expert at CASS, cautioned that while only China and the Philippines claim the Scarborough, seven parties stake rivaling claims to the Spratlys. As such, employing the “Huangyan model” to the latter would likely generate “very high sensitivity and political externalities” as “relevant disputants and countries outside of the region would make stronger reactions, and probably form and strengthen a concerted position against China.”¹⁴⁶¹ As a Chinese interviewee candidly acknowledged in private, “The international political costs on China surged

¹⁴⁵⁹ Zhang Jie [张洁], “Huangyan Model and the Shift of China’s Maritime Strategy” [黄岩岛模式与中国海洋维权政策的转向], *Southeast Asian Studies* [东南亚研究], issue 4, 2013, p. 28. This Huangyan model described as such is in essence similar to what non-Chinese analysts more commonly used characterization of the Chinese “reactive assertiveness.”

¹⁴⁶⁰ The term first appeared in *People’s Daily* in early May without specification but only referred to as an alternative to “direct negotiation and friendly consultation to resolve the dispute.” Qin Hong [秦宏], “We have adequate means in facing the Philippines” [面对菲律宾, 我们有足够手段], *People’s Daily* (overseas edition), May 8, 2012. For instances of discussions in policy writings, see, Ruan Zongze [阮宗泽], “China’s diplomacy in 2012: meets the challenge, creates opportunities” [2012 中国外交: 外界挑战, 创造机遇] in CIIS, *International Situation and China’s Foreign Affairs 2013* [国际形势和中国外交 2013] (Beijing: Shijie zhishi chubanshe, 2013), pp. 191-192; Zhang Haiwen [张海文], “Evaluation of the trend of the evolving South China Sea dispute” [南海争端演化趋势评估], in Institute of Strategic Studies, National Defense University, *International Strategic Situation and China’s National Security 2012-2013* [国际战略形势与中国国家安全 (2012-2013)] (Beijing: junshi kexue chubanshe, 2013), p. 112; Ge Hongliang [葛红亮], “Security situation in the South China Sea” [南海地区安全形势] in Ju Hailong [鞠海龙], ed, *Report of the Situation in the South China Sea 2013-2014* [南海地区形势报告 2013-2014] (Beijing: Shishi chuanshe, 2015), p. 10.

¹⁴⁶¹ Zhang, “Huangyan Model and the Shift of China’s Maritime Strategy,” p. 29.

tremendously after the Huangyan Island incident, rendering the ‘Huangyan model’ essentially non-reusable (不可复制) in the South China Sea.”¹⁴⁶²

The 2014 HD-981 CLASH

Sino-Vietnamese relations did not undergo visible deterioration immediately after the 2009 Vietnam-Malaysia joint submission, as China paid more attention to the Philippines’ baseline bill and the U.S. pivot to Asia over the following two years. China likely played down the impacts of the joint submission also because 2010 marked the 60th anniversary of the establishment of Sino-Vietnamese diplomatic relations.

However, bilateral tensions quickly built up in 2011. In May, Hanoi accused three CMS ships of cutting the cables of a PetroVietnam-operated seismic survey ship in waters within Vietnam’s claimed EEZ.¹⁴⁶³ Beijing responded with a statement expressing its opposition to Vietnam’s exploration activities which “undermined China’s interests and jurisdictional rights in the South China Sea and violated the consensus both countries have reached on the issue.”¹⁴⁶⁴ Hanoi rebuffed Beijing’s statement, claiming that Beijing had “gone against the knowledge of leaders of both countries” and demanding China compensate for the damage caused to the PetroVietnam ship.¹⁴⁶⁵ A wave of anti-China protests was staged in Hanoi and Ho Chi Minh City at Chinese diplomatic compounds on June 5, and continued for the subsequent three weekends. Protestors demanded the Vietnamese government take further measures to protect the country’s sovereignty in the South China Sea against the perceived Chinese infringement.¹⁴⁶⁶ Beijing responded with a soft tone. On

¹⁴⁶² Author’s interview, Beijing, May 2019.

¹⁴⁶³ “Hanoi, Beijing in new South China Sea spat: report,” Agence France Presse, May 28, 2011; “Vietnam protests to China over damage to seismic survey ship,” Dutsche Presse-Agentur, May 29, 2011.

¹⁴⁶⁴ “China opposes Vietnam oil, gas exploration in China’s jurisdictional sea area: FM spokeswoman,” Xinhua News Service, May 28, 2011.

¹⁴⁶⁵ “China hits back at Vietnam over territorial spat,” Agence France Presse, May 29, 2011; “Vietnam protests to China over damage to seismic survey ship.”

¹⁴⁶⁶ “Rare Vietnam demo over sea dispute with China,” Agence France Presse, Jun. 5, 2011; “South China Sea: Vietnamese hold anti-Chinese protest,” BBC, Jun. 5, 2011, <https://www.bbc.com/news/world-asia-pacific-13661779>,

June 7, the MFA issued a statement, calling on Hanoi to “make earnest efforts” to implement the “important consensus” reached between the two countries “on how to appropriately handle maritime issues and maintain stability in the South China Sea.”¹⁴⁶⁷

Tensions further intensified following the occurrence of another incident near the Vanguard Bank. On June 9, Hanoi claimed that a Chinese fishing boat escorted by two Chinese patrol vessels harassed and rammed a PetroVietnam-chartered seismic ship operating inside Vietnam’s claimed EEZ. Criticizing the act of the Chinese ships as “seriously violating Vietnam’s sovereign rights,” Hanoi lodged an official protest with Beijing.¹⁴⁶⁸ This time Beijing hit back firmly, rejecting Vietnam’s accusation as being false and asserting that the Chinese fishing boats were chased away by armed Vietnamese vessels when operating in the China-claimed sea area. During this pursuit, according to Beijing’s account, the fishing net of one of the Chinese boats became tangled with cables of the survey ship, which resulted in the fishing boat being dragged for over an hour before the fishermen were forced to cut the net loose and separate their boat from the survey ship.¹⁴⁶⁹ In mid-June, both countries staged naval exercises in the South China Sea, adding a military component to the heightened tensions.¹⁴⁷⁰

A sign of conciliation emerged on June 22 when China’s Vice Foreign Minister Cui Tiankai told the press that “China has no intention to get into military conflict with any country, Vietnam

accessed Apr. 14, 2019; “Fresh anti-China demos in Vietnam,” Agence France Presse, Jun. 12, 2011; “Hundreds of Vietnamese hold anti-China protest,” Associated Press, Jun. 12, 2011; Margie Mason, “Vietnamese protest China amid rising tensions,” Associated Press, Jun. 19, 2011; “Vietnamese in Japan rally against China,” Agence France Presse, Jun. 25, 2011; “Dozens of Vietnamese protest China amid tensions,” Associated Press, Jun. 26, 2011.

¹⁴⁶⁷ “China urges Vietnam to make efforts in sea dispute,” Agence France Presse, Jun. 7, 2011.

¹⁴⁶⁸ Jim Gomez, “China warns neighbors: Stop oil search in Spratlys,” Associated Press, Jun. 9, 2011; “Vietnam says China fishing boat rams research ship,” Agence France Presse, Jun. 9, 2011.

¹⁴⁶⁹ “MFA spokesperson Hong Lei answers questions regarding Vietnam chasing away Chinese fishermen in the Spratly Sea areas” [外交部发言人洪磊就越南在南沙海域驱赶中国渔船答记者问], Jun. 9, 2011, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677292/fyrygth_677300/t829297.shtml, accessed Apr. 20, 2019.

¹⁴⁷⁰ Margie Mason, “Vietnam plans live-fire drill after China dispute,” Associated Press, Jun. 10, 2011; “China stages military drills in South China Sea,” Associated Press, Jun. 17, 2011.

included.” Cui stopped short of naming the Philippines, with whom China’s relations also had been deteriorating.¹⁴⁷¹ Vietnam swiftly extended an olive branch by dispatching to Beijing its China-educated Vice Foreign Minister Ho Xuan Son as a special envoy.¹⁴⁷² After a meeting between Son and China’s State Councilor Dai Bingguo, the two sides issued a joint statement, pledging to “jointly safeguard peace and stability in the South China Sea.” Notably, both parties underscored the need for “joint efforts” to “influence media reports in a positive manner and avoid words and deeds that would be detrimental to the friendship and mutual trust between the peoples of the two countries,” a clear reference to strengthening positive propaganda and censoring negative media coverage on the bilateral relations to avoid stoking nationalism and mutual antagonism, especially in the Vietnamese public.¹⁴⁷³ As Hanoi moved to rein in anti-China demonstrations, anti-China protests in Vietnam gradually petered out over July and August.¹⁴⁷⁴

The two communist countries undertook a major conciliatory thrust in late 2011 with two high-level mutual visits. In October, General Secretary the Communist Party of Vietnam (CPV) Nguyen Phu Trong made a state visit to Beijing. During his meeting with Trong, Hu Jintao called on both countries to maintain dialogue and negotiations regarding the dispute and to “deal with problems in a calm and constructive fashion and avoid affecting the relationship between the two countries

¹⁴⁷¹ “China warns US to keep out of S. China Sea disputes,” Associated Press, Jun. 22, 2011; Edward Wong, “Beijing wars U.S. About South China Sea Disputes,” *New York Times*, Jun. 23, 2011.

¹⁴⁷² Son is a graduate from China’s Peking University and speaks fluent Chinese. “Consul General’s Biography – Ho Xuan Son,” <https://vnconsulate-sanfrancisco.mofa.gov.vn/en-us/Consulate/Consulate%20General/Biography%20Consulate%20General/Pages/default.aspx>, accessed Nov. 20, 2019.

¹⁴⁷³ “China, Vietnam agree to resolve maritime dispute through negotiations,” Xinhua News Service, Jun. 26, 2011; “Dai Bingguo meets Vietnamese Vice Foreign Minister Ho Xuan Son, special envoy of the Vietnamese leadership” [戴秉国会见越南领导人特使、越南副外长胡春山], Jun. 26, 2011, GOV.cn, http://www.gov.cn/ldhd/2011-06/26/content_1893079.htm, accessed Apr. 21, 2019.

¹⁴⁷⁴ “Anti-China demo in Vietnam despite clampdown,” Agence France Presse, Jul. 3, 2011; “Police break up S. China Sea rally in Vietnam,” Agence France Presse, Jul. 10, 2011; “Vietnam detains journalists, anti-China protesters,” Associated Press, Jul. 10, 2011; “Vietnamese hold anti-China march despite crackdown,” Associated Press, Jul. 17, 2011.

and parties.”¹⁴⁷⁵ The two sides agreed to set up a hotline between the top leaders to deal with maritime contingencies – the first such hotline to be set up since the normalization of the two countries’ diplomatic ties in 1991.¹⁴⁷⁶ Trong’s visit was reciprocated by a visit by Xi Jinping to Hanoi in December. Highlighting the shared ideology and stressing the need for both communist parties to consolidate their position as ruling parties, Xi told his Vietnamese hosts that the two sides should enhance their solidarity, prioritize socioeconomic development in each of the two countries, and properly handle their disagreement.¹⁴⁷⁷

The reconciliation, nevertheless, was soon overshadowed by Vietnam’s passage of its Law of Sea in June 2012, which asserted Vietnam’s sovereignty over both the Paracels and Spratlys. In response to the law, Beijing unveiled the prefectural-level Sansha City,¹⁴⁷⁸ which represented an elevation from the county-level administrative ranking as reported by Hong Kong media in 2007.¹⁴⁷⁹ Chinese media accounts at the time and the swiftness of the announcement of Sansha confirm that Beijing probably had done most preparation work to launch the city as of 2007 but called it off the last minute as a result of Vietnam’s protest. Hanoi reacted strongly to the

¹⁴⁷⁵ “Chinese, Vietnamese party chiefs hold ‘candid’ discussion on maritime issues,” Xinhua News Service, Oct. 11, 2011.

¹⁴⁷⁶ Minnie Chan, “China, Vietnam seal accord over maritime territory; Six-point agreement pushes for peaceful, long-term resolution to dispute in South China Sea,” *South China Morning Post*, Oct. 13, 2011; Minnie Chan, “Hotline set up to smooth Beijing-Hanoi relations,” *South China Morning Post*, Oct. 16, 2011; “Basic principles guiding the settlement of maritime issues existing between China and Vietnam” [关于指导解决中国和越南海上问题基本原则协议], MFA, Oct. 12, 2011, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677292/1207_677304/t866484.shtml, accessed May 4, 2019.

¹⁴⁷⁷ “Chinese VP vows to promote healthy, steady growth of China-Vietnam ties,” Xinhua News Agency, Dec. 21, 2011; “Xi Jinping visits Vietnam and meets with Nguyen Phu Trong, General Secretary of the CPV” [习近平在越南访问，会见越共中央中枢及阮富仲], Gov.cn, Dec. 21, 2011, http://www.gov.cn/ldhd/2011-12/21/content_2025876.htm, accessed Jun. 6, 2019.

¹⁴⁷⁸ “Civil Affairs Ministry’s Statement on State Council’s Approval to establish Sansha City” [民政部关于国务院批准设立地级三沙市的公告], Jun. 21, 2012, <http://www.mca.gov.cn/article/xw/tzgg/201206/20120615325091.shtml>, accessed Jun. 6, 2019.

¹⁴⁷⁹ “Spokesperson of the Civil Affairs Ministry answer questions regarding State Council’s approval of the prefectural-level Sansha city” [民政部发言人就国务院批准设立地级三沙市答问], Jun. 21, 2012, transcript retrieved at GOV.cn, http://www.gov.cn/jrzq/2012-06/21/content_2167054.htm, accessed Jun. 6, 2019.

establishment of Sansha, defending the law as “normal legislative activity.”¹⁴⁸⁰ Beijing ratcheted up pressure on Hanoi on June 23 with CNOOC inviting international firms to bid for exploration in nine blocks in the South China Sea, which Hanoi claimed were “entirely within” Vietnam’s EEZ and continental shelf.¹⁴⁸¹

Tensions began to die down in October when China dispatched its State Councilor and Public Security Minister Meng Jianzhu to attend a Sino-Vietnamese bilateral anti-crime cooperation meeting in Hanoi. The report by Xinhua was only two-sentence in length on Meng’s discussion with his Vietnamese counterpart on anti-crime affairs,¹⁴⁸² contrasting the more detailed reports on Meng’s meetings with CPV’s General Secretary Nguyen Phu Trong and Vietnamese Prime Minister Nguyen Tan Dung, respectively. During his talk with Trong, Meng stated that the Sino-Vietnamese relationship “is not all about the South China Sea problem,” but “inappropriate management” of the problem could “poison the overall bilateral relationship.” Meng made a similar call for “properly handling sensitive bilateral issues” when meeting with Dung.¹⁴⁸³ Vietnam reciprocated and dispatched Hoang Binh Quan, head of CPV’s Commission for External Relations,¹⁴⁸⁴ as Nguyen Phu Trong’s special envoy to Beijing right after the conclusion of CCP’s

¹⁴⁸⁰ “Statement of the Spokesman of the Ministry of Foreign Affairs of Viet Nam,” Ministry of Foreign Affairs of Vietnam, Jun. 22, 2012, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns120622034115, accessed Jun. 6, 2019.

¹⁴⁸¹ “Remark by Vietnamese Foreign Ministry Spokesman Luong Thanh Nghi on June 26, 2012,” Ministry of Foreign Affairs of Vietnam, Jun. 26, 2012, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns120627053317, accessed Jun. 6, 2019.

¹⁴⁸² “Meng Jianzhu and Vietnam’s Public Security Minister presided the third Sino-Vietnamese Public Ministries’ third meeting on anti-crime cooperation” [孟建柱与越南公安部部长主持中越公安部第三次合作打击犯罪会议], Xinhua, Oct. 24, 2012, retrieved from GOV.cn, http://www.gov.cn/jrzg/2012-10/24/content_2249757.htm, accessed Jun. 7, 2019.

¹⁴⁸³ “CPV General Secretary Nguyen Phu Trong meets with visiting Meng Jianzhu in Hanoi” [越共总书记阮富仲在河内会见到访的孟建柱], Xinhua, Oct. 24, 2012, retrieved on GOV.cn, http://www.gov.cn/ldhd/2012-10/24/content_2250226.htm, accessed Jun. 7, 2019; “State Councilor Meng Jianzhu meets with Vietnamese Prime Minister Nguyen Tan Dung on Oct. 23” [国务委员孟建柱 23 日在河内会见越南总理阮晋勇], Xinhua, Oct. 23, 2012, http://www.gov.cn/ldhd/2012-10/23/content_2249698.htm, accessed Jun. 7, 2019.

¹⁴⁸⁴ This position is the counterpart to the head of CCP’s International Liaison Department (ILD), the department handling CCP’s relations with foreign parties and especially ties with other communist parties.

18th Party Congress to deliver Trong's congratulatory message to Xi Jinping and invitation to Xi to visit Vietnam.¹⁴⁸⁵

The year 2013 witnessed relatively peaceful China-Vietnam relation overall. In June, Vietnam's President Truong Tan Sang made his first state visit to China.¹⁴⁸⁶ During Xi Jinping's meeting with Sang, the leaders agreed to set up a hotline to handle fishing incidents in the disputed areas, in addition to the hotline designated for the management of maritime contingencies. The fishing incident hotline mechanism requires both sides to inform the other within 48 hours of any detentions involving fishermen or fishing ships.¹⁴⁸⁷ During Chinese Premier Li Keqiang's visit to Hanoi in October, both sides agreed to set up a work group to jointly explore the undelimited areas outside of the mouth of the Tonkin Gulf.¹⁴⁸⁸ Indeed, Beijing seemed to be particularly appreciative of what it perceived as Vietnam's restraint in light of Manila's insistence to forge ahead with the arbitration. As noted in an annual report compiled by researchers at CASS, "In 2013...contrasting the Philippines' use of international opinion to pressure China, Vietnam's attitude is relatively friendly and restrained."¹⁴⁸⁹

The diplomatic momentum was sustained into 2014. In February, the two countries began to discuss the prospect of establishing a direct line between their defense ministries, with an aim to

¹⁴⁸⁵ "Party official visits Beijing to strengthen historic friendship," Viet Nam News, Nov. 19, 2012, <https://vietnamnews.vn/politics-laws/232945/party-official-visits-beijing-to-strengthen-historic-friendship.html#5b2gku2mhxgAxOhc.97>, accessed Jun. 6, 2019.

¹⁴⁸⁶ Kor Kian Beng, "Vietnam and China work toward warmer ties; Vietnamese President's visit seen as a means to improve 'strategic trust,'" *Strait Times*, Jun. 21, 2013.

¹⁴⁸⁷ "Joint Statement by China and Vietnam in Beijing, June 21, 2013" [中国和越南 2013 年 6 月 21 日在北京发表联合声明], Xinhua, Jun. 21, retrieved on GOV.cn, http://www.gov.cn/jrzq/2013-06/21/content_2431071.htm, accessed Jun. 7, 2019; "China, Vietnam talk amid South China Sea tensions," Associated Press, Jun. 20, 2013.

¹⁴⁸⁸ "Chinese premier arrives in Hanoi for Vietnam visit," Xinhua News Service, Oct. 13, 2013; "China, Vietnam to set up sea exploration group," *South China Morning Post*, Oct. 14, 2013; "China, Vietnam pledge to boost maritime, financial cooperation," Xinhua News Service, Oct. 15, 2013.

¹⁴⁸⁹ Zhang Jie [张洁], "Constructing new-type China-ASEAN relations and the South China Sea problem" [中国-东盟新型关系的构建与南海问题], in Zhang Jie, ed., *China's Regional Security Environment Review 2014* [中国周边安全形势评估 2014] (Beijing: Social Science Academic Press China, 2014), pp. 119-120.

activate the line by the end of that year.¹⁴⁹⁰ At the time China had only established such lines with the United States and Russia.¹⁴⁹¹ This plan, however, came to a halt as the bilateral relationship hit the rocks following China's deployment of HD-981 to the Paracels.

Crisis Prevention Failed: China's Sudden Deployment of HD-981 to the Paracels

In early May 2014, China's Maritime Safety Administration (MSA) announced that the drilling platform HD-981 would be operating at the location of 15°29'58" N, 111°12'06" E from May 2 to August 15, prohibiting unrelated ships from entering the area within one nautical mile of the drilling site.¹⁴⁹² Hanoi reacted strongly. On May 4, the Vietnamese Foreign Ministry's spokesperson Le Hai Binh claimed the drilling location as falling "undeniably" within Vietnam-claimed EEZ and that Vietnam "resolutely protests any activity conducted by foreign countries in its waters without permission."¹⁴⁹³

Unlike previous incidents in which China was reacting to other claimants' moves, the oilrig deployment was not a reaction to any moves made by Vietnam in the first place. In other words, China's unilateral decision to deploy HD-981 initiated the clash and likely caught the Vietnamese off guard. Carlyle Thayer characterized the oilrig deployment as coming "out of the blue."¹⁴⁹⁴

¹⁴⁹⁰ "2014 February MOD Regular Press Conference" [国防部 2014 年 2 月国防部例行记者会实录], Feb. 27, 2014, full-text transcript retrieved at <http://news.12371.cn/2014/02/27/ARTI1393492733216128.shtml>, accessed Jul. 21, 2019; "Vietnam and China hold talks on setting up confidential direct line between the two countries' defense ministries" [越中就设立两国国防部保密直通电话进行磋商], Online Newspaper of the Government of the Socialist Republic of Vietnam, Feb. 27, 2014, <http://cn.news.chinhphu.vn/Home/%E8%B6%8A%E4%B8%AD%E5%B0%B1%E8%AE%BE%E7%AB%8B%E4%B8%A4%E5%9B%BD%E5%9B%BD%E9%98%B2%E9%83%A8%E4%BF%9D%E5%AF%86%E7%9B%B4%E9%80%9A%E7%94%B5%E8%AF%9D%E8%BF%9B%E8%A1%8C%E7%A3%8B%E5%95%86/20142/14348.vgp>, accessed Nov. 21, 2019.

¹⁴⁹¹ Guangxi Academy of Social Sciences, *2014 Annual Report of Vietnam's Conditions* [2014 年越南国情报告] (Beijing: Social Sciences Academic Press, 2014), p. 075.

¹⁴⁹² "Navigation alert HN0033 (HYSY981 Drilling operation in South China Sea)" [琼航警 0033 (海洋石油 981 钻井船南海钻井作业)], MSA, May 3, 2014, <https://www.msa.gov.cn/page/wap/wap.do?action=content&channelId=D3340711-057B-494B-8FA0-9EEDC4C5EAD9&articleId=7291b46d-ab69-4949-8a88-6c55dad815e8>, accessed Jun. 8, 2019.

¹⁴⁹³ "Remarks by FM Spokesman Le Hai Binh on 4th May 2014," Vietnam Ministry of Foreign Affairs, May 4, 2014, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns140505232230, accessed on Jun. 8, 2019.

¹⁴⁹⁴ "Vietnam sea spat part of China's larger strategy: experts," Agence France Presse, May 10, 2014.

Little authoritative evidence is available at the time of this writing to provide a conclusive explanation to China's motivation. The energy factor seems unlikely to be the primary driving force, as areas around the Paracels do not have significant known conventional hydrocarbon fields and thus "there is no proved or probable reserves," according to a 2013 estimate by the U.S. Energy Information Administration.¹⁴⁹⁵ Then why did China suddenly make this move?

Several factors might have incentivized the deployment. First, in term of goal(s), it might be intended to test the reactions of Vietnam and other claimants to China's advancement into the energy-rich deepwater areas in the South China Sea – an explanation provided by different Chinese interlocutors in private communication and seemingly suggested in writings by Chinese analysts, including Wu Shicun, head of the Hainan-based NISCSS.¹⁴⁹⁶ Due to the lack of necessary financing, technology and equipment,¹⁴⁹⁷ as well as the unsettled maritime disputes, Chinese energy E&P activity in the South China Sea had traditionally concentrated in shallow-waters off the coast of Hainan, Tonkin Gulf and in the Pearl River Mouth Basin.¹⁴⁹⁸ As China's first indigenous semisubmersible ultra-deepwater drilling platform and given that it was commissioned in May 2012 at the peak of the Scarborough Shoal standoff, HD-981 was hailed for both its technological and political significance because it not only marked "the strategic starting point" for China's advancement into deepwater energy production but also represented one of the "swords"

¹⁴⁹⁵ "Counties Analysis: South China Sea," U.S. Energy Information Administration, last update: Feb. 7, 2013, <https://www.eia.gov/beta/international/regions-topics.php?RegionTopicID=SCS>, accessed Jan. 6, 2019.

¹⁴⁹⁶ Author's interviews, Beijing, June and July 2019; Wu Shicun [吴士存], "Current Situation and Future Trend of the South China Sea" [南海问题的起源、发展及演变] in Xue Guifang [薛桂芳], ed., *Law of the Sea Review* [海洋法学研究], issue 3, 2018, pp. 95-96.

¹⁴⁹⁷ Prior to the commissioning of HD-981, China's oil companies lacked in-house capability to drill deeper than 300 meters. "China's first deepwater drilling platform HYSY 981 makes its first successful drill" [我国首座深水钻井平台"海洋石油981"首钻成功], Xinhua, May 9, 2012, http://www.gov.cn/jrzq/2012-05/09/content_2132907.htm, accessed Nov. 21, 2019.

¹⁴⁹⁸ Li Guoqiang [李国强], "Policy adjustment to oil and natural gas exploration in the South China Sea" [南海油气资源勘探开发的政策调试], *China International Studies* [国际问题研究], issue 6, Nov. 20, 2014, http://www.ciiis.org.cn/gyzz/2014-11/20/content_7385361.htm, accessed Feb. 4, 2020.

China now wielded to safeguard its maritime interests.¹⁴⁹⁹ In November, Hu Jintao in his report to the 18th Party Congress articulated the goal of establishing China as a maritime power, giving top priority to the enhancement of China's capacity for exploiting marine resources.¹⁵⁰⁰ With the state's policy support and necessary equipment in place, China was ready to foray into the deepwater of the South China Sea.

Second, in terms of the location choice, interviews with former government officials, analysts in the Chinese energy sector and in government-affiliated think tanks revealed a shared view that the Paracels were chosen over the Spratlys due to China's complete control over the land features in the area. Moreover, the drilling site was 17 nautical miles from the Triton Island and thus fell in the contiguous zone of the land feature. Considering these two factors, Beijing could make a case that the oilrig was operating in "uncontested" areas. Also, given that multiple states claim the sovereignty of the Spratlys whereas the Paracels are only contested by Vietnam (and Taiwan), drilling in the latter was expected to cause fewer controversies than in the Spratlys.¹⁵⁰¹

Third, in terms of the timing, a plausible explanation is the climate. Activities in the South China Sea, according to a knowledgeable Chinese source, is generally concentrated in the first half of the year when weather is conducive to fishing and exploration activities.¹⁵⁰² The weather explanation is consistent with what a Crisis Group report calls "the cycle of tension and calm" in the South China Sea.¹⁵⁰³

¹⁴⁹⁹ Gui Junsong [桂俊松], "'981' unveiled at the right timing" ["'981' 亮相适逢其时], *China Energy News*, May 14, 2012.

¹⁵⁰⁰ "Full text of Hu Jintao's report at 18th Party Congress," Nov. 27, 2012, http://www.china-embassy.org/eng/zl/18th_CPC_National_Congress_Eng/t992917.htm, accessed Nov. 21, 2019.

¹⁵⁰¹ Author's interviews, Haikou, April 2019; Beijing, June and July 2019; Zhu Feng [朱锋], "New Trend in the South China Sea Disputes: Strategic Competition among Great Powers and Interests Game of Small Countries – A Case Study of the Oil Rig 981 Friction in South China Sea" [南海主权争议的新态势：大国战略竞争与小国利益博弈——以南海“981”钻井平台冲突为例], *Northeast Asia Forum* [东北亚论坛], no. 2, 2015, p. 6.

¹⁵⁰² Author's interview, Beijing, June 2019.

¹⁵⁰³ International Crisis Group, *Stirring up the South China Sea (III)*, p. 8.

The last contributing factor is that Beijing apparently underestimated Hanoi's resolve to push back, and thus the prospect of a confrontation at sea as well as the intensity of the resulting clash. Chinese interlocutors, some with firsthand knowledge on the incident, acknowledged that while it was predictable that Hanoi would react, the ferocity of Vietnam's response took Beijing by surprise.¹⁵⁰⁴ A probable contributing factor to Beijing's underestimation was its insensitivity to the timing and situation in Vietnam, as 2014 marked the 40th anniversary of the 1974 Paracel skirmish. In January, for the first time ever Hanoi permitted commemoration activities, which were covered by the Vietnamese state media.¹⁵⁰⁵ This neglect, as suggested by a Crisis Group study, was mostly attributable to Chinese decision makers' lack of consultation with Vietnam hands in the foreign policy community.¹⁵⁰⁶

Physical clashes at sea between Chinese and Vietnamese ships reportedly started from May 3. Beijing accused Hanoi of dispatching dozens of armed ships to the drilling site which dropped fishing nets and "large obstacles" in the waters and rammed Chinese vessels up to 171 times between May 3-7.¹⁵⁰⁷ Hanoi, on the other hand, claimed that Chinese ships rammed and used water cannons on Vietnamese coast guard ships during encounters on May 4, leaving multiple Vietnamese sailors injured.¹⁵⁰⁸

¹⁵⁰⁴ Author's interviews, Haikou, April 2019; Beijing, May and June 2019.

¹⁵⁰⁵ "Vietnam marks 40th anniversary of China's invasion of Paracel Islands," *South China Morning Post*, Jan. 19, 2014, <https://www.scmp.com/news/asia/article/1409007/vietnam-marks-40th-anniversary-chinas-invasion-paracel-islands>, accessed Nov. 27, 2019.

¹⁵⁰⁶ Frances Yaping Wang and Brantly Womack, "Jawing through Crises: Chinese and Vietnamese Media Strategies in the South China Sea," *Journal of Contemporary China*, vol. 28, no. 119, 2019, pp. 722-723; International Crisis Group, *Stirring up the South China Sea (III)*, p. 10.

¹⁵⁰⁷ "China Focus: China urges Vietnam to respect its sovereign rights over Xisha Islands," Xinhua News Service, May 9, 2014.

¹⁵⁰⁸ Gerry Mullany and David Barboza, "Vietnam Navy Squares Off With Chinese in Disputed Seas," *New York Times*, May 8, 2014; Louise Watt, "China insists it has right to put rig off Vietnam," Associated Press, May 8, 2014; Jane Perlez and Rick Gladstone, "China Flexes Its Muscles in Dispute With Vietnam," *New York Times*, May 9, 2014.

Amid the continued clashes, Beijing announced on May 5 to expand the radius of the no-entry zone surrounding HD-981 to three nautical miles.¹⁵⁰⁹ Information released by Vietnamese authorities described the Chinese fleet which escorted the oilrig as being deployed in three concentric rings: the inner ring comprising of 10-15 ships at 1-1.5 nautical miles from the rig, the middle ring consisting of 40-45 ships at 4.5-5 nautical miles from the rig, and the outer ring including 25-35 ships at 10-12 nautical miles from the oil rig.¹⁵¹⁰ Chinese civilian and military researchers specified that naval warships were deployed on the inner ring while civilian vessels were on the outer rings as a way of containing the intensity of clashes and minimizing the potential of militarizing the conflict.¹⁵¹¹ One interlocutor also noted that Chinese personnel were given a clear order of “no exchange of fire on the frontline.”¹⁵¹²

Working-level diplomatic communication channels remained open, while Beijing persistently avoided direct communication at the top level. At “an extremely early” stage of the incident, Hanoi requested several times to arrange top-level telephone dialogues between Xi and either CPV party chief Nguyen Phu Trong or President Truong Tan Sang, as well as to dispatch an envoy to Beijing. Beijing persistently turned down Vietnam’s requests, only consenting to have a telephone talk between Vietnam’s Foreign Minister and Deputy Prime Minister Pham Binh Minh and Chinese State Councilor Yang Jiechi.¹⁵¹³ When speaking on the phone on May 6, Minh demanded China completely withdraw the drilling rig and escort vessels.¹⁵¹⁴ Yang rebutted Minh’s demand and

¹⁵⁰⁹ “Navigation alert HN0034 (HYSY981 Drilling operation in South China Sea)” [琼航警 0034 (海洋石油 981 钻井船南海钻井作业)], MSA, May 5, 2014, <https://www.msa.gov.cn/page/wap/wap.do?action=content&channelId=D3340711-057B-494B-8FA0-9EEDC4C5EAD9&articleId=9e65dcfc-e838-45f6-bde6-f858a62323eb>, accessed Jun. 8, 2019.

¹⁵¹⁰ Vietnam Ministry of Foreign Affairs, “Contents of the International Press Conference on developments in the East Sea June 5th, 2014,” http://www.mofa.gov.vn/en/tt_baochi/tcbc/ns140609024213, accessed Jun. 8, 2019.

¹⁵¹¹ Author’s interviews, Beijing, June 2019.

¹⁵¹² Author’s interviews, Haikou, April 2019; Beijing, June 2019.

¹⁵¹³ “China rejects top-level dialogue with Vietnam amid territorial rows,” *Japan Economic Newswire*, Jun. 10, 2014.

¹⁵¹⁴ “Vietnam demands China withdraw from territorial waters.”

instead called on Vietnam to “stop disturbing Chinese companies’ normal work in the Xisha Islands.”¹⁵¹⁵ Unsurprisingly, as neither party was willing to back down, the phone talk produced little progress in containing the clashes at sea.

The first wave of anti-China demonstrations broke out on May 11 when hundreds of Vietnamese protestors staged a big rally outside the Chinese Embassy in Hanoi and another 1,000 took to the streets in Ho Chi Minh City.¹⁵¹⁶ The protests quickly degenerated into violent riots targeting Chinese-looking businesses and the Chinese diaspora in Vietnam. Some 19,000 Vietnamese workers participated in protests near Ho Chi Minh City on May 13-14 and burned down dozens of foreign-owned factories displaying signs in Chinese.¹⁵¹⁷ By May 15, at least two Chinese nationals had been killed and over 100 were hospitalized as a result of the riots.¹⁵¹⁸

Amid these fatal anti-China riots, Vietnam dispatched its Deputy Foreign Minister Ho Xuan Son to China on May 13-15 but this trip did not produce any breakthrough. Beijing again refused to open higher-level talks.¹⁵¹⁹ While Beijing denied that it refused to have top-level dialogue with Hanoi,¹⁵²⁰ both civilian and military interlocutors close to the policy-making process confirmed Beijing’s rigid refusal to engage in dialogue – for two potential reasons. First, Beijing was optimistic at the outset about its ability to cope with a maritime contingency vis-à-vis Vietnam. Second, at the early stage of the incident, Chinese decision makers simply did not perceive such

¹⁵¹⁵ “China urges against Vietnamese interference in territorial water exploration,” Xinhua News Service, May 7, 2014.

¹⁵¹⁶ “Large protests in Vietnam over China oil rig,” Agence France Presse, May 11, 2014; Chris Brummitt, “Vietnam allows anti-China protest over oil rig,” Associated Press, May 11, 2014.

¹⁵¹⁷ Many damaged businesses were indeed owned by Taiwanese, Singaporeans, Japanese and South Koreans. “China issues Vietnam tourist warning after riots,” May 15, Agence France Presse, May 15, 2014; “Vietnam authorities confirm Chinese casualties in anti-China riots,” *Japan Economic Newswire*, May 15, 2014; Chris Buckley, Chau Doan and Thomas Fuller, “China Targeted by Vietnamese in Fiery Riots,” *New York Times*, May 15, 2014.

¹⁵¹⁸ “2 Chinese killed, over 100 hospitalized in Vietnam’s riot,” Xinhua News Service, May 15, 2014.

¹⁵¹⁹ “China rejects top-level dialogue with Vietnam amid territorial rows.”

¹⁵²⁰ Beijing also claimed that China had communicated through diplomatic channels with Vietnam more than 30 times “at various levels” as of June 13. Li Xiaokun, “Beijing denies refusing dialogue with Hanoi,” *China Daily*, Jun. 14, 2014.

dialogue as useful given the incompatibility of the two sides' demands – Vietnam wanted China to withdraw the oilrig, which China would undoubtedly refuse to do; conversely, China demanded Vietnam immediately stop disrupting the platform's operation, which Vietnam would certainly reject.¹⁵²¹ On May 15, Chinese Foreign Minister Wang Yi spoke on the phone again with Vietnam's Foreign Minister Pham Binh Minh, accusing Vietnam of having “an inescapable responsibility for the violent attacks of lawbreakers against Chinese enterprises and staff.” Minh informed Wang that over 1,000 suspects had been arrested while reiterating Hanoi's demand that China immediately withdraw the drilling rig and escort vessels.¹⁵²²

Beijing issued Vietnam travel warnings on May 15. The Chinese Embassy in Hanoi urged local Chinese nationals to take safety precautions and minimize unnecessary outings.¹⁵²³ Two days later, China evacuated over 3,000 Chinese nationals from Vietnam through chartered flights and vessels, with another 1,000 Chinese nationals crossing borders to take shelter in Cambodia.¹⁵²⁴ On May 18, Beijing announced to suspend part of Sino-Vietnamese bilateral exchange plans, citing fatal anti-Chinese violence as the major concern.¹⁵²⁵ As of May 21, the death toll of Chinese nationals had risen to four.¹⁵²⁶

The Cost Trade-off: International Costs Loom Large

The HD-981 incident represented a much graver situation than the 2012 Scarborough Shoal standoff in that the latter neither triggered physical clashes at sea nor resulted in fatalities. In the

¹⁵²¹ Private conversation, Beijing, July 2019; Author's interview, Nanjing, June 2019

¹⁵²² “Anti-China protests continue in Vietnam, over 1,000 arrested,” *Japan Economic Newswire*, May 16, 2014.

¹⁵²³ Denise Tsang, “China protests prompt travel warning,” *South China Morning Post*, May 15, 2014; “China issues Vietnam tourist warning after riots.”

¹⁵²⁴ “China evacuates its nationals from Vietnam after deadly unrest,” Agence France Presse, May 17, 2014; “Over 3,000 Chinese nationals evacuated from Vietnam after deadly violence,” Xinhua News Service, May 17, 2014.

¹⁵²⁵ “The Chinese side suspends part of Sino-Vietnamese bilateral exchange plans” [中方暂停中越部分双边交往计划], *Xinhua Daily Telegraph* [新华每日电讯], May 18, 2014.

¹⁵²⁶ “China firm says Vietnam riot killed four employees,” Agence France Presse, May 21, 2014; Gerry Mullany, “Vietnam: Chinese Company Says Strife Killed 4,” *New York Times*, May 22, 2014.

bilateral context, the clash was by all measures the most dangerous crisis since China and Vietnam normalized their relations.

The unprecedented mass mobilization in Vietnam adds a new dimension to China's cost calculation, that is, the security of the CPV regime. While mobilizing street protests to demonstrate resolve and force the adversary to concede appeared to be a common strategy of the CCP and CPV regimes in their crisis bargaining playbook, the prospect that the popular protests in Vietnam might turn against the CPV and trigger a color revolution in one of the few remaining socialist countries seemed to have created an incentive for Beijing to avoid boxing the CPV into a corner. Moreover, the factional politics within the CPV leadership between pro-China conservatives and pro-western reformists further heightened the risk of the former's political credentials being undermined in the event of an escalation. Therefore, there was likely a consensus emerging among Chinese decision makers amidst the clash that China needed to refrain from escalating the incident which could undermine the CPV's regime legitimacy and put the CPV conservatives in a vulnerable position. Below the top leadership, the still divergent domestic interests prevented the formation of a strong compromise-averse coalition among elites. In the Chinese public, media coverage of the incident was subject to tight control, which effectively minimized popular pressure on Beijing to retaliate against Vietnam and suggested a leadership consensus prioritizing crisis containment was in place.

On the international end, by the time the HD-981 incident took place, China found itself facing a geopolitical landscape and international public opinion which were drastically different from what it confronted during the Scarborough Shoal standoff – a perfect storm of international audience costs was in the making. In the bilateral setting, Vietnam quickly drew close to the Philippines as well as to the U.S. and Japan while mulling over the option of joining the arbitration against China. In the multilateral setting, ASEAN swiftly formed a united front by releasing a joint

statement expressing concerns about the clash. Boosted U.S. presence in the region and an explicit, firm U.S. commitment to this region only made unmistakably clear the potential costs to China should it choose to further escalate the incident.

Low Domestic Costs: Strong Consensus, Divided Stakeholders, and Controlled Publicity

A major component that lowered potential domestic costs on Beijing's decision to de-escalate was the belief shared by Chinese leaders and a substantial portion of the elites that Vietnam's anti-China riots, once out of control, would critically damage the CPV's legitimacy and probably even trigger a color revolution in Vietnam, which in turn could generate major repercussions for the CCP regime itself. A convenient excuse as it might sound, Beijing's ideology-based rationale must be understood within the broader context of how Vietnam walked a tightrope between using nationalist protests as a signal of resolve in crisis bargaining and fearing that such activity could turn the public frustration against the CPV regime itself. Although this dissertation project scrutinizes China's decision-making rationale in maritime disputes, the Vietnamese domestic political dynamic and nationalist activism and the way in which the Chinese leaders and elites assess these factors provide critical insights into understanding China's otherwise seemingly archaic and hypocritical ideology-based assertion.

Anti-China nationalism in the Vietnamese public is genuine, strong, and deeply rooted in historical grievance.¹⁵²⁷ An intriguing point which repeatedly arose in Chinese-language sources and in the author's conversations with Chinese Vietnam experts is the analogy drawn between Vietnam's anti-Chinese emotions and China's anti-Japanese sentiments. For Sino-Vietnamese relations, the burden of history is heavy.¹⁵²⁸ The burden has its root in multiple sources, many of

¹⁵²⁷ For a great reference on the history of China-Vietnam relations, see, Brantly Womack, *China and Vietnam: The Politics of Asymmetry* (New York, NY: Cambridge University Press, 2006).

¹⁵²⁸ Zhang, *Breaking the Deadlock in the South China Sea*, p. 109.

which can be dated back to the ancient Chinese tributary system. In the contemporary era, the 1974 Paracel conflict, the 1979 border clash, and the 1988 Spratly skirmish are the most recent causes of popular anti-China sentiments.¹⁵²⁹ The 1979 border skirmish, in particular, was framed by the CPV as “a fierce struggle between national independence and socialism on the one hand and aggression, expansionism, chauvinism on the other.”¹⁵³⁰ The anti-Chinese nationalism is so strong that it “has become part of Vietnam’s national narrative and identity.”¹⁵³¹ This popular nationalism flourished throughout the 2000s roughly in tandem with a boom in the use of the Internet and social media in Vietnam, which soon became the key tool used to mobilize anti-China protests from 2007 (against the Sansha plan) onwards as the South China Sea drew growing attention from the Vietnamese public.¹⁵³² A Pew opinion survey taken during April to early May in 2014 reported that 78 percent of Vietnamese respondents held “unfavorable” views on China.¹⁵³³

The agenda of anti-China nationalism, although on the surface triggered by the South China Sea dispute, has its roots in “the deep and complex problems facing Vietnam after two decades of market reform without corresponding political reform” as well as the “corrupt and oppressive [CPV] regime” which is seen as ideologically and economically “kowtowing to China.”¹⁵³⁴ In this sense, the anti-Chinese protests and riots represented a double-edged sword to the CPV: on the one hand, by initially taking a permissive approach towards the protests, Hanoi signaled its resolve to oppose what it saw as China’s violation of Vietnam’s sovereignty and demonstrated that the regime had the whole country united behind it on this issue; on the other hand, however, the CPV harbored an instinctive fear that the mass mobilization could easily turn against the regime itself,

¹⁵²⁹ Author’s interview, Haikou, April 2019.

¹⁵³⁰ Tuong Vu, “The Party v. the People: Anti-China Nationalism in Contemporary Vietnam,” *Journal of Vietnamese Studies*, vol. 9, no. 4, fall 2014, p. 39.

¹⁵³¹ Author’s interview, Guangzhou, May 2019.

¹⁵³² Vu, “The Party v. the People,” pp.42-43.

¹⁵³³ Wang and Womack, “Jawing through Crises,” p. 717.

¹⁵³⁴ Vu, “The Party v. the People,” pp. 44-45.

especially once the protests degenerated into violent riots.¹⁵³⁵ On May 15, when asked about “acts of sabotage” emerging in the riots, the Vietnamese Foreign Ministry confirmed that some individuals “took advantage of the protests to provoke disorders.”¹⁵³⁶ On the same day, Hanoi began to curb the domestic chaos by sending out text messages warning against “illegal demonstrations that could cause social and security disorder.”¹⁵³⁷

With the shared ideology, similar one-party authoritarian political systems, and the common desire to boost regime legitimacy by delivering economic growth and stoking nationalism, Beijing is no stranger to Hanoi’s playbook – and predicament. An internal lecture transcript dated 2007, which was prepared for a CCP Politburo group study session on the status of foreign communist parties, notes that after withstanding the shocks from the collapse of the socialist bloc, the remaining communist regimes in Vietnam, Laos, North Korea, and Cuba have faced extraordinary difficulty in balancing economic development with national security priorities and have tended to prioritize domestic stability. But as internal and external pressure on the communist regimes to carry out political reforms continued to grow, as stated in this lecture, the simultaneous achievement of both economic development and social stability would only become more challenging.¹⁵³⁸

¹⁵³⁵ Nhung T. Bui, “Managing anti-China nationalism in Vietnam: evidence from the media during the 2014 oil rig crisis,” *The Pacific Review*, vol. 30, no. 2, 2017, p. 180; Wang and Womack, “Jawing through Crises,” p. 718.

¹⁵³⁶ Vietnam Ministry of Foreign Affairs, “Regular Press Briefing by MOFA’s Spokesperson Le Hai Binh On May 15, 2014,” http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns140516233943, accessed Jun. 8, 2019

¹⁵³⁷ “China defiant as US warns over deadly Vietnam riots,” Agence France Presse, May 16, 2014; Jane Perlez, “Vietnam Issues Stern Warning on Protest Violence Amid Standoff with China,” *New York Times*, May 18, 2014; “Vietnam groups call for more anti-China protests,” Agence France Presse, May 17, 2014.

¹⁵³⁸ Chai Shangjin [柴尚金], “Status and outlook of communist parties in foreign countries” [国外共产党现状及前景], *Central Politburo Group Study Materials, Tsinghua University History Lectures, Peking University Chinese Studies Lecture* [中央政治局集体学习资料、清华大学历史讲座、北京大学国学讲座], Compiling and editing group of internal talks and reports and Zhongnanhai lectures on history and culture [《内部讲座及专题报告》、《中南海历史文化讲座》编辑组], September 2007, vol. 2, internal materials, p. 774.

In Beijing's perception – and Hanoi's alike – the threat to the CPV's regime security loomed large as the riots heightened the risk of the situation being opportunistically used by political dissidents in Vietnam for anti-regime agendas.¹⁵³⁹ Even though ideology is no longer the sole or the most important factor in post-Mao China's foreign policy making, it remains “a fundamental issue that needs to be taken into consideration” when formulating China's policies toward its ideological allies. As a Chinese military analyst put it plainly, “Recall the ‘four good’ principle that defines the Sino-Vietnamese relationship – good neighbors, good friends, *good comrades*, and good partners. The term ‘good comrades’ captures the special orientation of the relationship, meaning ideology remains a major pillar...Beijing wants to prevent a color revolution in Vietnam no less earnestly than the CPV itself.”¹⁵⁴⁰ Meanwhile, the CCP's growing sensitivity under Xi Jinping to its own regime legitimacy reinforced the imperative to prioritize the survival of an ideological ally.¹⁵⁴¹ As noted by a knowledgeable Chinese source, “With the CPV being one of the few ruling communist parties, it would be a serious shock to the CCP itself should Vietnam undergo a regime change; and indeed, look at the way China orders the three pillars of its core interests – the security of the political system comes first, territorial integrity and sovereignty second.”¹⁵⁴² Therefore, maritime disputes notwithstanding, Beijing does not see a regime collapse in Vietnam as being in the core interests of the CCP regime either. According to Cheng Hanping, a Vietnam expert at Nanjing University's South China Sea Center, in making its decisions during the HD-981 incident, Beijing sought to strike a balance between the goals of “effectively protecting

¹⁵³⁹ Bui, “Managing anti-China nationalism in Vietnam,” p. 180; John D. Ciorciari and Jessica Chen Weiss, “Nationalist Protests, Government Responses, and the Risk of Escalation in Interstate Disputes,” *Security Studies*, Vol. 25, 2016, p. 578; author's interviews, Haikou, April 2019; Beijing, May, June and July 2019; Guangzhou, May 2019.

¹⁵⁴⁰ Author's interview, Beijing, June 2019.

¹⁵⁴¹ Suisheng Zhao, “The Ideological Campaign in Xi's China: Rebuilding Regime Legitimacy,” *Asian Survey*, vol. 56, issue 6, 2016, pp. 1168-1193.

¹⁵⁴² Author's interview, Guangzhou, May 2019.

China's maritime sovereignty and rights" on the one hand and "preventing the situation in Vietnam from spinning out of control to an extent that the CPV regime would be toppled" on the other.¹⁵⁴³

On the premise of ensuring the CPV's regime survival, Beijing also needed to prevent the pro-China conservatives from being seriously weakened as a result of the clash. In other words, factional politics within the CPV leadership was at play in shaping the Chinese leadership's consensus that the crisis must be contained. Beijing learned the ramifications of the CPV's factional politics for Sino-Vietnamese relations the hard way. The 1979 Sino-Vietnamese border skirmish not only stoked lasting anti-China sentiments in Vietnam and prompted rampant repression against people of Chinese descent but also led to a massive purge within the CPV. According to one account, some 20,000 known and perceived pro-China conservatives were purged from the party and the government.¹⁵⁴⁴ A Chinese military scholar summarized the lesson Beijing learned from this episode of history, "Worsening China-Vietnam relations would put the pro-China faction in a highly vulnerable position, and we saw such a situation happened before. That took a huge toll on the relationship."¹⁵⁴⁵ Not until the end of the Cold War were the two countries able to normalize their relations. Since then Beijing appears to have viewed the pro-China faction as a political asset that China needs to sustain and support. More importantly, by the time the clash took place, the CPV's 12th Party Congress was less than two years away, should China choose to continue to exert pressure on Vietnam, it might put the pro-China faction in a difficult situation. According to Carlyle Thayer, China's withdrawal of the HD-981 "should

¹⁵⁴³ Gu Qi [谷齐], "What is China's trump card in countering Vietnam?" [中国反制越南的王牌是什么?], *Shanghai Observer*, Sept. 24, 2014, <https://www.jfdaily.com/news/detail?id=1593>, accessed Jun. 30, 2019.

¹⁵⁴⁴ Pierre Asselin, *Vietnam's American War: A History* (Cambridge: Cambridge University Press, 2018), p. 243.

¹⁵⁴⁵ Author's interviews, Beijing, Jun. 2019.

strengthen the hands of the ‘pro-China’ or accommodationist faction with the Vietnam Communist Party.”¹⁵⁴⁶

Concerns about CPV’s regime security and factional politics within the CPV considerably limited China’s policy options. Amid the clash, a commentary published in late June by the Shanghai Institute for International Studies (SIIS) acknowledged that this ideological concern had “placed significant constraints on the countermeasures China can employ against Vietnam.”¹⁵⁴⁷ This point of view is consistent with information from interviews with Chinese analysts from both civilian and military institutions. As noted by a PLA researcher, “We have a set of policy tools and can pick whatever we think is most effective when taking countermeasures against the Philippines. But in the case of Vietnam, our hands are tied in the sense that not every tool is useable given the ideological consideration and our desire not to squeeze the CPV to the point of a regime collapse.”¹⁵⁴⁸ Likewise, a civilian Vietnam expert observed that “the goal of preventing a color revolution [in Vietnam] has considerably reduced the countermeasures China can use.”¹⁵⁴⁹

On the whole, the PLA maintained a restrained approach during the clash, occasionally peppered with seemingly hardline rhetoric. On May 15, at a joint press conference in Washington with U.S Joint Chiefs of Staff Chairman Martin E. Dempsey, then PLA’s Chief of the General Staff Fang Fenghui stated, “What we are going to do is to make sure the safety of the oilrig and ensure the operation keep going on...and not be interfered or disrupted by external factors.” China,

¹⁵⁴⁶ Carl Thayer, “4 Reasons China Removed Oil Rig HYSY-981 Sooner Than Planned,” *The Diplomat*, Jul. 22, 2014, <https://thediplomat.com/2014/07/4-reasons-china-removed-oil-rig-hysy-981-sooner-than-planned/>, accessed Jun. 30, 2019.

¹⁵⁴⁷ “Where does Vietnam’s courage comes from?” [越南的底气何在?], Jun. 24, 2014, <http://en.siis.org.cn/Research/Info/1159>, accessed Jun. 30, 2019. Emphasis added.

¹⁵⁴⁸ Author’s interview, Beijing, June 2019.

¹⁵⁴⁹ WeChat message correspondence, July 2019.

Fang added, “cannot afford to lose even an inch [of its territory].”¹⁵⁵⁰ Equally notable that day was the PLA’s swift rebuttal of rumors that the alert level of Chinese troops in the China-Vietnam border areas had been raised to combat readiness.¹⁵⁵¹ Four days later, when meeting with his Vietnamese counterpart in Naypyidaw, China’s Defense Minister Chang Wanquan called on Vietnam to “bear in mind the overall interests of the Sino-Vietnamese friendship, and stop making mistakes one after another that could eventually culminate in a disaster.”¹⁵⁵² Although Chang’s remarks may sound like a message of warning, the appeal to “the broad interests of the Sino-Vietnamese friendship” (中越友好大局) subtly contrasts the unspecified reference to “the broad interests” (大局) that Chang’s predecessor Liang Guanglie used when meeting with Philippine’s Defense Secretary Gazmin during the Scarborough incident.

Provincial stakeholders, especially Hainan and Guangxi, remained far apart with respect to the South China Sea. For Hainan, expanding offshore energy E&P in the area was not only key to the sustained growth of its pillar industries, but also instrumental to the province’s aspiration of establishing itself as a Hawaii-style resort tourism island, a development strategy launched in 2010. To achieve this goal, clear energy, primarily natural gas, will have to be increased to count for 50 percent of the island’s total energy consumption by 2020.¹⁵⁵³ These ambitious goals

¹⁵⁵⁰ “News Transcript: Joint Chiefs of Staff Chairman General Martin E. Dempsey and People’s Liberation Army of China Chief of the General Staff General Fang Fenghui,” May 15, 2014, <https://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=5432>, accessed Jun. 21, 2019.

¹⁵⁵¹ “Official Weibo of the *PLA Daily*: That PLA troops in China-Vietnam border areas raised the alert level to combat readiness is false information” [军报官微: 解放军在中越边境部队进入三级战备为假消息], *China Daily*, May 15, 2014, https://world.chinadaily.com.cn/2014-05/15/content_17510954.htm, accessed Nov. 26, 2019; “Report: PLA troops in the China-Vietnam border area raised the alert level to combat readiness” [报道: 中越边境解放军三级战备], *Mingpao* [明報], May 15, 2014, <https://news.mingpao.com/ins/%E5%85%A9%E5%B2%B8/article/20140515/s00004/1400121909193/%E5%A0%B1%E9%81%93-%E4%B8%AD%E8%B6%8A%E9%82%8A%E5%A2%83%E8%A7%A3%E6%94%BE%E8%B%8D%E4%B8%89%E7%B4%9A%E6%88%B0%E5%82%99>, accessed Nov. 26, 2019.

¹⁵⁵² “Chang Wanquan meets with Commander-in-Chief of Myanmar Army and Vietnam’s Defense Minister respectively” [常万全分别会见缅甸国防军总司令、越南国防部长], *PLA Daily*, May 20, 2014.

¹⁵⁵³ From 2005-2015, the average ratio of clean energy in the province’s total energy consumption is 28.5 percent. From 2010-2013, the ratio of natural gas floated between 20-25 percent. “Guideline for Hainan’s international tourism

notwithstanding, Hainan had been facing a growing shortage of natural gas supplies that critically constrained its simultaneous pursuit of industrial development and a clean-energy driven tourism economy. In 2011, Hainan's total consumption of natural gas reached five billion cubic meters (bcm), supplied mostly from offshore gas fields in the vicinity of the province. This quantity was still insufficient to meet the demands of industrial consumption. The province projected that consumption would climb to eight bcm by 2015, creating a three-bcm shortage even if supplies remained stable.¹⁵⁵⁴ As a result, Hainan had long forcefully lobbied the central government for greater support for its energy agenda regarding the South China Sea.¹⁵⁵⁵ In a set of policy proposals that the Hainan delegation submitted to the NPC plenum in March 2013, the first item on the list was a request to accelerate and expand energy E&P in both “uncontested sea areas” and China’s “effectively controlled areas” in the South China Sea.¹⁵⁵⁶ In the province’s 12th Five-Year Plan (2011-2015), the reference to the Paracels and Spratlys was more explicit as the provincial authorities outlined the objective to “proactively and steadfastly develop tourism in the Paracels, construct the Paracel fishery logistical base...[and] strive to explore (争取开发) deep-sea oil and gas resources.”¹⁵⁵⁷

island construction and development planning (2010-2020) (executive summary)” [海南国际旅游岛建设发展纲要 (2010-2020) (摘要)], Department of Finance of Hainan Province, Feb. 2, 2013, http://mof.hainan.gov.cn/czt/zwx/jhgh/201302/t20130225_911896.html; “Historical development energy industry as in energy efficiency leading the new fashion” [能源事业历史性发展节能降耗引领新风尚], Hainan Provincial Bureau of Statistics, Sept. 21, 2019, http://stats.hainan.gov.cn/tj/tjfx/zfx/201909/t20190920_2675299.html. Both accessed Nov. 27, 2019.

¹⁵⁵⁴ Liang Zhenjun [梁振君] and Wei Mengjun [韦孟君], “E&P in the South China Sea badly needs to be accelerated” [南海油气资源开发亟待提速], *Hainan Daily*, Aug. 15, 2012.

¹⁵⁵⁵ See, for example, “Plan for developing the South China Sea and constructing Hainan strategic base,” pp. 155-165; Crisis Group, *Stirring up the South China Sea (IV)*, p. 9.

¹⁵⁵⁶ Du Ying [杜颖] and Li Yahui [李亚辉], “A review of the seven key words in Hainan delegation’s policy proposals in 2013” [2013 海南代表团议案建议七大关键词], *Hainan Daily*, Mar. 2, 2014.

¹⁵⁵⁷ “Material: full text of Hainan Province’s ‘12th Five-Year plan’ (2011-2015)” [资料: 海南省“十二五”规划纲要全文 (2011-2015 年)], ce.cn [中国经济网], Jun. 11, 2012, http://district.ce.cn/zt/zlk/bg/201206/11/t20120611_23397296_5.shtml, accessed Nov. 27, 2019.

Apart from its growing appetite for natural gas, Hainan's push for enhancing offshore E&P was driven by its increasingly drained fiscal resources as a result of the province's expanding maritime rights protection responsibilities in the South China Sea. Shortly after the HD-981 incident, Hainan articulated its plan to officially appeal to the NPC for a greater share of tax revenues generated by offshore E&P activities in the sea areas administered by the province. Hainan perceived the establishment of Sansha in 2012 as consolidating its administration over the South China Sea and relevant land features. To fulfill its maritime administration and rights protection responsibilities, argued the provincial authorities, Hainan had "established relevant institutions, conducted administrative and law enforcement management to maintain order in the sea areas under the province's jurisdiction, as well as provided supplies and services to troops and enterprises." However, under the current central-local revenue sharing system, "Hainan lacks stable resources to cover its expenditures on maritime administration." Therefore, Hainan concluded, the locality should be entitled to a larger share of tax revenues generated from offshore E&P activities in the sea areas under Hainan's jurisdiction.¹⁵⁵⁸

While CNOOC has long allied with Hainan in the advocacy for expanding and accelerating E&P in the South China Sea, the energy sector's attitude during the clash appeared to be mixed at best. Aside from being Hainan's longtime key investor and major supplier of natural gas, CNOOC was closely connected with Hainan politically – through the party-state nomenclature system.¹⁵⁵⁹

¹⁵⁵⁸ "Hainan delegation plans to submit a proposal to NPC, calling for resource tax revenues generated in Hainan-administered sea areas going to the locality" [海南代表团拟向大会提交建议, 将海南所辖海域油气田资源税划归地方收入], *Hainan Daily*, Mar. 5, 2015.

¹⁵⁵⁹ A prime case is Wei Liucheng, Hainan's governor and party chief from 2003-2011, was the CEO of CNOOC before being appointed to head the province and had worked on E&P in the South China Sea from 1982-1993. By the time Wei retired from the provincial position, CNOOC's investment in Hainan had reached 40 billion RMB. "Resume of Comrade Wei Liucheng" [卫留成同志简历], last updated February 2007, <http://www.people.com.cn/GB/shizheng/252/9667/9684/2148321.html>; "Construction of Hainan's 3 million-ton per year LNG kick off" [海南 300 万吨 / 年 LNG 项目开工], *Chinanews.com*, Nov. 3, 2011, <http://www.hi.chinanews.com/hnnew/2011-08-03/165064.html>; "Wei Liucheng bowed three times in an emotional farewell to his eight-year career in Hainan" [卫留成三次鞠躬动情告别八年海南生涯], *ifeng.com*, Aug. 25, 2011,

In May 2012, CNOOC staged a grand celebration for the commissioning of HD-981, which the company hailed as a “mobile national territory” at sea to protect China’s sovereignty.¹⁵⁶⁰ Despite CNOOC’s ownership of the platform, it was CNPC that leased the oilrig for this specific drilling operation near the Triton island.¹⁵⁶¹ Thus, CNPC was financially liable for any platform damages that occurred during the deployment. Amid the clash, CNPC was “very nervous” that it would bear huge economic costs if the one-billion-U.S. dollar platform was damaged.¹⁵⁶² What probably made the HD-981 gambit look even more cost ineffective and commercially imprudent was the fact that, as noted earlier in this section, the Paracel area was not promising in terms of hydrocarbon resource reserves. As a Chinese source affiliated with a government think tank put it, “The deployment was not a business decision – there is not much energy resource in that area.”¹⁵⁶³

On the other hand, Guangxi (and Yunnan although to a lesser extent) stood out as the primary provincial beneficiary of the booming economic ties between China and ASEAN in the first decade of the 21st century and thus represented a staunch protagonist for a stable Sino-Vietnamese relationship. For Guangxi, the China-ASEAN FTA enacted in 2010 presented it with another great opportunity to boost the local economy. In its 12th Five-Year Plan (2011-2015), the province laid out a development strategy to transform itself into China’s southwestern economic hub and a gateway to Southeast Asia. Guangxi clearly understood the importance of Vietnam in this strategy

http://news.ifeng.com/mainland/special/dangweiwanjie/content-3/detail_2011_08/25/8686923_0.shtml. All accessed Nov. 25, 2019.

¹⁵⁶⁰ Cheng Yujie [程宇婕], “HYSY 981 made its first successful drilling in the South China Sea” [“海洋石油 981”南海首钻成功], *China Energy News*, May 14, 2012.

¹⁵⁶¹ Zhang Liangfu [张良福], “Mainland China’s South China Sea policy and implementation” [中国大陆的南海政策作为], in Liu Fu-kuo [刘复国] and Wu Shicun [吴士存], ed., *2014 Assessment Report on the Situation in the South China Sea* [2014 年南海地区形势评估报告] (Taipei: Institute of International Relations National Chengchi University, 2015), p. 29; Zhang Jie [张洁], “China’s Regional Security Environment : Change, Construction and Challenges” [中国周边安全形势：变化、构建与挑战], in Zhang Jie., ed., *China’s Regional Security Environment Review: 2015* [中国周边安全形势评估 (2015)], p. 020.

¹⁵⁶² Author’s interviews, Beijing, June 2019.

¹⁵⁶³ Author’s interview, Beijing, June 2019.

in the sense that “to integrate with ASEAN requires good integration with Vietnam in the first place.”¹⁵⁶⁴ Vietnam remained Guangxi’s top trading partner. The two-way trade between Guangxi and Vietnam in 2013 hit a historical high at more than \$10 billion, counting for 80 percent of Guangxi’s total trade with ASEAN. Over 90 percent of the Guangxi-Vietnam trade was small-scale border trade.¹⁵⁶⁵

Conversely, when Sino-Vietnamese relations soured, Guangxi was the first to bear the brunt. Amid the bilateral tensions surrounding HD-981, Guangxi’s border trade with Vietnam witnessed “a serious cooling.” Guangxi’s trade volume for May 2014 – the first month of the clash – dropped by more than eight percent from April.¹⁵⁶⁶ What made the China-Vietnam tensions appear more concerning to Guangxi was the fact that the province was in the final phase of a decade-long preparation for two cross-border economic cooperation zones (CBEZs), the construction of which was slated to start in the second half of 2014.¹⁵⁶⁷

While Guangxi avoided openly complaining about the negative impacts of the oilrig incident, there were signs of a quiet push for avoiding further disruption and restoring the trade flow to normal levels. At the Pan Beibu Gulf Economic Cooperation Forum in Nanning on May 16, Guangxi highlighted the CBEZs initiative as an innovation that “upgraded” the China-ASEAN FTA while showcasing Sino-Vietnamese friendship, developing the frontier, and enriching the

¹⁵⁶⁴ “Material: full text of Guangxi Province’s ‘12th Five-Year plan’ (2011-2015)” [资料: 广西“十二五”规划纲要全文 (2011-2015 年)], ce.cn, http://district.ce.cn/zt/zlk/bg/201206/05/t20120605_23382822_5.shtml, Jun. , 2012, accessed Nov. 28, 2019; Pan Yuyue [盘聿月], “For Guangxi, to integrate with ASEAN requires integration with Vietnam in the first place” [广西对接东盟先要对接好越南], *Guangxi Daily*, Dec. 14, 2010.

¹⁵⁶⁵ *2014 Annual Report of Vietnam’s Conditions*, p. 078.

¹⁵⁶⁶ “China-Vietnam border trade cools amid bilateral tension,” Xinhua News Service, Jun. 12, 2014.

¹⁵⁶⁷ The CBEZ mechanism was initially proposed in 2005 by border city authorities in Guangxi and elevated to a provincial initiative in 2007. Progress was slow due to the need to clear policy issues such as border controls and foreign currency regulations that were under the central government’s purview. During Li Keqiang’s 2013 visit to Hanoi, national governments of both countries agreed to accelerate the CBEZ initiative. *2014 Annual Report of Vietnam’s Conditions*, pp. 082-083; China-ASEAN Research Institute of Guangxi University [广西大学中国-东盟研究院], “Opportunities and Challenges for China-Vietnam CBEZ and solutions” [中越跨境经济合作区建设的机遇、挑战及对策分析], Apr. 17, 2014, <http://cari.gxu.edu.cn/info/1087/1789.htm>, accessed Nov. 29, 2019.

people in the frontier regions.¹⁵⁶⁸ In mid-June, the province applauded the central government's approval of a pilot program in Dongxing, one of Guangxi's border ports participating in the CBEZs. This pilot program was designed to facilitate border trade by allowing locally registered Chinese businesses and individuals to exchange Renminbi and Vietnamese Dong without being subject to China's foreign currency purchasing restrictions.¹⁵⁶⁹ As Womack noted in an earlier study on China-Vietnam border trade, by transforming the border areas into interconnected economies and by creating an asset and a constituency, thriving border trade between the two countries had served as a stabilizing force even though it was "not yet a strong enough factor to predetermine bilateral relations."¹⁵⁷⁰

Guangxi seemed to also have allies in at least three key central government bureaucracies that were directly involved in the management of the HD-981 clash. First, the Central Propaganda Department that oversaw the country's media propaganda was at the time headed by Liu Qibao, who pushed through several major economic cooperation initiatives between Guangxi and Vietnam during his term as the deputy party chief and later party chief of Guangxi from 2000-2007, as detailed in chapter 7. Second, the Chinese Ministry of Commerce (MOFCOM) which weighed in on May 16 when the Commerce Minister Gao Hucheng, formerly a vice governor of Guangxi from 2002-2003, met with his Vietnamese counterpart and urged Hanoi to repair economic and trade cooperation.¹⁵⁷¹ Third, the Ministry of Public Security (MPS) was then headed by Guo Shengkun, who, like Liu and Gao, had substantial experience in Guangxi as the province's

¹⁵⁶⁸ Jian Wenxiang [简文湘], "Trade spearheads regional cooperation – a recap of the Pan Beibu Gulf trade and investment seminar" [区域合作贸易先行——泛北贸易与投资专题研讨会综述], *Guangxi Daily*, May 20, 2014.

¹⁵⁶⁹ Huang Xingzhong [黄兴忠], "Renminbi and Vietnamese Dong special exchange program launched in Dongxing experimental zone" [人民币与越南盾特许兑换试水东兴试验区], *Guangxi Daily*, Jun. 10, 2014.

¹⁵⁷⁰ Brantly Womack, "Sino-Vietnamese Border Trade: The Edge of Normalization," *Asian Survey*, vol. 34, no. 6 (Jun. 1994), p. 512.

¹⁵⁷¹ "Chinese ministry condemns violence in Vietnam," Xinhua News Service, May 16, 2014.

deputy party chief and later party chief from 2004-2012. Guo weighed in on May 17, telling his Vietnamese counterpart that whether this incident could be handled effectively would be a test of the long-term close cooperation between the two countries' public security ministries.¹⁵⁷² It is equally noteworthy that the MPS had de facto control over the Chinese coast guard after the 2013 consolidation, as detailed in Chapter 3.

Quite notably in the propaganda arena, contrasting its permissive approach toward domestic media coverage on the Scarborough Shoal standoff, Beijing tightened control over the coverage of the HD-981 incident in both state and popular commercial media (Table 8.1). The restricted media coverage and the resulting low publicity of the clash considerably reduced popular attention and potential backlash should Beijing decide to put up with the fatalities and de-escalate the tensions. On May 22, *Nikkei* disclosed that China's domestic media was instructed by the authorities to "be cautious" in the coverage of the confrontation between Chinese and Vietnamese ships while "no such directives regarding the Philippines" had ever been issued.¹⁵⁷³ This report is consistent with information unearthed in later scholarly writings. According to Wang and Womack, between May 7-18 the Chinese propaganda authorities issued four policy directives instructing domestic media to strictly adhere to the official tone by using only information from Xinhua or MFA. News editors and administrators were instructed to "tone down their voice" on hardline articles and delete online posts discussing the anti-China riots.¹⁵⁷⁴

¹⁵⁷² "Guo Shengkun talks with Vietnam's public security minister on phone, demanding Vietnam to severely punish law breaks, and protect the safety of China's businesses and personnel in Vietnam" [郭声琨与越南公安部部长通话要求越方严惩不法分子确保我在越企业和人员生命财产安全], *People's Public Security Newspaper* [人民公安报], May 18, 2014.

¹⁵⁷³ Shimada Gaku, "China tests US mettle in South China Sea," *Nikkei Asian Review* (Japan), May 22, 2014.

¹⁵⁷⁴ Wang and Womack, "Jawing through Crises," p.721.

At the same time, Philippine's arrest of eleven Chinese fishermen in the Half Moon Shoal on May 7 provided a fortuitous distraction from the clash and riots.¹⁵⁷⁵ With the restrictions on covering the HD-981 clash, the hardline voices then focused on the Philippines.¹⁵⁷⁶ Indeed, between May 9-13 – the peak of the anti-China riots in Vietnam – both the *People's Daily* and the *PLA Daily* unleashed harsh criticism on the Philippines, labeling the country the “well-deserved No.1 pot-stirrer in the South China Sea.”¹⁵⁷⁷

International Audience Costs Running High in both Bilateral and Multilateral Settings

On the international stage, the HD-981 incident occurred at a time when China was clearly facing surging audience costs that stemmed from both the bilateral and multilateral settings. In the bilateral setting, the traditional approach of compartmentalizing the South China Sea issue from the overall Sino-Vietnamese relations became increasingly shaky in the shadow of the fatal anti-China riots as well as the drop in border trade. The prospect that Vietnam might join the Philippines in seeking an international arbitration represented a particularly alarming sign to Beijing about the potentially huge diplomatic and reputational costs. Vietnam's first warning came on May 22 when its Prime Minister Nguyen Tan Dung openly stated during his visit to Manila that Hanoi was “considering various defense options, including legal actions in accordance with the international law.”¹⁵⁷⁸ A week later, when speaking at the Shangri-La Dialogue, Vietnam's Defense Minister General Phung Quang Thanh demanded that China remove the oilrig immediately, adding that a

¹⁵⁷⁵ Carmela Fonbuena, “PH arrests 11 Chinese fishermen off Palawan,” *Rappler*, May 7, 2014, <https://www.rappler.com/nation/57456-missing-chinese-fishermen-half-moon-shoal>, accessed Nov. 26, 2019.

¹⁵⁷⁶ Gaku, “China tests US mettle in South China Sea.”

¹⁵⁷⁷ Li Bin [李斌], “The Philippines has overplayed its hands with bluffing” [菲律宾狐假虎威过了头], *PLA Daily*, May 11, 2014; Hou Yi [侯毅], “Who is destroying peace and orders in the South China Sea” [谁在破坏南海和平秩序], *PLA Daily*, May 13, 2014; Su Xiaohui [苏晓晖], “The Philippines should not expect China to swallow the bitter fruit” [菲律宾别指望中国会吞苦果], *People's Daily* (overseas edition), May 13, 2014.

¹⁵⁷⁸ Jim Gomez, “Vietnam threatens legal action against China,” Associated Press, May 22, 2014.

legal move would be a “last resort.”¹⁵⁷⁹ Shortly after Thanh’s speech, Vietnam’s Deputy Defense Minister Nguyen Chi Vinh told media that Beijing requested Hanoi avoid taking the bilateral maritime dispute to an international tribunal.¹⁵⁸⁰

Evaluating the Sino-Vietnamese communication regarding Hanoi’s threat to initiate an arbitration is difficult due to a scarcity of open-source information on this issue. Interviews with civilian and military analysts confirmed that Beijing was disturbed by Vietnam’s threat. As a PLA analyst noted, “After the Philippines initiated the arbitration, China began to pay close attention to international public opinion. Because Nguyen Tan Dung sounded quite unyielding when making the threat [of initiating an arbitration], China took great pains to prevent Vietnam from pursuing that path.”¹⁵⁸¹ Even though there was a lingering optimism that “Vietnam as a socialist country might consider more factors than the Philippines and would probably not go so far as to resort to international arbitration,” Beijing could not simply dismiss such a possibility; instead, “preventive measures” were taken, according to a civilian analyst.¹⁵⁸²

What appeared even more worrisome to Beijing than the prospect of a Vietnam-initiated arbitration was the mounting costs on the ASEAN and the U.S. fronts. Sharply contrasting its failure to even deliver a joint communique during the Scarborough Shoal standoff, ASEAN this time made a quick, powerful pushback. On May 10, ASEAN foreign ministers convening in Naypyidaw issued a joint statement expressing “serious concerns over the on-going developments in the South China Sea.”¹⁵⁸³ This statement was the first stand-alone joint statement ASEAN had issued on the South China Sea dispute since the last one which was issued following the 1995

¹⁵⁷⁹ Chua Chin Hon, “Vietnam: Taking China to court ‘last resort,’” *Strait Times*, Jun. 1, 2014, <https://www.straitstimes.com/singapore/vietnam-taking-china-to-court-last-resort>, accessed Jul. 21, 2019.

¹⁵⁸⁰ Kristine Kwok, “China keen to avoid court, says Vietnam,” *South China Morning Post*, Jun. 2, 2014.

¹⁵⁸¹ Private conversation, Beijing, July 2019.

¹⁵⁸² Author’s interview, Haikou, April 2019.

¹⁵⁸³ “ASEAN Foreign Ministers’ Statement on the Current Developments in the South China Sea,” May 10, 2014, Nay Pyi Taw, <https://asean.org/asean/asean-structure/asean-summit/#99eddc04cd6d2f250>, accessed May 22, 2019.

Mischief Reef incident.¹⁵⁸⁴ The next day, the leaders of the ASEAN countries issued the Nay Pyi Taw Declaration after the summit, explicitly stating the common goal to boost ASEAN unity and solidarity and to strengthen the organization’s “central role in maintaining and promoting peace, stability, harmony and prosperity in the region.”¹⁵⁸⁵

The prompt ASEAN pushback was also a reflection of the repercussions of the East China Sea ADIZ in the context of the South China Sea disputes. In addition to reaffirming commitment to freedom of navigation, the May 10 ASEAN foreign ministers’ joint statement underscored the importance of maintaining freedom of overflight above the South China Sea – a principle that was endorsed in the DOC but had not loomed large as a real issue in the South China Sea context until the East China Sea ADIZ was declared.¹⁵⁸⁶ Beijing’s seemingly open-ended approach toward the prospect of a South China Sea ADIZ only intensified ASEAN’s unease.¹⁵⁸⁷ The first pushback from ASEAN against a potential South China Sea ADIZ came even earlier than the May 10 joint statement. In December 2013, less than a month after Beijing declared the East China Sea ADIZ, Tokyo held a special summit with ASEAN countries to mark the 40th anniversary of Japan-ASEAN friendship. The summit gave a high priority to promoting “[f]ree and safe maritime navigation and aviation” and strengthening Japan-ASEAN cooperation to ensure the freedom of overflight.¹⁵⁸⁸

¹⁵⁸⁴ Zhang Liangfu [张良福], “The Mainland China’s South China Sea policy and act” [中国大陆的南海政策作为], in Liu Fu-Kuo [刘复国] and Wu Shicun [吴士存], ed., *South China Sea Regional Situation Assessment Report 2014* [2014年南海地区形势评估报告] (Taipei: Taiwan Center for Security Studies, 2015), p. 32.

¹⁵⁸⁵ “Nay Pyi Taw Declaration on Realization of the ASEAN Community by 2015,” May 11, 2014, <http://asean.org/wp-content/uploads/2012/05/24th-NPT-Declaration.pdf>, accessed May 22, 2019.

¹⁵⁸⁶ “ASEAN Foreign Ministers’ Statement on the Current Developments in the South China Sea.”

¹⁵⁸⁷ When asked if a South China Sea ADIZ was under consideration during a press conference on November 27, 2013, Chinese Foreign Ministry’s spokesperson Qin Gang stated, “China would establish other ADIZs at the right time after relevant preparation work is completed.” On December 9, when commenting on Japan and Philippine’s concerns about China establishing a South China Sea ADIZ, Chinese Foreign Ministry’s spokesperson Hong Lei claimed that Beijing was “determined to safeguard national security” and that “no country should make comments on this matter.” “MFA spokesperson Qin Gang holds press conference November 27, 2013” [2013年11月27日外交部发言人秦刚主持例行记者会], MFA, <http://ge.china-embassy.org/chn/fyrth/t1103134.htm>, accessed Jun. 8, 2019; “China dismisses Japan’s opposition to South China Sea ADIZ,” Xinhua News Service, Dec. 9, 2013.

¹⁵⁸⁸ “Joint Statement of the ASEAN-Japan Commemorative Summit ‘Hand in hand, facing regional and global challenges,’” Dec. 15, 2013, https://www.mofa.go.jp/region/page3e_000132.html, accessed Jun. 8, 2019.

The summit, as some Chinese analysts perceived it, represented “Japan’s attempt to use ASEAN to balance against China.”¹⁵⁸⁹

ASEAN’s demonstration of its growing unity in balancing China in the South China Sea was highly alarming for Beijing because “even though a cooperative ASEAN is of limited use, an uncooperative ASEAN could be very destructive.”¹⁵⁹⁰ On May 10, in response to the ASEAN foreign ministers’ joint statement, the Chinese foreign ministry’s spokesperson Hua Chunying reiterated Beijing’s position that the South China Sea is not an issue in China-ASEAN relations and criticized unspecified “one or two countries” for attempting to use the issue to harm the “overall friendship and cooperation between China and the ASEAN.”¹⁵⁹¹ On May 19, in criticizing ASEAN Secretary General Le Luong Minh’s vow to “get China out of the [Vietnamese] territorial waters,” Beijing again explicitly urged ASEAN not to take sides in the Paracel controversy but “to stay neutral and take practical actions to protect and maintain the development of the China-ASEAN relationship.”¹⁵⁹² The strong rhetoric notwithstanding, the Chinese foreign policy community was anxious about the emerging united front of ASEAN. NISCSS highlighted the concern in its 2014 annual report:

This is the first time that ASEAN has reached a consensus on the South China Sea issue. In a sense, the statement on the South China Sea demonstrates ASEAN’s support for Vietnam...[and] has far-reaching implications. This statement has also demonstrated the internal unity of ASEAN in facing growing tensions in the South

¹⁵⁸⁹ Zhao Yi [赵毅], “Assessment of the trend in ASEAN’s internal and external relations” [东盟内外关系走向评估], in Qin Tian [秦天] and Xiao Tianliang [肖天亮], ed. *International Strategic Relations and China’s National Security 2013-2014* [国际战略形势与中国国家安全 2013-2014] (Beijing: Guofang daxue chubanshe, 2014), p. 73.

¹⁵⁹⁰ Zhang Jie [张洁] and Zhu Bing [朱滨], “The South China Sea factor in China-ASEAN relations” [中国-东盟关系中的南海因素], *Contemporary World* [当代世界], issue 8, 2013, p. 52.

¹⁵⁹¹ “MFA spokesperson Hua Chunying answers reporter’s question regarding the ASEAM foreign ministers’ statement on the South China Sea issue” [外交部发言人华春英就东盟外长会发表南海问题声明答记者问], May 10, 2014, <https://www.fmprc.gov.cn/ce/cedk/chn/fyrth/t1154605.htm>, accessed Nov. 30, 2019.

¹⁵⁹² “China demands ASEAN neutrality over South China Sea,” *China Daily*, May 19, 2014; Rachel Chang, “China slams Asean sec-gen for remarks on sea spat; It accuses the official from Vietnam of ‘violating Asean’s neutrality,’” *Strait Times*, May 20, 2014.

China Sea, suggesting a minimalist ‘united front’ has been established against unilateral actions in the South China Sea taken by the mainland [China].¹⁵⁹³

This assessment resonated with evaluations by other research institutions. CICIR noted in its own annual report that “there is a burgeoning tendency among littoral states of the South China Sea to ‘coalesce against China’ (联合对华).”¹⁵⁹⁴ The PLA’s NDU annual analysis similarly noted that it was “extremely rare for ASEAN as a regional organization to attempt to play a role in the China-Vietnam Paracel dispute;”¹⁵⁹⁵ and the fact that ASEAN’s attention extended from maritime domain to include the airspace underscored “the unspoken worry that ASEAN countries have about China’s South China Sea policy.”¹⁵⁹⁶

For Beijing, ASEAN’s emerging internal unity also underscored Malaysia’s changed attitude. As one of the founding countries of ASEAN, Malaysia had traditionally been viewed by Beijing as politically useful in China’s diplomacy toward ASEAN.¹⁵⁹⁷ Even after the 2009 Malaysia-Vietnam joint submission to UNCLCS, China and Malaysia had managed to maintain an overall positive relationship and had kept the ramifications of their conflicting claims in the South China Sea at bay.¹⁵⁹⁸ In 2013-2014, however, Chinese analysts came to see Kuala Lumpur quietly drifting

¹⁵⁹³ Sun Kuo-Hsiang [孙国祥], “ASEAN’s policy toward South China Sea” [东协的南海政策作为], *South China Sea Regional Situation Assessment Report 2014*, p. 81.

¹⁵⁹⁴ He Sheng [何胜], Lou Chunhao [楼春豪], et al., “‘Competitive cooperation’ in the maritime domain intensifies” [海洋领域“竞合”态势加剧] in Ji Zhiye [季志业], ed., *Strategic and Security Review 2014/2015* [国际战略与安全形势评估 2014/2015] (Beijing: Shishi chubanshe, 2015), p. 172.

¹⁵⁹⁵ Li Mingjiang [李明江] and Lin Qingrui [林庆瑞], “The strategic trend in the South China Sea disputes” [南海争端战略走势], in Qin Tian [秦天] and Ren Tianyou [任天佑], ed, *International Strategic Relations and China’s National Security 2014-2015* [国际战略形势与中国国家安全] (Beijing: Guofang daxue chubanshe, 2015), p. 78.

¹⁵⁹⁶ Zhao Yi [赵毅], “Assessment of ASEAN’s strategic trend” [东盟战略走向分析], *International Strategic Relations and China’s National Security 2014-2015*, p. 168.

¹⁵⁹⁷ Luo Yongkun [骆永昆], “Developments and characteristics of Malaysia’s foreign policy strategy” [浅析马来西亚外交战略的发展及其特点], *Peace and Development*, issue 5, 2013, p. 100.

¹⁵⁹⁸ Ju Hailong [鞠海龙], “South China Sea policies of Malaysia, Indonesia and Brunei” [马来西亚、印尼、文莱的南海政策], *2012 Assessment Report on the Situation in the South China Sea*, p. 89; Ju Hailong, “Indonesia, Malaysia and Brunei’s Policies and positions on the South China Sea” [印尼、马来西亚、文莱的南海政策立场], in Liu Fuku [刘复国] and Wu Shicun [吴士存], ed., *2011 Assessment Report on the Situation in the South China Sea* [2011年南海地区形势评估报告] (Taipei: Institute of International Relations National Chengchi University, 2012), p. 100.

from its longstanding position as “some of China’s bolder acts” raised Malaysia’s eyebrows.¹⁵⁹⁹ In particular, in March 2013 a four-ship PLAN flotilla conducted an oath-taking ceremony at the contested James Shoal – 43 nautical miles off the coast of Malaysia.¹⁶⁰⁰ While the PLAN and China’s MLE ships had conducted similar ceremonies in this area in the past,¹⁶⁰¹ the 2013 one made an unprecedented front-page story in the *People’s Daily*.

Malaysia’s response, though slow in arriving, was powerful to China. In September 2013, when speaking at the Council of Foreign Relations in New York, Malaysia’s Prime Minister Najib Razak made an extremely rare blunt remark (in the context of China-Malaysia relations) that Beijing needed to handle the maritime disputes with its neighbors “more as a problem between friends rather than a conflict with one another.” Beijing would soon realize it “need[s] friends” and could no longer afford to alienate, added Najib, given that China already had problems with Japan, Vietnam, the Philippines and Korea, should it also have problems with Malaysia, then “the world will begin to wonder that all these countries can’t be wrong.”¹⁶⁰² Kuala Lumpur backed its words with deeds. In October, Malaysia made a highly publicized announcement that it would build a new naval base in Bintulu, Sarawak, 54 nautical miles from James Shoal, and that a new

¹⁵⁹⁹ Sun Kuo-hsiang [孙国祥], “Malaysia, Indonesia and Brunei’s South China Sea policies” [马来西亚、印尼、文莱的南海政策作为], in Liu Fu-kuo [刘复国] and Wu Shicun [吴士存], ed., *2013 Assessment Report on the Situation in the South China Sea* [2013 年南海地区形势评估报告] (Taipei: Institute of International Relations National Chengchi University, 2014), p. 98.

¹⁶⁰⁰ Bai Ruixue [白瑞雪] and Gan Jun [甘俊], “Naval flotilla stage an oath swearing ceremony in Zengmu Ansha” [海军编队在曾母暗沙宣誓], *People’s Daily* Mar. 27, 2013.

¹⁶⁰¹ The earliest *People’s Daily* report on the PLAN’s activity in James Shoal available in the newspaper’s database is dated July 1983. FLE and CMS had thereafter conducted similar activities in this area. But none had appeared in the front page. Information released by the Maritime Institute of Malaysia (MIMA) in April 2013 noted that from 2008-2012, 35 ships belonging either to the PLAN or Chinese MLE agencies were observed in Malaysia’s EEZ. Prashanth Parameswaran, “Malaysia Walks Tightrope on China and the South China Sea,” *China Brief*, vol. 14, issue 6, Mar. 20, 2014, <https://jamestown.org/program/malaysia-walks-tightrope-on-china-and-the-south-china-sea/>, accessed Dec. 2, 2019.

¹⁶⁰² “Najib: Tackle territorial claims as a problem between friends,” *The Star*, Sept. 28, 2013, <https://www.thestar.com.my/news/nation/2013/09/28/najib-tackle-territorial-claims-as-a-problem-between-friends/>, accessed Dec. 2, 2019.

marine corps with amphibious capabilities would also be created for deployment to the South China Sea.¹⁶⁰³

In January 2014, another PLA fleet comprised of three naval ships conducted another oath-taking ceremony in James Shoal. The mysterious disappearance of MH 370 in March and the resulting popular Malaysia-bashing in China only further cooled down the bilateral relations. In April, during U.S. President Barak Obama's historical visit to Kuala Lumpur, the two countries issued a joint statement reaffirming "the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region...the importance of all parties concerned resolving their territorial and maritime disputes through peaceful means, including international arbitration...[and] avoiding the use of force, intimidation, or coercion."¹⁶⁰⁴ This joint agreement, as Chinese analysts evaluated it, reflected Malaysia's growing unease about the South China Sea dispute.¹⁶⁰⁵ The ASEAN foreign ministers' joint statement on the HD-981 clash and the Nay Pyi Taw Declaration sent an even stronger signal about Malaysia's changing attitude. As the NISCSS annual report noted, "During the clash between China and Vietnam over the operation of HD-981, Malaysia's demonstrated tilt toward Vietnam testified to the importance [that Malaysia] placed on [the need of] underscoring ASEAN as a whole."¹⁶⁰⁶

In an attempt to repair the relations and keep Malaysia from drifting further away, China staged a grand celebration of the 40th anniversary of two countries' normalization in late May. During Malaysian Prime Minister Najib's six-day trip to Beijing, Chinese President Xi Jinping hosted a

¹⁶⁰³ Parameswaran, "Malaysia Walks Tightrope on China and the South China Sea."

¹⁶⁰⁴ "Joint Statement by President Obama and Prime Minister Najib of Malaysia," White House, Apr. 27, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/04/27/joint-statement-president-obama-and-prime-minister-najib-malaysia-0>, accessed Dec. 2, 2019.

¹⁶⁰⁵ Zhang Longyan [章龙炎], "Malaysia's South China Sea policy" [马来西亚南海政策], in in Ju Hailong [鞠海龙], ed, *Report of the Situation in the South China Sea 2014-2015* [南海地区形势报告 2014-2015] (Beijing: Shishi chuanshe, 2016), p. 193.

¹⁶⁰⁶ Wang Kuan-Hsiung [王冠雄], "Malaysia, Indonesia and Brunei's South China Sea policies and activities" [马来西亚、印尼、文莱的南海政策行为], in *2014 Assessment Report on the Situation in the South China Sea*, p.142.

private dinner for Najib, which Malaysian officials hailed as “a rare honor” showing that “China values its ties with Malaysia.”¹⁶⁰⁷ Beijing was ostensibly endeavoring to reassure Kuala Lumpur, as Xi told Najib that China “will react in the necessary way to the provocation of countries involved,” and added that China and Malaysia should maintain “sound communication” and strengthen cooperation in regional economic initiatives.¹⁶⁰⁸ As a South China Sea expert put it plainly, “Malaysia has always been the rivaling claimant that China endeavors to draw over to our side; and that is also because Malaysia has much influence on Brunei.”¹⁶⁰⁹

In addition, two major events coinciding with the HD-981 reinforced China’s evaluation of the rising international audience costs. First, on May 14, the Philippines announced that China had been dredging and reclaiming land at the Johnson South Reef since January.¹⁶¹⁰ In early June, Manila claimed that more Chinese reclamation activity had been spotted near the Gavin and Cuarteron Reefs.¹⁶¹¹ Zhang Jie, a Southeast Asia expert at CASS, voiced the worry during a June 7 interview that China’s land reclamation activity would only deepen Southeast Asian countries’ mistrust of China.¹⁶¹² Second, in addressing foreign leaders at a summit in Shanghai on May 21, Chinese President Xi Jinping urged that “it is for the people of Asia to run the affairs of Asia.”¹⁶¹³ The timing of the speech, as a senior researcher at a government-affiliated think tank noted in private, “could not have been worse.”¹⁶¹⁴ Chinese analysts were worried that the idea of “Asia for

¹⁶⁰⁷ Kor Kian Beng, “Malaysia a ‘trusted friend’ of China: Xi; Both leaders commit to deepening ties, maintaining regional peace,” *Strait Times*, May 31, 2014.

¹⁶⁰⁸ “China, Malaysia pledge South China Sea stability,” Xinhua News Service, May 30, 2014.

¹⁶⁰⁹ Author’s interview, Beijing, May 2019.

¹⁶¹⁰ Jim Gomez, “Manila says China reclaiming land in disputed sea,” Associated Press, May 15, 2014.

¹⁶¹¹ Raul Dancel, “Chinese ‘land reclamation’ ships at reef: Aquino,” *Strait Times*, Jun. 6, 2014.

¹⁶¹² Kristine Kwok and Minnie Chan, “China plans to make disputed reef a vast island,” *South China Morning Post*, Jun. 7, 2014.

¹⁶¹³ “New Asian Security Concept For New Progress in Security Cooperation: Remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia By H.E. Xi Jinping, President of the People's Republic of China,” May 21, 2014, https://www.fmprc.gov.cn/mfa_eng/topics_665678/yzxhxzyxrshydscfh/t1159951.shtml, accessed Jun. 20, 2019.

¹⁶¹⁴ Private conversation on the sideline of a conference on maritime security at Peking University, Beijing, June 2019.

Asians,” as advocated in this speech, only served to validate the growing suspicions in the neighborhood that China was seeking to assert its own version of the Monroe Doctrine¹⁶¹⁵ – namely, to “dominate Asia the way the United States dominates the Western Hemisphere.”¹⁶¹⁶

As of mid-June, Chinese foreign policy elites began to explicitly caution against the rising international costs China would face on the ASEAN front should it choose to persist. An article published on the eve of Yang Jiechi’s June 18 trip to Hanoi penned by Xue Li, director of the International Strategy Department under the Institute of World Economics at CASS, provided a long list of the potential geostrategic ramifications for China: ASEAN countries would rally with each other more closely and speak with a more unanimous voice – a trend already illustrated by the ASEAN foreign ministers’ joint statement; ASEAN claimants would move closer to powers outside the region especially the United States and Japan; Vietnam would follow the suit of the Philippines in resorting to international arbitration against China; and the view that ‘China is changing the status quo’ would gain more currency in the international community. In that event, Xue warned, China’s good neighborly diplomacy would face a major setback in Southeast Asia and the 21st Century Maritime Silk Road initiative might encounter a debacle.¹⁶¹⁷

The increasingly clear and strong U.S. position opposing China’s behavior in the South China Sea represented the third source of Beijing’s perceived increase in the potential geopolitical costs. For the most part of 2013, Beijing saw a relatively stable situation in the South China Sea, while tensions in the East China Sea as well as between China and the U.S. flared up again over the

¹⁶¹⁵ Author’s interview, Beijing, May 2019.

¹⁶¹⁶ John J. Mearsheimer, “The Gathering Storm: China’s Challenge to US Power in Asia,” *The Chinese Journal of International Politics*, vol. 3, 2010, p. 389.

¹⁶¹⁷ Xue Li [薛力], “Five possible solutions to the Sino-Vietnamese ‘981’ controversy” [解决中越“981”事件的五种可能], *Financial Times* (Chinese version), Jun. 17, 2014, <http://www.ftchinese.com/story/001056782?full=y&archive>, accessed Jun. 19, 2019.

declaration of the ADIZ in November.¹⁶¹⁸ China perceived a visible hardening in the U.S. attitude in 2014. In February, when testifying before the House Committee on Foreign Affairs, Assistant Secretary of State in East Asian Affairs Daniel Russel outlined a list of Chinese actions in both the East and South China Seas as instances of intimidation and coercion that Washington “firmly oppose[s].” These actions, said Russel, “have raised tensions in the region and concerns about China’s objectives in both the South China and the East China Seas.”¹⁶¹⁹ Russel also rejected Beijing’s nine-dash line as lacking “basis under international law,” and thus China’s use of the nine-dash line to claim maritime rights “would be inconsistent with international law.”¹⁶²⁰ The message regarding the nine-dash line was strong because it was the very first time that a U.S. government official explicitly rejected China’s nine-dash line as the legal basis for staking maritime claims.¹⁶²¹ In the Chinese perception, Russel’s testimony marked a departure by Washington from its traditional position of not taking side and a direct U.S. challenge to China by “explicitly denying China’s basis for its sovereignty claims in the South China Sea and by issuing political warnings against China’s maritime rights defense activity.” This change in attitude, as

¹⁶¹⁸ CIIS, *International Situation and China’s Foreign Affair (2014)* [国际形势和中国外交 (2014)] (Beijing: Shijie zhishi chubanshe, 2014), pp. 279-280; Ye Hailin [叶海林], “Changes in relevant parties’ intentions and tactics on the South China Sea issue” [南海问题有关各方的意图变化及策略转换], in Li Xiangyang [李向阳], ed., *Annual Report on Development of Asia-Pacific (2014)* [亚太地区发展报告] (Beijing: Social Sciences Academic Press, 2014), pp. 161-173.

¹⁶¹⁹ These Chinese actions include the continued restrictions on access to Scarborough; pressure on the Philippine presence at the Second Thomas Shoal; opening hydrocarbon blocks in disputed waters; announcing the Sansha city; dramatic increase in China’s maritime agencies near the Diaoyu/Senkaku Islands and the “sudden, uncoordinated and unilateral” establishment of the East China Sea ADIZ; and imposing fishing regulations covering disputed areas in the South China Sea. Daniel Russel, “Maritime Disputes in East Asia: Testimony of Daniel Russel, Assistant Secretary of State Bureau of East Asian and Pacific Affairs, U.S. Department of State, before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific,” Feb. 5, 2014.

¹⁶²⁰ Ibid.

¹⁶²¹ Weatherbee, *International Relations in Southeast Asia*, p. 173.

Chinese analyst perceived it, indicated that the U.S. had shifted from behind-the-scenes interference in the South China Sea to overt involvement.¹⁶²²

Obama's visit to Japan, the Philippines, and Malaysia in April only reinforced Beijing's conviction that Washington was turning against China's vital interests in the strategic waters within the first island chain. In Tokyo, Obama explicitly reiterated that Article 5 of the U.S.-Japan Security Treaty would be applicable to "all territories under Japan's administration, including the Senkaku Islands."¹⁶²³ Beijing was alarmed by Obama's remark as it was the first time a sitting U.S. president had clarified America's treaty obligations with respect to the Diaoyu/Senkaku Islands,¹⁶²⁴ although the reiteration did not change Washington's position on this issue.¹⁶²⁵ In Manila, Obama and Philippine President Aquino signed the Enhanced Defense Cooperation Agreement (EDCA), which would provide a legal framework for an increased rotational presence of U.S. forces in the Philippines.¹⁶²⁶ This agreement, as Chinese analysts argued, came as "an important step for the U.S. military to return to Asia" and would consequently exacerbate the external environment China was facing in the South China Sea.¹⁶²⁷ Likewise, Obama's visit to

¹⁶²² Wang Guanghou [王光厚], "U.S. South China Sea Policy" [美国的南海政策], in Ju Hailong [鞠海龙], ed., *Report on the Situation in the South China Sea 2014-2015* [南海地区形势报告] (Beijing: Shishi chubanshe, 2016), p. 92.

¹⁶²³ White House, "Joint Press Conference with President Obama and Prime Minister Abe of Japan," Akasaka Palace, Tokyo, Japan, Apr. 24, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/04/24/joint-press-conference-president-obama-and-prime-minister-abe-japan>, accessed Dec. 4, 2019.

¹⁶²⁴ CIIS, *International Situation and China's Foreign Affair (2015)* [国际形势和中国外交 (2015)] (Beijing: Shijie zhishi chubanshe, 2015), p. 311.

¹⁶²⁵ Author's phone interview, August 2019.

¹⁶²⁶ "Fact Sheet: United States-Philippines Bilateral Relations," White House, Apr. 28, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/04/28/fact-sheet-united-states-philippines-bilateral-relations>, accessed Dec. 5, 2019.

¹⁶²⁷ Li Jinming [李金明], "Issues and Trends of the South China Sea Dispute between China and the Philippines" [中菲南海争议的几个问题及其变化趋势], *Condemnatory International Relations* [现代国际关系], issue 6, 2014, pp. 22-48.

Kuala Lumpur, the first one by a sitting U.S. president in 48 years, was watched warily by Chinese analysts as a sign of two countries drawing closer to balance China.¹⁶²⁸

Shortly after the Sino-Vietnamese clash over the deployment of HD-981 began, Washington made clear its opposition to China's actions with a string of strong messages, sharply contrasting the slow-to-come and ambivalent U.S. response during the Scarborough Shoal standoff. On May 6, the U.S. State Department spokesperson Jen Psaki criticized the oilrig deployment as an act that was "provocative and unhelpful to the maintenance of peace and stability in the region."¹⁶²⁹ The next day, the State Department put out a strongly worded statement which described China's "unilateral action" as an indication of "a broader pattern of Chinese behavior to advance its claims over disputed territory in a manner that undermines peace and stability in the region."¹⁶³⁰ This statement was followed by a flurry of remarks from senior U.S. officials similarly calling out China. On May 8, the U.S. Assistant Secretary of State Daniel Russell, who was visiting Hanoi, reiterated Washington's opposition to "any act of intimidation by vessels particularly in disputed areas."¹⁶³¹ Four days later, U.S. Secretary of State John Kerry again stressed Washington's concerns about "the Chinese challenge to the Paracel Islands."¹⁶³² On May 15, then U.S. Vice President Joe Biden

¹⁶²⁸ Chen Xiangmiao [陈相秒], "Evaluation of Malaysia's South China Sea policy in 2014" [2014 马来西亚南海政策评析], *Forum of World Economics & Politics*, no. 3, May 2015, pp. 74-84.

¹⁶²⁹ U.S. Department of State Daily Press Briefing, Jen Psaki, Spokesperson, Washington DC, May 6, 2014, transcript retrieved at <https://2009-2017.state.gov/r/pa/prs/dpb/2014/05/225687.htm>, accessed Jun. 19, 2019.

¹⁶³⁰ "Vietnam/China: Chinese Oil Rig Operations Near the Paravel islands," Press Statement, Jan Psaki, Department Spokesperson, Washington DC, May 7, 2014, <https://2009-2017.state.gov/r/pa/prs/ps/2014/05/225750.htm>, accessed Jun. 21, 2019.

¹⁶³¹ "Press Roundtable with Assistant Secretary Daniel Russel," May 8, 2014, <https://vn.usembassy.gov/press-roundtable-with-assistant-secretary-daniel-russel/>, accessed Jun. 20, 2019.

¹⁶³² "Remarks with Singaporean Foreign Minister K. Shanmugam before Their Meeting," John Kerry, Secretary of State, Treaty Room, Washington DC, May 12, 2014, <https://2009-2017.state.gov/secretary/remarks/2014/05/225981.htm>, accessed Jun. 21, 2019.

raised Washington's concerns about China's "unilateral actions" in the Paracels during a meeting with the visiting PLA Chief of General Staff Fang Fenghui.¹⁶³³

Washington sent further strong signals on the eve of the U.S.-China Security & Economic Dialogue. On July 8, a senior U.S. official traveling with John Kerry to Beijing for the meeting described the ambiguity in China's South China Sea claim as "problematic." In a likely suggestion that more pressure would be exerted on Beijing during the meeting, the official stated that the conversation would be conducted in a "very direct, candid, and constructive way."¹⁶³⁴

For Beijing, all these U.S. moves and statements sent a clear signal: "the United States is taking sides, and it is not impartial" – in the words of Sun Jianguo, the deputy chief of the General Staff of the PLA.¹⁶³⁵ By the same token, Fu Mengzi, an expert on U.S.-China relations and vice president of CICIR, stated that the U.S. "in both words and deeds" was not merely "taking sides against China" but was "clearly trying to contain it."¹⁶³⁶

China De-escalated

Presented with a clear domination of international audience costs over domestic audience costs, China chose to de-escalate the HD-981 clash in an incremental, face-saving fashion. Beijing began to signal its intention to reduce tensions in early June. On June 8, the Chinese Foreign Ministry released a position paper on the oilrig clash. Despite once again blaming Vietnam's "illegally and forcefully disrupting the Chinese operation," the paper avoided employing strong rhetoric that were commonly used in Chinese government documents issued during the period on maritime disputes, most notably the white paper on the Diaoyu/Senkaku Islands and the position paper on

¹⁶³³ "Readout of the Vice President's Meeting With Chinese People's Liberation Army Chief of General Staff Fang Fenghui," White House, Office of the Vice President, May 15, 2014, <https://obamawhitehouse.archives.gov/the-press-office/2014/05/15/readout-vice-president-s-meeting-chinese-people-s-liberation-army-chief->, accessed Jun. 22, 2019.

¹⁶³⁴ "Beijing's South China Sea claim 'problematic': US official," Agence France Presse, Jul. 8, 2014.

¹⁶³⁵ Simon Denyer, "U.S.-China relations sour as tensions spiral in Asia," *Washington Post*, Jul. 8, 2014.

¹⁶³⁶ Fu Mengzi, "Heart-to-hear for healthy ties," *China Daily*, Jul. 9, 2014.

the arbitration.¹⁶³⁷ Instead, the statement highlighted Beijing's patience and minimalist approach of employing "necessary preventive measures" in managing the clash. The position paper suggested Beijing's willingness to talk with Hanoi by stating explicitly that "[t]he channel of communication between China and Vietnam remains open" and that "China will continue its effort to communicate with Vietnam in order to properly address the current situation."¹⁶³⁸

The softening tone was also reflected in the content published by media outlets that traditionally adopt a more nationalist tone. For instance, the nationalist tabloid *Global Times* published a commentary on June 11, calling on China-Vietnam relations to "get back on track." Appealing to the two countries' shared ideology, this commentary asserted that Vietnam "has always been one of the most important countries in China's neighborhood diplomacy" and attributed the anti-China riots to instigations by "hostile forces resenting the Sino-Vietnamese friendship, the CPV's rule, and the socialist paths that both countries insist on."¹⁶³⁹

On June 18, Chinese State Councilor Yang Jiechi visited Hanoi for an annual meeting between the Chairs of the China-Vietnam Steering Committee for Bilateral Cooperation. Yang's visit marked the highest-level exchange between the two communist neighbors since the conflict started in early May. The decision to send Yang to Hanoi, as noted by a knowledgeable PLA researcher,

¹⁶³⁷ Regarding the Scarborough Shoal standoff, China's position paper on the South China Sea arbitration states, "the Philippines sent on 10 April 2012 a naval vessel to the waters of China's Huangyan Dao to seize Chinese fishing boats together with the Chinese fishermen on board. In the face of such provocations, China was forced to *take response measures* to safeguard its sovereignty." In the Chinese version of the document, the term "countermeasure" (反制) was used. Both the position paper on the arbitration and the white paper on the Diaoyu/Senkaku Islands made similar assertions of China's "unshakable resolve and will" defend China's territorial sovereignty and maritime rights. State Council Information Office of PRC, "Diaoyu Dao, an Inherent Territory of China," September 2012, http://english.www.gov.cn/archive/white_paper/2014/08/23/content_281474983043212.htm, accessed Dec. 3, 2019; "Position Paper of the Government of the People's Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines," MFA, Dec. 7, 2014, https://www.fmprc.gov.cn/nanhai/eng/snhwtlcwj_1/t1368895.htm, accessed Dec. 3, 2019.

¹⁶³⁸ "HD-981 Drilling Rig: Vietnam's Provocation and China's Position" [981 钻井平台作业: 越南的挑衅和中国立场], MFA, Jun. 8, 2014, <https://www.fmprc.gov.cn/nanhai/chn/snhwtlcwj/t1163255.htm>, accessed Jul. 7, 2019. An English version of the position paper was published in *China Daily*, Jun. 8, 2014.

¹⁶³⁹ Zhu Zhenming, "China-Vietnam should get back on track," *Global Times*, Jun. 11, 2014, <http://www.globaltimes.cn/content/864903.shtml>, accessed Jul. 7, 2019.

was in itself a signal that “China was prepared to soften its posture.”¹⁶⁴⁰ Equally notable was the fact that the bilateral Steering Committee, a communication and coordination mechanism established in 2006 with an annual senior-level meeting,¹⁶⁴¹ in effect served as a face-saving venue for Beijing – or an “umbrella” as characterized by Wang and Womack – by giving Yang’s trip an appearance of routine business.¹⁶⁴²

Tensions lingered throughout Yang’s meetings with his counterpart, Vietnam’s Foreign Minister and Vice Prime Minister Pham Binh Minh. Yang seemed to lay the blame solely on Vietnam and demanded Hanoi immediately stop disrupting the oilrig’s operation.¹⁶⁴³ Minh criticized that China’s deployment of the oilrig not only violated international law but also threatened navigation safety and stability in the region in addition to “putting negative impacts on the co-operation between the two countries.”¹⁶⁴⁴ This meeting reportedly made “no progress.”¹⁶⁴⁵ A similar exchange of accusations took place during Yang’s subsequent meeting with Vietnam’s Prime Minister Nguyen Tan Dung. Dung asserted that Vietnam was ready to defend its sovereignty by “peaceful measures in line with international law,”¹⁶⁴⁶ a statement that echoed the Prime Minister’s earlier statement during his trip to Manila and suggested that Hanoi was serious with

¹⁶⁴⁰ Private conversation, Beijing, July 2019.

¹⁶⁴¹ “The China-Vietnam Steering Committee for Bilateral Cooperation holds its meeting in Hanoi” [中越双边合作指导委员会首次会议在河内举行], People.com, Nov. 11, 2006, <http://world.people.com.cn/GB/1029/5027277.html>, accessed Dec. 3, 2019.

¹⁶⁴² Wang and Womack, “Jawing through Crises,” p. 724.

¹⁶⁴³ “Yang Jiechi holds Chairs Meeting of the China-Vietnam Steering Committee for Bilateral Cooperation with Vietnam’s Deputy Prime Minister” [杨洁篪同越南副总理举行中越双边合作指导委员会团长会晤], Xinhua, Jun. 18, 2014, http://www.gov.cn/guowuyuan/2014-06/18/content_2703500.htm, accessed Jul. 13, 2019.

¹⁶⁴⁴ “Deputy PM Minh holds talks with Chinese State Councilor,” *Nhan Dan*, Jun. 18, 2014, <https://en.nhandan.org.vn/politics/item/2591602-party-state-leaders-meet-with-voters.html>, accessed Jul. 13, 2019.

¹⁶⁴⁵ “Vietnam, China make no progress in oil rig talks,” Associated Press, Jun. 18, 2014.

¹⁶⁴⁶ “Vietnam PM meets Chinese Yang Jiechi, urges China to withdraw oil rig and ships,” Vietnam News Agency, Jun. 18, 2014, <http://www.thanhniennews.com/politics/vietnam-pm-meets-chinese-yang-jiechi-urges-china-to-withdraw-oil-rig-and-ships-27399.html>, accessed Jul. 12, 2019. Emphasis added.

the threat of taking legal actions. Unsurprisingly, neither meeting seemed to have produced a breakthrough.

Contrasting the tensions during the two meetings, the atmosphere of the meeting between Yang and the CPV General Secretary Nguyen Phu Trong, a conservative who Beijing viewed as having a pragmatic approach toward China, was conspicuously more genial, indicating the great importance both sides had attached to the party ties as the mainstay of the bilateral relationship and as a key channel for effective negotiation. Without blaming Vietnam this time, Yang told Trong that the bilateral relationship was facing “serious difficulty” but the two sides must “stabilize the situation as soon as possible” and bring the relations back on track “no matter how difficult it is.”¹⁶⁴⁷ Trong concurred with Yang and called on both sides to create “a premise for basic and long-term solutions to sea-related issues.” In addition, Trong offered an explicit reaffirmation of Vietnam’s “consistent policy of treasuring the friendship and cooperation with China.”¹⁶⁴⁸ This meeting, according to Vietnam expert Carlyle Thayer, was “especially significant” because it produced “an informal understanding to find a mutually acceptable way out of the current impasse.”¹⁶⁴⁹

The next day, on the frontpage of the *People’s Daily* (overseas edition) published a commentary penned by Su Xiaohui, Deputy Director of the International and Strategic Studies at the MFA-affiliated CIIS, who claimed in the article that Yang’s trip “adequately demonstrates

¹⁶⁴⁷ “Yang Jiechi meets CPV General Secretary Nguyen Phu Trong” [杨洁篪会见越共中央总书记阮富仲], Xinhua, Jun. 19, 2014, http://www.gov.cn/guowuyuan/2014-06/19/content_2703907.htm, accessed Jul. 12, 2019. It appeared that Yang’s meeting with Trong came the last, following meetings with Pham the first and Dung the second. This order is deduced from the times that the official news reports posted on the Chinese government website: Yang’s meeting with Pham was posted around 4 pm on June 18; meeting with Dung at 12:35 am on June 19; and meeting with Trong at 8:30 am on June 19.

¹⁶⁴⁸ “Party chief affirms consistent policy on China relations,” Vietnam News Agency, Jun. 18, 2014, <https://en.nhandan.org.vn/politics/external-relations/item/2591802-party-chief-affirms-consistent-policy-on-china-relations.html>, accessed Jul. 12, 2019.

¹⁶⁴⁹ Thayer, “4 Reasons China Removed Oil Rig HYSY-981 Sooner Than Planned.”

China's sincerity, good faith...[and] willingness to solve the problem through dialogue and communication."¹⁶⁵⁰ Su's article was followed up by another English commentary on the website of the *People's Daily* on June 20 which explicitly stated that "China has extended an olive branch to Vietnam, and Vietnam should seize the opportunity and make the right response."¹⁶⁵¹ Four days later, Beijing announced that Hanoi made an "initial payment" of \$7 million to compensate some 140 Chinese companies that suffered losses during the anti-China riots.¹⁶⁵²

On July 15, following a CPV Politburo meeting during which the Politburo members voted 9 to 5 approving a proposal to proceed with international arbitration,¹⁶⁵³ Beijing announced that the drilling operation was completed, and that the oilrig was removed from the Paracel waters as a strong typhoon was expected to enter the South China Sea.¹⁶⁵⁴

Throughout the HD-981 incident, China refrained from imposing economic sanctions on Vietnam, although there were speculations that the deaths of Chinese nationals "will create an opening for Beijing to harden its stance."¹⁶⁵⁵ The tourism warning issued during the incident had legitimate safety concerns considering the anti-Chinese violence in Vietnam and the resulting deaths of Chinese nationals. In mid-June, information surfaced that Vietnam's lychee exports to China had ceased and that Hanoi was scouring the world for alternative export destinations while encouraging domestic consumption of the excessive lychee.¹⁶⁵⁶ Unlike the rare earth embargo

¹⁶⁵⁰ Su Xiaohui [苏晓晖], "Vietnam should return to the right track ASAP" [奉劝越南早回头], *People's Daily* (oversea edition), Jun. 19, 2014, http://paper.people.com.cn/rmrbhwb/html/2014-06/19/content_1442844.htm, accessed Jul. 13, 2019.

¹⁶⁵¹ "China extends olive branch to Vietnam on sea disputes," *People's Daily* online, Jun. 20, 2014, <http://en.people.cn/n/2014/0620/c98649-8744156.html>, accessed Jul. 13, 2019.

¹⁶⁵² Pu Zhendong, "Hanoi urged to fully compensate Chinese firms," *China Daily*, Jun. 26, 2014.

¹⁶⁵³ Carl Thayer, "Vietnam, China and the Oil Rig Crisis: Who Blinked?" *The Diplomat*, Aug. 4, 2014, <https://thediplomat.com/2014/08/vietnam-china-and-the-oil-rig-crisis-who-blinked/>, accessed Jul. 20, 2019.

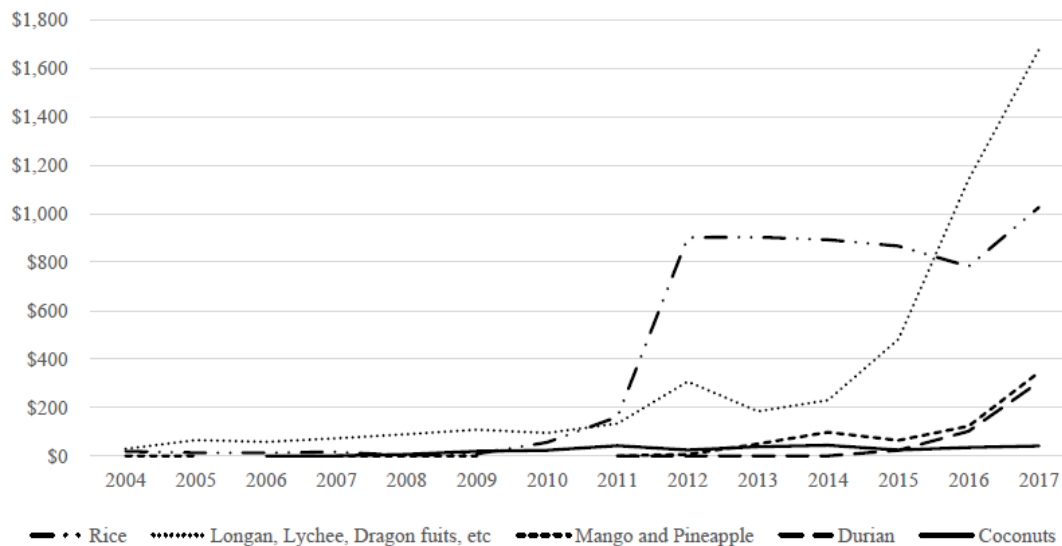
¹⁶⁵⁴ "Chinese Foreign Ministry confirms drilling off Xisha completed," Xinhua News Service, Jul. 15, 2014; Chris Brummitt, "China moves oil rig out of waters Vietnam claims," Associated Press, Jul. 16, 2014.

¹⁶⁵⁵ Kristine Kwok, "Deadly anti-China riots in Vietnam play into the hands of Beijing's hawks," *South China Morning Post*, May 16, 2014.

¹⁶⁵⁶ "Vietnam not importing Chinese litchi, says Minister," Vietnamnet, Jul. 3, 2014, <https://english.vietnamnet.vn/fms/business/106596/vietnam-not-importing-chinese-litchi--says-minister.html>,

evident in trade data and the banana sanction openly announced by the Chinese General Administration of Quality Supervision, Inspection and Quarantine, there was neither trade data (Figure 8.4) nor any Chinese government announcement indicating Beijing’s employment of sanctions on Vietnamese lychee.

Figure 8.4 Vietnam’s fruits and rice exports to China by trade value (million US\$)



Source: UN Comtrade Database; rice (HS 1006); pineapples and mangoes (HS 0804); longan, lychee, dragon fruits (HS 0810); durian (HS 081060); coconuts (HS 080119).

Post-Crisis Learning: Reparations with Hanoi and ASEAN

Following the oilrig clash, Beijing moved quickly to reassure ASEAN and mend fences with Hanoi. Notably, as a major measure of reassurance, Beijing for the first time endorsed a “dual-track” approach (双轨思路) on the South China Sea issue that would consign a greater role to ASEAN.

accessed Dec. 4, 2019; “Exports to China encountered barriers, Vietnam calls on its people to eat lychee” [出口中國遇阻越南號召全民吃荔枝], *Wenweipo*, Jul. 2, 2014, <http://news.wenweipo.com/2014/07/02/IN1407020055.htm>, accessed Nov. 4, 2019; “Vietnam seeks to diversify its economy and reduce dependence on China” [越南寻求经济多元化，摆脱对华依赖], VOA, Jun. 27, 2014, <https://www.voachinese.com/a/vietnam-china-econ-20140626/1945891.html>, accessed Nov. 4, 2019; “Vietnam Bac Giang lychee marches to markets around the world” [越南北江省荔枝进军世界各国市场], *Nhandan* (Chinese language version), Jun. 23, 2014, <https://cn.nhandan.com.vn/hotnews/item/2131201-%E8%B6%8A%E5%8D%97%E5%8C%97%E6%B1%9F%E7%9C%81%E8%8D%94%E6%9E%9D%E8%BF%9B%E5%86%9B%E4%B8%96%E7%95%8C%E5%90%84%E5%9B%BD%E5%B8%82%E5%9C%BA.html>, accessed Nov. 4, 2019.

This position was first articulated by Chinese Foreign Minister Wang Yi at the China-ASEAN Foreign Ministers' meeting in Naypyidaw on August 9, and reaffirmed by China's Premier Li Keqiang in November at the ASEAN-China summit. According to Beijing's definition of this approach, while disputes over territorial sovereignty and maritime boundaries would still be addressed by claimants through bilateral negotiation, issues pertaining to "maintaining peace and stability in the South China Sea" including the negotiation and conclusion of a COC would be conducted in the multilateral China-ASEAN setting.¹⁶⁵⁷ The endorsement of the dual-track approach, as some Chinese analysts contend, marks a significant shift in China's approach on how the South China Sea issue was to be managed. For example, Zuo Xiyong, a scholar on international relations at Renmin University, claims that China was "partially compromising" by adopting "a bilateral plus multilateral negotiation" such that the non-claimant countries could play a bigger role in the South China Sea issue.¹⁶⁵⁸

Meanwhile, Beijing and Hanoi took steps to restore high-level political exchanges. Le Hong Anh, Standing Secretary of Secretariat of the CPV Central Committee and a Politburo member, visited Beijing as a special envoy of the CPV party chief Nguyen Phu Trong from August 26-27 to "exchange views with Chinese leaders on measures to ease the situation [and] prevent the recurrence of recent tenses."¹⁶⁵⁹ Hanoi also announced a plan to provide humanitarian assistance for Chinese workers victimized in the riots and dispatch a Vietnam-China Friendship Association

¹⁶⁵⁷ "China support 'dual-track' approach to resolve South China Sea issue: Chinese FM," Xinhua News Service, Aug. 9, 2014; "Remarks by H.E. Li Keqiang Premier of the State Council of the People's Republic of China at the 17th ASEAN-China Summit," Nay Pyi Taw, Myanmar, Nov. 13, 2014, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zvjh_665391/t1212266.shtml, accessed Jul. 20, 2019.

¹⁶⁵⁸ Zuo Xiyong, "Chinese scholars' debate on maritime dispute strategies," in Huiyun Feng, Kai He and Yan Xuotong, ed., *Chinese Scholars and Foreign Policy: Debating International Relations* (New York: Routledge, 2019), pp. 160-162.

¹⁶⁵⁹ "Remarks by MOFA's Spokesman Le Hai Binh on 25th August 2014," Press and Information Department - Vietnam Ministry of Foreign Affairs, Aug. 25, 2014, http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns140825093826, accessed Jun. 8, 2019.

delegation to China to visit families of the victims.¹⁶⁶⁰ In meeting with Anh, China's President Xi Jinping called on both communist parties to "increase high-level exchanges, conduct timely and in-depth communication on major issues...[and] especially make correct political judgment at critical moments."¹⁶⁶¹ A commentary published by the *People's Daily* on August 27, while cautioning that the two countries should not allow the South China Sea issue to "contaminate" their relations, highlighting the inter-party ties as an important channel to maintain communication, lower tensions, and repair relations when the bilateral relationship was tested.¹⁶⁶² Following Anh's visit, high-level exchanges were soon restored (Figure 8.5), culminating in Xi Jinping's state visit to Hanoi in November 2015.

The military-to-military ties represented another major dimension in which bilateral relations were quickly repaired. During Vietnamese Defense Minister Phung Quang Thanh's three-day high-profile visit to Beijing in October, the two sides picked up the unfinished business of establishing a hotline between the countries' armed forces.¹⁶⁶³ The two sides launched their Defense Telephone Link (DTL) in late 2015.¹⁶⁶⁴

While the withdrawal of the oilrig by no means reflects a modification of China's claims or acceptance of those of Vietnam, Beijing seems to have learned from this incident. When HD-981

¹⁶⁶⁰ Ibid.

¹⁶⁶¹ Liu Hua [刘华], "Xi Jinping meets with Le Hong Anh, envoy of CPV Central Committee General Secretary" [习近平会见越共中央总书记特使黎鸿英], Xinhua, Aug. 27, 2014, http://www.xinhuanet.com/politics/2014-08/27/c_1112255473.htm, accessed Jul. 21, 2019.

¹⁶⁶² Hua Yisheng [华益声], "Don't let the South China Sea problem tarnish the big picture of China-Vietnam relations" [别让南海问题搅了中越大局], *People's Daily* (overseas edition), Aug. 27, 2014.

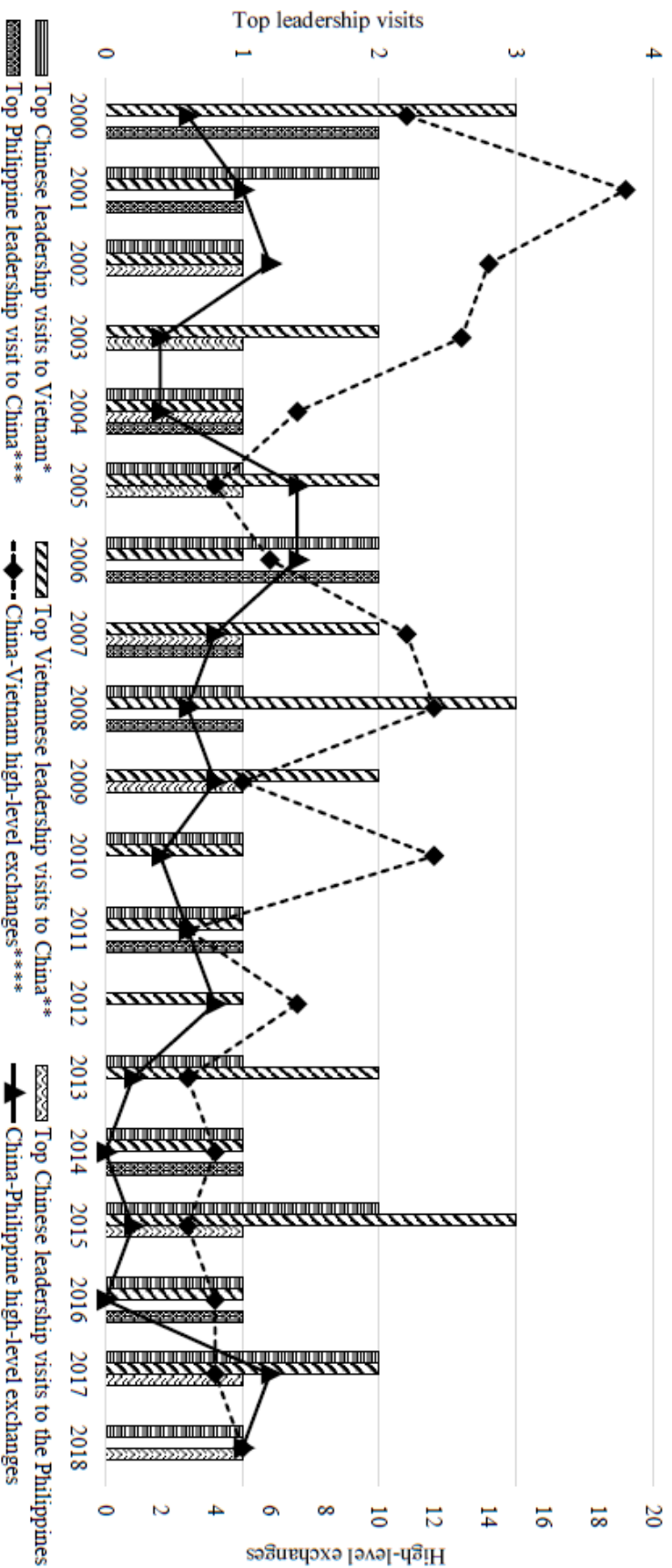
¹⁶⁶³ Carlyle Thayer, "Why the Upcoming China-Vietnam Defense Ministers Meeting is Immensely Important," *The Diplomat*, Oct. 17, 2014, <https://thediplomat.com/2014/10/why-the-upcoming-china-vietnam-defense-ministers-meeting-is-immensely-important/>, accessed Jul. 21, 2014.

¹⁶⁶⁴ "China-Vietnam and China-ROK Defense Telephone Links officially activated with opening telephone conversations" [中越、中韩国防部之通电话正式开通并举行首次通话], Ministry of Defense of PRC, Dec. 31, 2015, http://www.mod.gov.cn/jzhzt/2015-12/31/content_4638418.htm, accessed Jul. 21, 2019.

was redeployed to the South China Sea in June 2015, it stayed away from the disputed waters.¹⁶⁶⁵ While the Vietnamese maritime law enforcement forces claimed to “have kept a close watch on the rig’s movement” since the discovery of the redeployment, this episode ended quietly without provoking another incident between China and Vietnam resembling the 2014 incident.

¹⁶⁶⁵ Greg Poling at CSIS utilized information released by China’s MSA on the coordinates (17°03’75” N, 109°59’05” E) of the oilrig and located the site. Ankit Panda, “China’s HD-981 Oil Rig Returns, Near Disputed South China Sea Waters,” *The Diplomat*, Jun. 27, 2015, <https://thediplomat.com/2015/06/chinas-hd-981-oil-rig-returns-to-disputed-south-china-sea-waters/>, accessed Jul. 21, 2019.

Figure 8.5 China-Vietnam and China-Philippines Top Leadership Visits and High-Level Exchanges (2000-2018)



* Top Chinese leadership refers to the CCP PBSC members; visits include trips to attend multilateral summits.

** Top Vietnamese leadership refers to the “ four pillars” at the top of the Vietnamese political power structure: party leader, president, premier, and chair of the National Assembly.

*** Top Philippine leadership refers to the President and Vice President; visits include trips to attend multilateral summits.

**** High-level exchanges refer to all high-profile bilateral exchanges covered by *People’s Daily* aside from top leadership visits.

Compiled by author using information from: “Overview of China-Philippine Bilateral Relations” [中菲双边关系概况], Embassy of the People’s Republic of China in the Republic of the Philippines, last update Mar. 17, 2015, <https://ph.chineseembassy.org/chn/zfgx/zzgx/537544.htm>, accessed Mar. 31, 2019; “China-Vietnam Relations” [中越关系], Embassy of the People’s Republic of China in the Socialist Republic of Vietnam, last update December 2016, <http://vn.china-embassy.org/chn/sbgxc/>, accessed Mar. 31, 2019; People’s Daily Database.

9. The Luconia Standoff and the Natuna Confrontation

Following the highly violent HD-981 episode, Beijing took steps to dial down tensions with Hanoi and Sino-Vietnamese relations witnessed a relatively stable period. On the other hand, as Chinese presence in waters close to Malaysia and Indonesia increased, both of which had traditionally adopted a low-profile approach and avoided an overtly confrontational posture against China on the South China Sea issue, Beijing's relationships with both Kuala Lumpur and Jakarta became strained from around 2014.

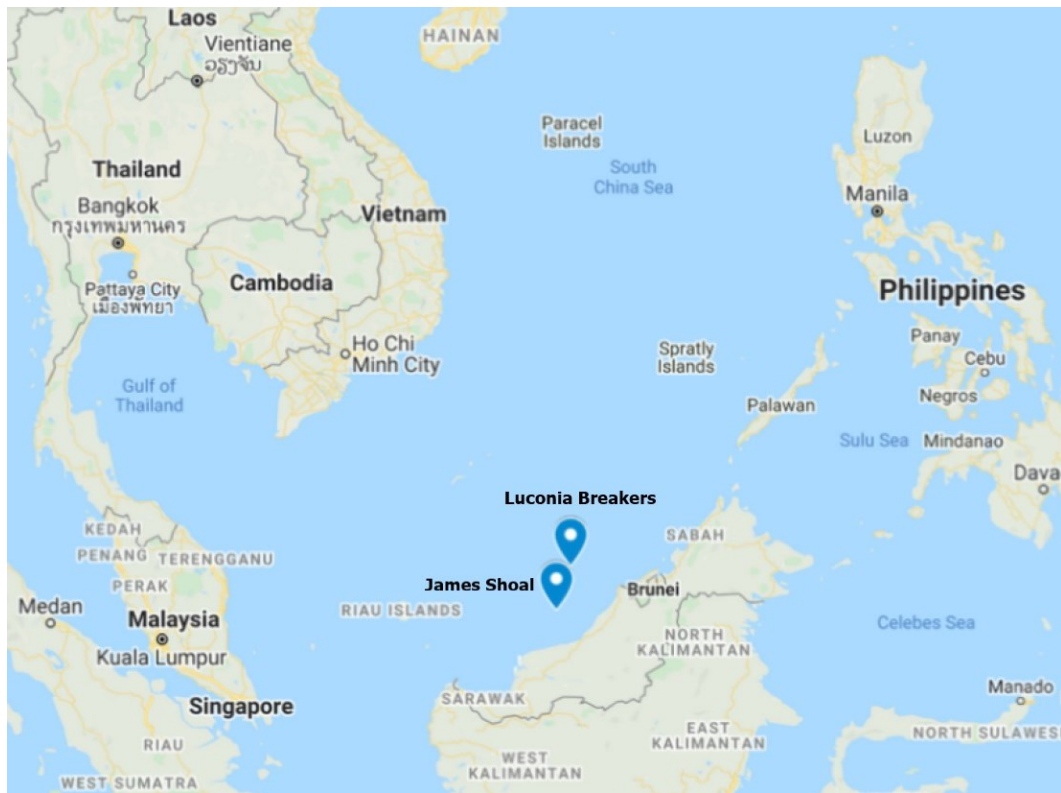
In a rare tough gesture, Malaysia's naval and coast guard ships confronted a Chinese coast guard ship in June 2015 near the contested Luconia Shoals/Qiongtai Jiao (hereafter "Luconia"). Likewise, Indonesia hardened its approach toward Chinese fishing activity in the undelimited Natuna sea areas following the inauguration of President Joko Widodo in October 2014. In March 2016, a confrontation between vessels of CCG and Indonesia's Ministry of Maritime Affairs and Fisheries ensued near the Natuna Islands as the former attempted to block the latter from arresting Chinese fishermen and confiscating their fishing boat which were found operating in the undelimited waters near Natuna.

Despite the growing tensions, China refrained from undertaking escalatory moves and limited itself to diplomatic protests in the face of rapidly surging international audience costs, which created powerful incentives for China to deescalate.

2015 LUCONIA STANDOFF

Situated between the Spratly Islands and James Shoal, the Luconia Shoals are roughly 84 nautical miles from the coast of Malaysia's oil-rich Sarawak (Map 9.1). Unlike the hotly contested Spratlys, the Luconia Shoals represented a relatively "new frontier" to the South China Sea disputes in the sense that an area within the shoals only recently became an elevation visible above the water at

Map 9.1 The Luconia Shoals



high tide – that is, a land feature which claimants may argue is an island as defined by UNCLOS.¹⁶⁶⁶

In October 2009, a team from the *Chinese National Geography* magazine on a mission to document the marine environment and assert China’s sovereignty in the South China Sea found the Luconia Shoals had emerged as a small land feature above the water. The team reported in their article that they had discovered China’s southernmost land territory – as opposed to James Shoal which is traditionally claimed as China’s southernmost tip but is submerged below the water. The magazine

¹⁶⁶⁶ Article 121 of UNCLOS, which contains three clauses, defines and qualifies the regime of islands. First, an island is defined as “a naturally formed area of land, surrounded by water, which is above water at high tide.” Second, the territorial sea, the contiguous zone, the EEZ and the continental shelf of an island are “determined in accordance with the provisions of this Convention applicable to other land territory.” Third, “rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.” https://www.un.org/Depts/los/convention_agreements/texts/unclos/part8.htm, accessed May 22, 2020. Therefore, claimants can contend that the Luconia is an island as defined by the first clause of Article 121, although whether it should be considered as being capable of sustaining human habitation and thus entitled to EEZ or continental shelf as defined in the second and third clauses would be open to more controversies.

article ended with a call on Chinese authorities to claim sovereignty over the islet and develop it into a coral park for tourism.¹⁶⁶⁷ This “discovery” seemed to be the trigger for the subsequent China-Malaysia rivalry in the Luconia Shoal.

In September 2013, a CCG patrol ship anchored in the Luconia Shoals and maintained a nearly constant presence in the region. The CCG ship reportedly started chasing away Malaysian fishermen from the area, which prompted the Sarawak local authorities and the fishermen in the city of Miri to call on the Malaysian authorities to take actions. Kuala Lumpur’s initial response was apparently cautious, avoiding open discussion or complaint. It was not until March 2014 that the Najib government first raised this matter in Parliament.¹⁶⁶⁸

In early June 2015, Kuala Lumpur released photos of the CCG ship, declaring that Malaysia’s naval and maritime law enforcement vessels had been deployed to the area to monitor the Chinese vessel on a 24/7 basis. Noting an increased Chinese presence in Malaysia-claimed waters since September 2014, Malaysia’s Navy Chief Abdul Aziz Jaafar said that the Malaysian ships had been “shadowing the [Chinese] vessel continuously” and attempted to warn the CCG ship that it was in Malaysian waters but got no response. Malaysia’s National Security Minister Shahidan Kassim stated that Prime Minister Najib Tun Razak would raise the issue directly with Chinese President Xi Jinping.¹⁶⁶⁹

¹⁶⁶⁷ “Landing on Qiongtai Jiao: an erstwhile underwater atoll has grown into China’s southernmost land territory” [登上琼台礁：原暗礁已生长为中国最南端陆地领土], *Chinese National Geography* [中国国家地理], Oct. 13, 2010, http://news.ifeng.com/mil/4/detail_2010_10/13/2765837_0.shtml, accessed Feb. 2, 2020. For English-language on the Chinese adventure and the legal significance of the Luconia Shoals emerging as an island which is visible above the water at hightide, see, Andrew Chubb, “Luconia Breakers: China’s ‘new southernmost territory’ in the South China Sea?” Southseaconversations, <https://southseaconversations.wordpress.com/2015/06/16/luconia-breakers-chinas-new-southernmost-territory-in-the-south-china-sea/>, Jun. 16, 2015, accessed Feb. 10, 2020; Part VIII, REGIME OF ISLANDS, *Article 121 Regime of islands*, UNCLOS.

¹⁶⁶⁸ Elina Noor, “Malaysia: Recalibrating its South China Sea Policy?” CSIS-AMTI, Jan. 8, 2016, <https://amti.csis.org/malaysia-recalibrating-its-south-china-sea-policy/>, accessed Feb. 2, 2020.

¹⁶⁶⁹ Jenifer Laeng, “China Coast Guard vessel found at Luconia Shoals,” *Borneo Post*, Jun. 3, 2015, <https://www.theborneopost.com/2015/06/03/china-coast-guard-vessel-found-at-luconia-shoals/>, accessed Feb. 1, 2020; Jason Ng and Trefor Moss, “Malaysia Toughens Stance With Beijing Over South China Sea; National security minister says Malaysia will protest ‘intrusion’ of Chinese Coast Guard vessel,” *Wall Street Journal*, Jun. 8, 2015;

The decision to go public, as perceived by some analysts in Malaysia and other Southeast Asian countries, seemed to imply a departure from Kuala Lumpur's typically low-key approach to the South China Sea disputes.¹⁶⁷⁰ The deployed Malaysian vessels and the CCG ship were involved in what Chinese media sources described as a "standoff",¹⁶⁷¹ though short of sparking a tense confrontation similar to the Scarborough Shoal or the HD-981 incident.

Beijing avoided making a direct response to the incident. When asked to comment on the faceoff during a press conference on June 8, the Chinese Foreign Ministry's spokesperson Hong Lei responded that he was "not unfamiliar with" Malaysia's assertion that a Chinese ship was anchored at Luconia Shoals.¹⁶⁷² The press conference transcript later released by the MFA did not even contain Hong's remark on the Luconia episode.¹⁶⁷³

The Cost Trade-off: International Audience Costs Dominated

When the Luconia confrontation became an issue between China and Malaysia, a primary goal for Beijing's diplomacy with Malaysia was, as expressly stated in an evaluation of Malaysia's South China Sea policy by an NISCSS researcher, to "effectively eliminate the potential challenges posed by ASEAN, a possible Philippines-Vietnam-Malaysia or a U.S.-Malaysia coalition" through the leverage of China's "hard power" and "soft power" with Kuala Lumpur.¹⁶⁷⁴ This desire to prevent

"Malaysia to protest over China Coast Guard 'intrusion': navy chief," Agence France Presse, Jun. 9, 2015; Prashanth Parameswaran, "Malaysia Responds to China's South China Sea Intrusion," *The Diplomat*, Jun. 9, 2015, <https://thediplomat.com/2015/06/malaysia-responds-to-chinas-south-china-sea-intrusion/>, accessed Feb. 1, 2020.

¹⁶⁷⁰ Noor, "Malaysia: Recalibrating its South China Sea Policy?" Oh Ei Sun, "Subtle shift in KL's policy over the South China Sea dispute," *The Nation*, Jun. 30, 2015, <https://www.rsis.edu.sg/media-highlight/idss/subtle-shift-in-cls-policy-over-the-south-china-sea-dispute/#.XlghK0p7k2w>, accessed Feb. 27, 2020.

¹⁶⁷¹ "Chinese and Malaysian vessels staged a standoff near Qiongtai Shoal in the South China Sea" [中国和马来西亚舰艇在南海琼台礁附近发生对峙], *Takungpao* [大公网], Jun. 4, 2015, <http://news.takungpao.com/world/roll/2015-06/3019500.html>, accessed Feb. 2, 2020.

¹⁶⁷² Ng and Moss, "Malaysia Toughens Stance With Beijing Over South China Sea."

¹⁶⁷³ "Malaysian official: Chinese navy exercise in James Shoal, prodding the Malaysian side to change its strategy" [马官员：中国海军在曾母暗沙演习，促马方改策略], Sina, Jun. 11, 2015, <http://mil.news.sina.com.cn/2015-06-11/0729832824.html>, accessed Feb. 3, 2020.

¹⁶⁷⁴ Chen, "Evaluation of Malaysia's South China Sea policy in 2014," p. 75.

Malaysia from siding with what Beijing viewed as the rivaling bloc in the South China Sea, along with the objective of preserving the still robust China-Malaysia relations, served as a major source of international costs by making a deterioration in the bilateral relationship prohibitively costly for Beijing. In the multilateral setting, China's audience cost tradeoff calculation was also clearly tilting toward the international end as a result of a string of preceding high-profile incidents in the area, the ongoing arbitration, and China's land reclamation activities.

Domestically, the compromise-averse coalition was relatively weak as key stakeholders had vital interests in maintaining stable China-Malaysia relations. In addition, as Beijing moved to reign in domestic attention to the South China Sea (Figure 8.1) after the Scarborough Shoal faceoff, a strong grassroots backlash on a decision to deescalate the standoff appeared unlikely.

Low Domestic Audience Costs on Malaysia

Beijing has traditionally placed a high stake on maintaining Kuala Lumpur as a friendly voice toward China not only on the South China Sea disputes specifically but also on broader ASEAN-China relations. Seeing Kuala Lumpur quietly shift its position in 2013-2014, Beijing took pains to placate its longtime friend and arrest the trend of drifting, as already elaborated Chapter 8.

Below the top leadership, an escalatory posture toward Malaysia did not seem to have garnered much support from key domestic stakeholders. To begin with, the PLA, despite its growing activities in waters off Malaysia's coast and the high-profile oath-taking ceremonies, had an institutional stake in securing a positive China-Malaysia relationship to expand its port access in maritime Southeast Asia. The PLAN officials first visited Kota Kinabalu, the state capital of Sabah and a port situated at a central location on the southern edge of the South China Sea, in August 2013. Later that year, Malaysia's Defense Minister Hishammuddin Hussein invited his Chinese counterpart Chang Wanquan to visit a Malaysian naval base in Sabah, where the two military

leaders launched direct contact between Malaysia's Naval Region Command 2 and China's South Sea Fleet Command. During Xi Jinping's visit to Malaysia in October 2013, Sabah was even initially included as part of his itinerary, indicating Beijing's interest in gaining access to north Borneo. In April 2015, China opened a new consulate in Kota Kinabalu.¹⁶⁷⁵

The geostrategic importance of gaining naval access in Sabah is supported by information contained in Chinese-language sources. An assessment of the security landscape in the South China Sea between 2015-2016 by a group of Southeast Asia experts at Ji'nan University underscores the importance of gaining access to Kota Kinabalu. Located between the Subic Bay in the Philippines and the Changi naval base in Singapore, according to this assessment, this port chokes "the East mouth of the Malacca Strait." Should China be able to gain access to the geostrategically important port, this would "choke" the U.S. in the region and perhaps even force Washington to adjust its South China Sea strategy."¹⁶⁷⁶ That said, in private communication Chinese interlocutors including a former PLA researcher noted that Kota Kinabalu's strategic value to the PLA might be overstated, because this location is "too close to China."¹⁶⁷⁷

Second, China's energy sector, along with Shanghai which is a major consumer market for Malaysia-originated liquefied natural gas (LNG), had vital interests in maintaining cordial relations with Malaysia, China's third largest international LNG supply source.¹⁶⁷⁸ A major LNG project between China and Malaysia was a 25-year sale and purchase agreement (SPA) signed in 2006 between Shanghai LNG and Malaysia's state oil company Petronas, primarily supplying the

¹⁶⁷⁵ Sabah was later quietly removed from Xi's itinerary probably due to its political sensitivity for Kuala Lumpur. Geoff Wade, "Sabah, the PLA Navy and Northern Australia," *The Strategist*, Australian Strategic Policy Institute (ASPI), Nov. 18, 2015; Geoff Wade, "Xi Jinping and the Sabah Enigma," *The Strategist*, ASPI, Oct. 24, 2013.

¹⁶⁷⁶ Zou Xinmei [邹新梅], "Malaysia's South China Sea Policy" [马来西亚的南海政策], in Ju Hailong [鞠海龙], ed., *South China Sea Situation Report 2015-2016* [南海地区形势报告 2015-2016] (Beijing: Shishi chubanshe, 2018), p. 204.

¹⁶⁷⁷ Private correspondence via social media, February 2020.

¹⁶⁷⁸ U.S. Energy Information Administration, *International energy data and analysis-China*, full report, last updated: May 14, 2015, <https://www.eia.gov/international/analysis/country/CHN>, accessed Feb. 3, 2020, p. 26.

Shanghai market. Shanghai LNG was a joint venture of CNOOC, which owns 45 percent of the company, and Shenergy Group Ltd., which is solely owned by Shanghai Municipal SASAC and holds the remaining 55 percent of Shanghai LNG's ownership. Per the SPA, starting in 2009 Malaysia supplies Shanghai with an annual total of 3 million metric tons of LNG (approx. 4 billion-cubic-meter natural gas).¹⁶⁷⁹ The annual amount of LNG acquired through this SPA seems to have comprised Shanghai's single largest natural gas supply source. According to Shanghai's twelfth Five-Year (2011-2015) Plan released in late 2011, the city had five major natural gas supply sources plus an emergency reserve source: Shanghai LNG 3.9 billion-cubic-meter natural gas; WEP I 2.37 billion-cubic-meter natural gas; WEP II 2 billion-cubic-meter natural gas; East Sichuan 1.9 billion-cubic-meter natural gas; East China Sea 0.3 billion-cubic-meter natural gas; and 50 million-cubic-meter emergency reserve natural gas from Wuhaogou LNG.¹⁶⁸⁰ The importance of Malaysia's LNG to Shanghai's energy consumption, along with the joint venture arrangement of Shanghai LNG, meant both CNOOC and the Shanghai authorities had a stake in securing stable LNG supplies from Malaysia.¹⁶⁸¹

¹⁶⁷⁹ "Shanghai and Malaysia signed 25-year LNG import contract" [上海与马来西亚签署 25 年进口液化天然气合同], Gov.cn, Oct. 30, 2006, http://www.gov.cn/jrzq/2006-10/30/content_427596.htm, accessed Feb. 2, 2020; "CNOOC finalized Malaysian LNG supply source, will be Shanghai's primary natural gas supply source" [中海油敲定马来西亚 LNG 气源, 将成上海主力气源], Sina, Sept. 19, 2006, <http://finance.sina.com.cn/chanjing/b/20060919/00002926038.shtml>, accessed Feb. 1, 2020; "Malaysia to supply LNG to Chinese for 25 years – Business – *International Herald Tribune*," *New York Times*, Oct. 30, 2006, <https://www.nytimes.com/2006/10/30/business/worldbusiness/30iht-energy.3330556.html>, accessed Feb. 5, 2020; "UPDATE1- Malaysia's Petronas announces China LNG deal," Reuters, Jan. 19, 2007, <https://uk.reuters.com/article/energy-malaysia-china-idUKKLR24140620061030>, accessed Feb. 5, 2020; "Malaysia seas \$25bn China gas deal," Aljazeera, Oct. 31, 2006, <https://www.aljazeera.com/archive/2006/10/2008410115128842473.html>, accessed Feb. 5, 2020; "CNOOC Shanghai terminal will receive its first shipment of LNG" [中海油上海 LNG 接收站将于 9 月接受第一船 LNG], Reuters, Sept. 8, 2009, <https://www.reuters.com/article/idCNCHINA-570220090908>, accessed Feb. 3, 2020.

¹⁶⁸⁰ "Shanghai Municipality's gas development for the twelfth Five-Year Plan period" [上海市燃气发展“十二五”规划], Dec. 28, 2011, <http://www.shanghai.gov.cn/shanghai/node2314/node25307/node25455/node25459/u21ai569505.html>, accessed Feb. 5, 2020.

¹⁶⁸¹ Shanghai's interest in sustaining Malaysia's LNG supply is illustrated in the signing of another 12-year supply pact between Shenergy and Petronas in January 2020. Shazni Ong, "Petronas formalizes 12-year LNG deal with China's Shenergy," *The Malaysian Reserve*, Jan. 21, 2020, <https://themalaysianreserve.com/2020/01/21/petronas->

LNG imports from Malaysia, however, should not be overstated or equated to Malaysia's importance to China's overall energy security interests. As of 2014, natural gas counted for only 5 percent of China's total energy consumption. A further disaggregation of natural gas supplies shows that a majority of China's natural gas imports through onshore pipelines from Central Asia, Myanmar and Russia (1133 bcf/year), outstripping LNG imports (957 bcf/year). Even among the imported 957 bcf LNG, Malaysia counts for only 15 percent, whereas Qatar (34 percent), Australia (19 percent) and Indonesia (12 percent) make up a great majority.¹⁶⁸² In other words, Malaysia as an energy supplier is important but not indispensable. Interviews with Chinese interlocutors confirm that Malaysia's LNG supply is not seen as critical or indispensable as natural gas supplies from Central Asia or Russia.¹⁶⁸³ In other words, energy might be a factor but unlikely the most critical one that contributed to China's restraint.

Third, China's huge commercial interests in Malaysia seemed to have generated additional parochial interests that preferred a stable relationship with Kuala Lumpur. Malaysia had since the 1990s forged a close partnership with China in developing a regional railway network.¹⁶⁸⁴ As China started in the 2010s to export its high-speed railway (HSR) technologies, Southeast Asia became a major overseas market where China had to compete hard with other countries especially Japan to win contracts.¹⁶⁸⁵ In Malaysia, Beijing's cultivation of ties with then Prime Minister Najib Razak was key to China's commercial ambitions there. Especially starting from 2015, China

[formalises-12-year-lng-deal-with-chinas-shenergy/](#), accessed Feb. 5, 2020; "Shanghai adds new natural gas supply source, Shenergy signs a long-term heads of agreement with Petronas" [上海再添新气源, 申能与马石油签署 LNG 供应采购长协], Sina, Jan. 21, 2020, <https://cj.sina.com.cn/articles/view/3267440072/c2c12dc800100yb7q?from=finance>, accessed Feb. 5, 2020.

¹⁶⁸² U.S. Energy Information Administration, *International energy data and analysis-China*, full report, last updated: May 14, 2015, <https://www.eia.gov/international/analysis/country/CHN>, accessed Feb. 3, 2020, pp. 21-26.

¹⁶⁸³ Author's interviews, Beijing, May 2019; private communication via WeChat, February 2020.

¹⁶⁸⁴ David M. Lampton, Selina Ho and Cheng-Chwee Kuik, *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* (Oakland, CA: University of California Press, 2020), p. 104.

¹⁶⁸⁵ *Ibid.*, pp. 190-198.

actively leveraged its connections with Najib to secure infrastructure projects in Malaysia. In May 2015, China was about to compete with Japan for a planned HSR project connecting Kuala Lumpur with Singapore.¹⁶⁸⁶ Meanwhile, Beijing was the process of negotiating an under-the-table deal with Najib to bail out 1MDB, a financially problematic Malaysian state fund that Najib co-founded and chaired, in exchange for contracts of several major infrastructure projects including the East Coast Rail Link (ECRL), a Kuala Lumpur-Bangkok HSR, a trans-Sabah gas pipeline, and the development of an offshore financial hub.¹⁶⁸⁷ Some Chinese interlocutors suggested that to secure the huge commercial interests, while pouring money into Najib’s “financial black hole,” Beijing also adopted a “more tolerant” approach toward Malaysia on the South China Sea issue.¹⁶⁸⁸

Finally, China depends on Malaysia also as a major supplier of natural rubber. China became the world’s largest natural rubber importer in 2002. According to a 2012 MOFCOM assessment, China imported 80 percent of the natural rubber it consumed every year.¹⁶⁸⁹ Unlike its relatively more diversified oil and natural gas supply portfolio, China’s natural rubber supply sources are highly concentrated in Southeast Asia. The top three suppliers – Thailand, Malaysia, and Indonesia – accounted for 80 to 90 percent of China’s total natural rubber imports (Figure 9.1). The 2012 MOFCOM assessment elevated the importance of natural rubber to the same level as oil and iron

¹⁶⁸⁶ “Malaysian Prime Minister invites Japan to bid for HSR project, China and Japan’s HSRs will have another round of competition” [马来总理邀日竞标高铁项目，中日高铁将再次交手], *China Daily*, https://caijing.chinadaily.com.cn/2015-05/26/content_20822168.htm, May 26, 2015; “Malaysia welcomes Chinese companies to bid for Kuala Lumpur-Singapore HSR” [马来西亚欢迎中国企业竞标马新高铁], Renminwang, Apr. 23, 2015, <http://world.people.com.cn/n/2015/0423/c157278-26893912.html>. Both accessed Feb. 22, 2021.

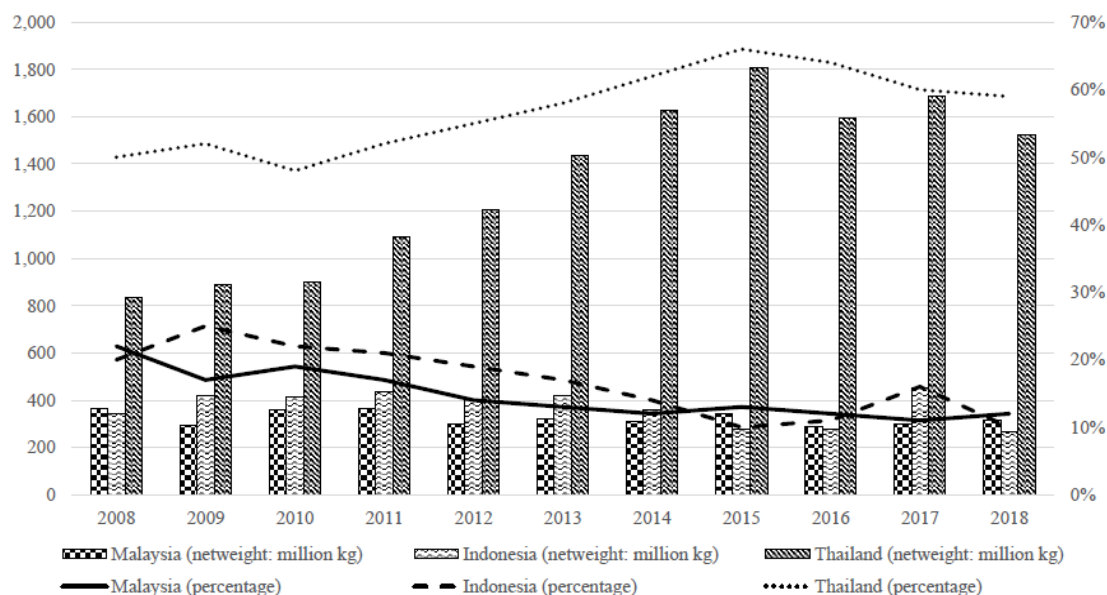
¹⁶⁸⁷ Lampton, Ho and Kuik, *Rivers of Iron*, p. 124; “Malaysia’s 1MDB sells power assets to China firm for 2.3 billion,” Reuters, Nov. 23, 2015, <https://www.reuters.com/article/us-malaysia-1mdb/malaysias-1mdb-sells-power-assets-to-china-firm-for-2-3-billion-idUSKBN0TCOPT20151123>, accessed Feb. 22, 2021; “1MDB scandal: Najib Razak offered projects to Beijing in exchange for help to resolve debt, says former aide at trial,” *South China Morning Post*, Sept. 3, 2019, <https://www.scmp.com/news/asia/southeast-asia/article/3025633/1mdb-scandal-jho-low-promised-najib-razaks-aides-boss-will>, accessed Apr. 18, 2021.

¹⁶⁸⁸ Author’s interview, Guangzhou, May 2019.

¹⁶⁸⁹ MOFCOM Bureau of Industry Injury Investigation [商务部产业损害调查局], “Current situation of natural rubber imports and impacts on downstream rubber consuming industries” [天然橡胶进口现状及对下游用胶行业的影响], *International Business Daily* [国际商报], Jun. 7, 2012.

ore as “strategic commodities in short supply” (紧缺战略性物质), highlighting China’s high vulnerability to potential supply disruption and price fluctuation. In particular, MOFCOM cautioned against the “potential negative impacts” of an “overreliance” on natural rubber imports, “[i]f export countries intentionally manipulate, restrict natural rubber exports to China, it will deal a heavy blow to China’s tires manufacturing, auto-parts manufacturing, machinery parts manufacturing, shoes manufacturing and other industries to the extent that these industries may not even be able to sustain normal operations.”¹⁶⁹⁰ The importance of the trade in rubber (along with palm oil), was expressly underscored in the latest joint statement which was issued during Malaysian Prime Minister Mahathir’s August 2018 trip to China, whereas LNG was not included.¹⁶⁹¹

Figure 9.1 China’s Rubber Imports from Malaysia, Indonesia, and Thailand



Source: UN Comtrade Database, HS Code 4001

¹⁶⁹⁰ Ibid.

¹⁶⁹¹ “Joint statement by the People’s Republic of China and Malaysia” [中华人民共和国和马来西亚联合声明], Beijing, Aug. 20, 2018, <http://my.china-embassy.org/chn/zmgx/t1586632.htm>, accessed Feb. 9, 2020.

The natural rubber industry seems to have also served as an incentive for cooperation for Hainan, the staunch compromise-averse provincial stakeholder on the South China Sea issue. As China's largest domestic provincial supplier of natural rubber, rather than viewing Malaysia as a strong competitor, Hainan appeared to see the country as a major partner with whom it can cooperate in making overseas investment to secure natural rubber production and acquiring related agricultural technologies.¹⁶⁹²

At the grassroots level, despite the outpouring of anger in China over Malaysia's handling of the MH370 search, Beijing managed to curtail the ramifications of the popular resentment on the broader bilateral relationship. The populist tabloid *Global People* put out an op-ed calling on the Chinese public to avoid venting anger towards the Malaysian people, stating that while it was "reasonable" for the Chinese public to be dissatisfied with the way the Malaysian government handled this incident, "venting anger toward the Malaysian people" and calling for a boycott of Malaysian products and tourism to Malaysia was "by no means a wise move."¹⁶⁹³ The worsening popular perception of Malaysia in China following the MH370 incident did not seem to have spilled over into the South China Sea issue.

High and Still Growing International Costs: Keep Malaysia as a Friend

On the international end, the traditionally positive bilateral ties between China and Malaysia placed a powerful constraint on Beijing's response to Kuala Lumpur's publicity of the faceoff in

¹⁶⁹² Xing Min [邢民], "Improving rubber seeds and sprouts is the foundation of Hainan's rubber production" [橡胶种苗建设是海南橡胶生产的根本], *World Tropical Agriculture Information* [世界热带农业信息], issue 6, 2012, pp. 1-2; Wang Yi [王翊], "Research and analysis of China's natural rubber industry 'going out' strategy" [中国天然橡胶行业“走出去”发展策略研究与分析], *China Rubber*, issue 13, 2013, pp. 15-18; Li Guanping [李关平], "Hainan Nongken inks cooperative deal with Malaysian Rubber Board" [海南农垦“牵手”马来西亚橡胶局], *Hainan Daily*, Aug. 21, 2018.

¹⁶⁹³ Yu Jinghao [于景浩], "Please don't vent anger on Malaysian people" [请不要迁怒于马来西亚民众], *Global People* [环球人物], Apr. 3, 2014, <http://news.sina.com.cn/zl/world/2014-04-08/14421258.shtml>, accessed Feb. 9, 2020.

the Luconia. The constraint stemmed from four dimensions. First, despite the fact that China's assertiveness on the South China Sea issue had led Kuala Lumpur to recalibrate its tactics in diplomacy and security,¹⁶⁹⁴ Malaysia still demonstrated a strong interest in maintaining a positive relationship with China and had taken a measured approach toward the faceoff. Even though Kuala Lumpur's response came as a "firmer and more public" one than what Beijing would expect from Malaysia's traditional quiet diplomacy, Kuala Lumpur avoided publicly condemning Beijing's actions "to a level that would prompt an escalatory Chinese response."¹⁶⁹⁵ Meanwhile, Malaysia reportedly deployed its vessels with built-in mechanisms to prevent escalation. When shadowing Chinese ships, the Malaysian ships usually tend to "issue orders for the Chinese ships to leave but avoid making aggressive maneuvers."¹⁶⁹⁶

Moreover, as ASEAN's chairman in 2015, Malaysia carefully balanced the need to respond to vocal ASEAN members' demand for a more explicit and critical position on China with its own intention to avoid a confrontational relationship with China, while at the same time using the multilateral platform to secure its interests in the South China Sea. The chairman statement issued following the ASEAN Summit in April, in addition to outlining Kuala Lumpur's sharing of "the serious concerns expressed by some leaders on the land reclamation being undertaken in the South China Sea," called for "urgently address[ing] this matter constructively under the various ASEAN frameworks such as ASEAN-China relations."¹⁶⁹⁷ While asserting that Malaysia's expression of concerns revealed that it had "sided with the Philippines" on the South China Sea issue, Chinese

¹⁶⁹⁴ Prashanth Parameswaran, *Playing It Safe: Malaysia's Approach to the South China Sea and Implications for the United States*, Center for a New America Security Maritime Strategy Series, Feb. 2015, pp. 6-9.

¹⁶⁹⁵ Parameswaran, "Malaysia Responds to China's South China Sea Intrusion."

¹⁶⁹⁶ Parameswaran, *Playing It Safe*, p. 8; Parameswaran, "Malaysia Responds to China's South China Sea Intrusion."

¹⁶⁹⁷ "Chairman's Statement of the 26th ASEAN Summit, Kuala Lumpur & Langkawi," Apr. 27, 2015, <http://asean.org/wp-content/uploads/2012/05/26th-Chairman-Statement-of-the-26th-ASEAN-Summit.pdf>, accessed Feb. 5, 2020, p. 10.

analysts approvingly highlighted Malaysia's "moderate attitude" and "soft wording," which was evidenced in the absence of explicitly naming China in the land reclamation clause.¹⁶⁹⁸

Second, as in the case of Vietnam, Beijing was probably worried by the prospect of Malaysia supporting the Philippines' arbitration. In March 2015, stories surfacing in the Philippine media reported that Manila would probably accommodate Kuala Lumpur on the two countries' bilateral dispute over the sovereignty of North Borneo in exchange for the latter's support for the South China Sea arbitration.¹⁶⁹⁹ This offer was reportedly made in a *Note Verbale* that the Philippine Foreign Affairs Department delivered through the Malaysian Embassy in Manila a week after Malaysia's Defense Minister Dato Seri Hishammuddin Tun Hussein visited the Philippines. Although both Manila and Kuala Lumpur denied the making of such an offer,¹⁷⁰⁰ the fact that the NISCSS paid attention to the news indicates that China was watching closely.¹⁷⁰¹

Apart from the arbitration, Beijing seemed equally troubled by the prospect of a Malaysia-Philippine or even a Malaysia-Philippine-Vietnam collaboration in light of Malaysia's South China Sea diplomacy. In January 2014, Malaysia's Foreign Minister Anifah Aman reportedly made an unannounced visit to Manila to discuss the South China Sea disputes with his Philippine counterpart and both sides agreed to reject China's nine-dash line. In February, diplomats from the Philippines, Malaysia and Vietnam held a trilateral meeting to coordinate their policies toward

¹⁶⁹⁸ Zou, "Malaysia's South China Sea Policy," pp. 198-199.

¹⁶⁹⁹ On the Malaysia-Philippines dispute over the sovereignty of north Borneo, see, Paridah Abd. Samad and Darusalam Abu Bakar, "Malaysia-Philippines Relations: The Issue of Sabah," *Asian Survey*, vol. 32, no. 6, Jun. 1992, pp. 554-567.

¹⁷⁰⁰ "Philippines offers Sabah to win Malaysia's support for UN case vs China," *Philippine Star*, Mar. 29, 2015, <https://www.philstar.com/headlines/2015/03/29/1439007/philippines-offers-sabah-win-malaysias-support-un-case-vs-china>, Feb. 6, 2020; "DFA: Philippines maintains claim on Sabah," *Philippine Star*, Mar. 30, 2015, <https://www.philstar.com/headlines/2015/03/30/1439178/dfa-philippines-maintains-claim-sabah>, accessed Feb. 6, 2020.

¹⁷⁰¹ "Philippine Media: the Philippines give up its claims to Sabah in exchange for Malaysia's support for the South China Sea arbitration" [菲媒：菲放弃索讨沙巴，以换取马国支持南中国海仲裁], Mar. 31, 2015, <http://www.nanhai.org.cn/info-detail/22/947.html>, accessed Feb. 5, 2020.

China on the disputes and code of conduct in the South China Sea.¹⁷⁰² These moves were cited by China's Southeast Asia experts as worrisome signs of Malaysia's growing tendency to collaborate and coalesce with the Philippines and Vietnam.¹⁷⁰³

Third, the concern that a firm Chinese response might strengthen the hardliners in Malaysia's domestic politics loomed large in Beijing's cost calculation. As observed by Tang Siew Mun, a senior researcher at the ISEAS-Yusof Ishak Institute, the growing Chinese presence in waters off Malaysia's coast had generated greater political awareness on the South China Sea issue, especially in East Malaysian regions including Sarawak and Sabah, which consequently made it increasingly difficult for Kuala Lumpur to remain inactive or silent.¹⁷⁰⁴ An annual evaluation by China's MSS-affiliated CICIR warned of Malaysia's changing domestic political climate: "Malaysia and Indonesia's South China Sea policies have traditionally been moderate and neutral. But the two countries' suspicions about China in maritime affairs have been deepening... There is an increase of voices among Malaysian legislators and the military personnel demanding a hardline approach."¹⁷⁰⁵ Ji'nan University's annual assessment similarly noted the growing hardline voices in Malaysia's domestic politics, cautioning that "should the voices advocating for a firm approach toward China continue to grow, it would generate even greater negative impacts on Malaysia's South China Sea policy."¹⁷⁰⁶

¹⁷⁰² Stuart Grudgings, "China's assertiveness hardens Malaysian stance in sea dispute," Reuters, Feb 26, 2014, <https://www.reuters.com/article/malaysia-china-maritime/chinas-assertiveness-hardens-malaysian-stance-in-sea-dispute-idINDEEA1P0GL20140226>, accessed Feb. 7, 2020.

¹⁷⁰³ Chen, "Evaluation of Malaysia's South China Sea policy in 2014," p. 77.

¹⁷⁰⁴ Tang Siew Mun, "Why M'sia is adopting a tougher S. China Sea stance," *TODAY* (Singapore), Mar. 21, 2016.

¹⁷⁰⁵ He Sheng [何胜], Lou Chunhao [楼春豪], et al., "Adjustment in maritime orders accelerates" [海洋秩序加速调整], in Ji Zhiye [季志业], ed., *Strategic and Security Review 2015/2016* [国际战略与安全形势评估 2015/2016] (Beijing: Shishi chubanshe, 2016), pp. 167-168.

¹⁷⁰⁶ Zou, "Malaysia's South China Sea Policy," p. 208.

Fourth, it might be part of Beijing's calculation that an assertive response to the Luconia faceoff would further push Malaysia toward the United States. Malaysia's traditional position on the South China Sea – which supported the Chinese preference not to internationalize the disputes, emphasized the central role of ASEAN in negotiating a COC with China in a nonconfrontational manner, and opposed strident interference by powers external to the region – represented a source of fundamental difference between Kuala Lumpur and Washington.¹⁷⁰⁷ China viewed this disagreement between Malaysia and the U.S. as an effective check on the latter's influence in ASEAN,¹⁷⁰⁸ and this in turn made Kuala Lumpur's hardening posture all the more worrisome for Beijing. In a move which risked enraging Beijing, Malaysia invited U.S. P-8 maritime patrol aircraft to operate out of the country's eastern area in late 2014, which gave the U.S. planes greater proximity to the South China Sea compared to taking off from other areas in the region such as the Kadena air base in Japan.¹⁷⁰⁹ Worried that Malaysia's decision would effectively strengthen U.S. reconnaissance capabilities in the South China Sea, Chinese analysts cautioned that a hardening Malaysia would play into Washington's rebalancing strategy.¹⁷¹⁰

China Avoided an Escalation

Presented with potentially substantial international audience costs but limited domestic audience costs, Beijing downplayed the Luconia incident by sidestepping an open response to Kuala

¹⁷⁰⁷ Prashanth Parameswaran, *Playing It Safe*; Bruce Vaughn, *Malaysia: Background and U.S. Relations*, Congressional Research Service (R43505), updated May 18, 2017, pp. 15-17; Liselotte Odgaard, "The South China Sea: ASEAN's Security Concerns About China," *Security Dialogue*, vol. 34, no. 1, Mar. 2003, p. 15.

¹⁷⁰⁸ Zou, "Malaysia's South China Sea Policy," pp. 200-201; Jiang Li [姜丽], Fan Xiaoting [范晓婷], et al., "Analysis of Malaysia's Strategic Interests in the South China Sea" [马来西亚在南海的战略利益分析], *Journal of Guangdong Ocean University* [广东海洋大学学报], vol. 34, no. 2, Apr. 2014, p. 32; Gong Xiaohui [龚晓辉], "An Analysis about Malaysia's Security Policy in South China Sea" [马来西亚南海安全政策初探], *Southeast Asian Affairs* [南洋问题研究], no. 3, 2012, p. 62.

¹⁷⁰⁹ Jane Perlez, "Malaysia Risks Enraging China by Inviting U.S. Spy Flights," *New York Times*, Sept. 13, 2014, <https://www.nytimes.com/2014/09/14/world/asia/malaysia-risks-enraging-china-by-inviting-us-spy-flights.html>, accessed Feb. 7, 2020.

¹⁷¹⁰ Zou, "Malaysia's South China Sea Policy," pp. 202-203; Chen, "Evaluation of Malaysia's South China Sea policy in 2014," p. 83.

Lumpur’s complaint while keeping the CCG ships in the area – perhaps out of considerations about face. The two countries opted for quiet diplomacy. In October 2015, Sarawak Region Maritime Chief Enforcement First Admiral Ismaili Bujang Pit announced that the Luconia standoff issue was being handled by the Prime Minister’s Department “in a diplomatic way” with the “hope that there will be a solution” while the Malaysian Navy and the Malaysian Maritime Enforcement Agency (MMEA) would continue to monitor the CCG vessel.¹⁷¹¹

The CCG ship departed the Luconia Shoal in late November during the ASEAN meetings in Kuala Lumpur, perhaps as a result of a deal reached between China and Malaysia. In earlier that month, Wu Shengli, commander of the PLAN and a CMC member, visited Malaysia and secured a final agreement from Malaysia for the PLAN to use the port of Kota Kinabalu as a “stopover location.”¹⁷¹² Later, Chinese Premier Li Keqiang made an official visit to Malaysia where he attended ASEAN meetings.¹⁷¹³

Notably, the China-Malaysia joint statement issued during Li’s visit dropped the language on the South China Sea issue which was contained in the joint communique issued during Najib’s May 2014 China trip and stated that “the intervention or involvement of parties not directly concerned could be counter-productive” – an all-too-clear reference to the U.S.¹⁷¹⁴ Instead, the November 2015 joint statement used the standard, more vaguely worded reference that the parties

¹⁷¹¹ “China’s Presence at Luconia Shoals Being Monitored – Ismaili,” *Malaysia General News*, Oct. 28, 2015.

¹⁷¹² “Kota Kinabalu offered as port of call to Chinese naval ships – RMN,” *Borneo Post*, Nov. 10, 2015, <https://www.theborneopost.com/2015/11/10/kota-kinabalu-offered-as-port-of-call-to-chinese-naval-ships-rmn/>, accessed Feb. 3, 2020; “PLA Navy gains use of port in Malaysia close to Spratly islands,” *South China Morning Post*, Nov. 21, 2015, <https://www.scmp.com/news/china/diplomacy-defence/article/1881300/pla-navy-gains-use-port-malaysia>, accessed Feb. 3, 2020.

¹⁷¹³ Noor, “Malaysia: Recalibrating its South China Sea Policy?”

¹⁷¹⁴ “Joint communique of the celebration of the 40th anniversary of the Establishment of the Diplomatic Relations between the People’s Republic of China and Malaysia” [中华人民共和国和马来西亚建立外交关系 40 周年联合公报], Beijing, May 31, 2014, <http://my.china-embassy.org/chn/zmgx/t1161638.htm>, accessed Feb. 9, 2020.

should “avoid actions that escalate or complicate the situation.”¹⁷¹⁵ By dropping the pointed language that Beijing might consider as more desirable, Malaysia was perhaps signaling its dissatisfaction over the increasing Chinese presence in waters off the Malaysian coast. Equally notable was the fact that this pointed language was again contained in the joint statement issued during Najib’s visit to China in November 2016.¹⁷¹⁶ It was also during Najib’s visit that China and Malaysia inked the contract to award the ECRL, Malaysia’s largest infrastructure project and an important component of China’s Belt and Road Initiative, to China Communication Construction Company (CCCC), a Chinese SOE which was involved in – and would be sanctioned in 2020 by the U.S. for – constructing China’s artificial islands in the South China Sea.¹⁷¹⁷

However, CCG ships returned to the Luconia area in December 2016 and maintained a constant presence in the area for 60 days,¹⁷¹⁸ a move which Kuala Lumpur likely perceived as implying that Beijing did not soften its stance in any substantive way.

THE 2016 CHINA-INDONESIA FACEOFF IN NATUNA

Indonesia claims an EEZ that overlaps with China’s nine-dash line northeast of the Natuna Islands (Map 9.2) but is not a party to the territorial disputes in the South China Sea. Despite its concerns about China’s behavior in the region and the growing division within ASEAN over the South China Sea issue as illustrated during the Scarborough Shoal Standoff, Indonesia has traditionally stressed its identity as a non-claimant to the sovereignty disputes and avoided overtly confronting China in the South China Sea. Officially objecting to China’s nine-dash line as lacking

¹⁷¹⁵ “Joint statement by the People’s Republic of China and Malaysia” [中华人民共和国和马来西亚联合声明], Kuala Lumpur, Nov. 23, 2015, <http://my.china-embassy.org/chn/zmgx/t1318244.htm>, accessed Feb. 9, 2020.

¹⁷¹⁶ “Joint statement by the People’s Republic of China and Malaysia” [中华人民共和国和马来西亚联合声明], Beijing, Nov. 3, 2016, <http://my.china-embassy.org/chn/zmgx/t1412765.htm>, accessed Feb. 9, 2020.

¹⁷¹⁷ Susan Heavey, Daphne Psaledakis and David Brunnstrom, “U.S. targets Chinese individuals, companies amid South China Sea dispute,” Reuters, Aug. 26, 2020, <https://www.reuters.com/article/us-usa-china-southchinasea-companies-idCAKBN25M1O6>, accessed Feb. 22, 2021.

¹⁷¹⁸ “Tracking China’s Coast Guard Off Borneo,” CSIS-AMTI, Apr. 5, 2017, <https://amti.csis.org/tracking-chinas-coast-guard-off-borneo/>, accessed Feb. 1, 2020.

international legal basis and “tantamount to upset[ing] the UNCLOS 1982,”¹⁷¹⁹ Jakarta conceived itself as an “honest broker” advocating for peaceful negotiations among the disputants as well as for an early conclusion of a COC in the region.¹⁷²⁰

Map 9.2 The Overlapping Area between Indonesia’s EEZ around Natuna and the Nine-Dash Line



Source: Adapted from Felix K. Chang, “Even Indonesia: Concerns over China’s Reach in the South China Sea,” Foreign Policy Research Institute, Oct. 18, 2014, <https://www.fpri.org/article/2014/10/even-indonesia-concerns-over-chinas-reach-in-the-south-china-sea/>, accessed Feb. 16, 2020.

The undelimited area off the Natuna Islands – which is rich in marine resources – has been a source of constant fishing disputes between Indonesia and China, a problem only further intensified as China’s near seas became depleted of fish stock and Chinese fishermen started

¹⁷¹⁹ Indonesia’s Note No. 480/POL-703/VII/10, Jul. 8, 2010, https://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/idn_2010re_mys_vnm_e.pdf, accessed Feb. 18, 2020.

¹⁷²⁰ Aaron L. Connelly, *Indonesia in the South China Sea: Going it alone*, Lowy Institute for International Policy, Dec. 2016, p. 4; Prashanth Parameswaran, “No, Indonesia’s South China Sea Approach Has Not Changed,” *The Diplomat*, Mar. 26, 2015, <https://thediplomat.com/2015/03/no-indonesias-south-china-sea-approach-has-not-changed/>, accessed Feb. 17, 2020.

venturing into more distant waters.¹⁷²¹ In June 2009, Beijing lodged a diplomatic protest over Jakarta's detention of 75 Chinese fishermen for illegally fishing in the EEZ of the Natuna Islands and seizure of eight fishing boats.¹⁷²² In June 2010, a Chinese FLE ship prevented the detention of a Chinese boat caught illegally fishing in the Natuna waters by an Indonesian patrol ship. The FLE ship reportedly pointed a large-caliber machine gun at the Indonesian vessel to force it to release the Chinese fishing boat. This incident prompted Jakarta to lodge a protest against Beijing's nine-dash line claims in July.¹⁷²³ In March 2013, a similar incident occurred in the same area when a FLE ship confronted and forced an Indonesian patrol ship to release nine detained Chinese fishermen.¹⁷²⁴

The overlapping claims and frictions over fish resources notwithstanding, Jakarta and Beijing had managed to maintain genial interactions during Indonesian President Susilo Bambang Yudhoyono's two terms (2004-2014). During his state visit to Indonesia in October 2013, China's President Xi Jinping unveiled the "21st Century Maritime Silk Road" – the maritime leg of his signature Belt and Road Initiative.¹⁷²⁵ During Xi's visit, the two sides also signed an MOU to establish a bilateral partnership in fishery, pledging close cooperation in a number of policy areas including the eradication of illegal fishing.¹⁷²⁶ The MOU was followed up by a three-year bilateral

¹⁷²¹ Mallory, *China, Global Governance, and the Making of a Distant Water Fishing Nation*, pp. 128-131, pp. 144-145.

¹⁷²² Zhang Xin, "Indonesia told to release 75 Chinese fishermen," *China Daily*, Jun. 26, 2009, http://www.chinadaily.com.cn/china/2009-06/26/content_8324509.htm, accessed Feb. 28, 2020.

¹⁷²³ Scott Bentley, "Mapping the nine-dash line: recent incidents involving Indonesia in the South China Sea," *The Strategist*, ASPI, Oct. 29, 2013, <https://www.aspistrategist.org.au/mapping-the-nine-dash-line-recent-incidents-involving-indonesia-in-the-south-china-sea/>, accessed Feb. 17, 2020; "Indonesia enters the fray with China," *Bangkok Post* (Thailand), Apr. 4, 2014; Sun, "Malaysia, Indonesia and Brunei's South China Sea policies," in Liu and Wu, ed., *2013 Assessment Report on the Situation in the South China Sea*, pp. 116-117; Do Thanh Hai, *Vietnam and the South China Sea: Politics, Security and Legality* (New York: Routledge, 2017), pp. 183-184.

¹⁷²⁴ Bentley, "Mapping the nine-dash line: recent incidents involving Indonesia in the South China Sea;" "Indonesia enters the fray with China."

¹⁷²⁵ "Speech by Chinese President Xi Jinping to Indonesian Parliament," Oct. 2, 2013, Jakarta, Indonesia, http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm, accessed Feb. 17, 2020.

¹⁷²⁶ "Indonesia-China sign MoU on fishery sector," *Antara News*, Oct. 3, 2013, <https://en.antaranews.com/news/90991/indonesia-china-sign-mou-on-fishery-sector>, accessed Feb. 18, 2020;

implementation agreement signed into effect on October 14, 2014 – less than a week prior to the inauguration of Yudhoyono’s successor Joko Widodo (“Jokowi”).¹⁷²⁷ Under the agreement, Chinese fishermen were allowed to fish in Indonesian waters provided that they form a joint venture with Indonesian companies and own no more than 49 percent of the stakes.¹⁷²⁸

In November 2014, Indonesia’s newly elected president Jokowi unveiled his Global Maritime Fulcrum strategy at an ASEAN summit. Jokowi laid out five priorities encompassed in his signature doctrine: 1) maritime defense and security; 2) maritime diplomacy and sovereignty; 3) maritime infrastructure, connectivity, and industries; 4) maritime resources with a focus on building marine food sovereignty; and 5) maritime culture.¹⁷²⁹

For the Jokowi administration, one of the top maritime security challenges confronting Indonesia was illegal, unreported, and unregulated (IUU) fishing in the country’s claimed waters. Jokowi claimed that at least 5,500 boats had engaged in illegal fishing in Indonesia’s waters and caused the country an economic loss of 300 trillion Indonesian Rupiah (approx. \$2.2 billion US dollars) every year. Jokowi vowed to toughen up against foreign ships engaging in IUU fishing in Indonesia’s claimed waters: “[D]o not nab the foreign fishing boats poaching in Indonesian waters. If needed, sink them straightaway.”¹⁷³⁰ In December, Indonesia’s Marine and Fisheries Ministry

“Indonesia, China sign MoU on fishery partnership,” *Jakarta Post*, Oct. 3, 2013, <https://www.thejakartapost.com/news/2013/10/03/indonesia-china-sign-mou-fishery-partnership.html>, accessed Feb. 18, 2020.

¹⁷²⁷ Tama Salim and Bagus T. Saragih, “Indonesia takes on China,” *Jakarta Post*, Jan. 25, 2015, <https://www.thejakartapost.com/news/2015/01/25/indonesia-takes-china.html>, accessed Feb. 18, 2020; Ministry of Agriculture of the People’s Republic of China, “China-Indonesia sign implementation arrangements on fishing cooperation” [中印尼签署捕捞合作执行安排], Oct. 15, 2014, http://jiuban.moa.gov.cn/zwllm/gjil/201410/t20141015_4105841.htm, accessed Feb. 18, 2020.

¹⁷²⁸ Zhang Hongzhou, “Indonesia’s War on Illegal Fishing: Impact on China,” *RSIS Commentary*, no. 192, Sept. 9, 2015.

¹⁷²⁹ Rendi A. Witar, “Jokowi launches maritime doctrine to the world,” *Jakarta Post*, Nov. 13, 2014, <https://www.thejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>, accessed Feb. 17, 2020; Lyle J. Morris and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities* (Santa Monica: RAND Corporation, 2018), p. vii, p. 17.

¹⁷³⁰ “Indonesia vows tougher crackdown on illegal fishing,” *Antara News*, Nov. 25, 2014.

signed an MOU with the Indonesian Navy to jointly increase patrols on the sea as part of Jokowi's campaign to combat IUU fishing.¹⁷³¹ In January 2015, Jakarta revoked the three-year fishing cooperation agreement with China on the grounds that Indonesia's newly introduced ban on large fishing operations by foreign vessels had affected previous partnerships with various countries.¹⁷³²

It should be clarified that the Jokowi administration's crackdown on IUU was, in and of itself, not a measure specifically targeting China or reflecting a hardening Indonesian response to China's behavior in the South China Sea. By-country data shows that Vietnam, Thailand, and the Philippines had the largest numbers of fishing boats sunk by Jakarta for engaging in IUU fishing activities in Indonesia's claimed sea areas. According to a report by Indonesia's official news agency *Antara News* on March 18, 2016 – the day before the China-Indonesia Natuna confrontation, among the 151 foreign ships sunk by Jakarta since the inauguration of Jokowi for engaging in IUU fishing activities in Indonesia's claimed EEZ, 50 were from Vietnam, 43 from the Philippines, 21 from Thailand, 20 from Malaysia, and only one from China.¹⁷³³

On March 19, a standoff between a CCG vessel and an Indonesian fisheries ministry patrol ship ensued near the Natuna Islands when the Indonesian ship was towing a Chinese fishing boat found illegally operating in the area. The CCG vessel reportedly collided with the fishing boat to

¹⁷³¹ "Fishery Ministry, Navy sign MoU for joint sea supervisory activities," *Antara News*, Dec. 1, 2014. Indonesia's MLE system also struggled with the problem of fragmentation and overlapping of responsibilities due to the plethora of MLE agencies, which is further compounded by these agencies' weak capabilities, the country's vast archipelagic water body, and by other maritime security challenges such as piracy and terrorism. Thus, Indonesia had heavily relied on its navy for performing constabulary functions in its waters. Morris and Paoli, *A Preliminary Assessment of Indonesia's maritime Security Threats and Capabilities*, pp.21-27, 33-44; "Illegal fishing – govt's task force to focus on border regions," *Antara News*, Nov. 3, 2015.

¹⁷³² Salim and Saragih, "Indonesia takes on China." For a list of the new regulations and bans adopted in the early years of the Jokowi administration, see, Budy P. Resosudarmo and Ellisa Kosadi, "Illegal Fishing War: An Environmental Policy during the Jokowi Era?" *Journal of Southeast Asian Economies*, vol. 35, no. 3, Dec. 2018, p. 373.

¹⁷³³ "Bilateral, multilateral cooperation needed to fight illegal fishing," *Antara News*, Mar. 18, 2016.

prevent the boat from being towed away. The Indonesian ship let the fishing ship go but kept eight Chinese fishermen in detention.¹⁷³⁴

Over the next few days, Indonesia's foreign ministry and fisheries ministry respectively summoned the Chinese Embassy's charge d'affaires Sun Weide to lodge rare strong protests. Jakarta raised three interrelated issues that it perceived as being involved in this incident: first, the CCG vessel's violation of Indonesia's sovereign rights and jurisdiction in its EEZ and continental shelf; second, the CCG ship's violation against Indonesia's law enforcement activities in its own EEZ and continental shelf; third, the CCG ship's violation of Indonesia's territorial waters.¹⁷³⁵ Indonesia's Fisheries and Marine Affairs Minister Susi Pudjiastuti, the hardcore supporter and major implementer of the crackdown on IUU fishing, claimed that the Chinese fishing boat was caught illegally fishing in the overlapping area off Natuna and that the CCG vessel's interception of the Indonesian ship occurred when the latter had already towed the fishing boat into Indonesia's territorial waters.¹⁷³⁶

For China, Indonesia's decision to go public about the fishery dispute and openly lodge diplomatic protests was new and contrasted its low-key approach to handling the earlier incidents.¹⁷³⁷ In response, Beijing asserted that the Chinese fishing boat was "harassed" by the Indonesian ship while operating in "traditional Chinese fishing grounds," insisting that the CCG

¹⁷³⁴ "Indonesia to summon Chinese envoy after boat confrontation," Agence France Presse, Mar. 20, 2016; "Indonesia protests China's retrieval of illegal fishing ship," Associated Press, Mar. 21, 2016.

¹⁷³⁵ "Indonesia protests China over boat incident," *Japan Economic Newswire*, Mar. 21, 2016; "Indonesia summons Chinese diplomat over fishing boat incident," *Japan Economic Newswire*, Mar. 21, 2016; "RI asks China to Respect Int'l Law of Sea," *Antara News*, Mar. 21, 2016.

¹⁷³⁶ "Indonesia protests China over boat incident."

¹⁷³⁷ Zhu Feng [朱锋], "China's peripheral security situation: what new changes are we facing?" [中国周边安全局势——我们正在面临什么样的变化?], *Contemporary World* [当代世界], issue 4, 2016, p. 14; Connelly, *Indonesia in the South China Sea*, p. 5.

ship did not enter Indonesian territorial sea during the incident.¹⁷³⁸ Jakarta rebuffed Beijing's "Chinese traditional fishing ground" narrative as being "baseless," announcing that the eight detained Chinese fishermen would be subject to Indonesia's legal process. Jakarta also explicitly linked its subsequent actions on the South China Sea issue to China's response to this incident. Calling the incident a "sabotage" of Indonesia's "years-long efforts and work to promote peace in the South China Sea," Susi warned that Jakarta was considering filing a case to an international tribunal over the incident.¹⁷³⁹ Likewise, Indonesia's Deputy Foreign Minister Abdurrahman Mohammad Fachir implied a possible hardening of Jakarta's position on the South China Sea, stating that Indonesia's "next course of action would depend on China's official clarifications to its protest."¹⁷⁴⁰

The Cost Trade-off: International Audience Costs Dominated

This confrontation occurred only a few months prior to the international arbitration brought about by the Philippines against China. During this period, Beijing was anxiously watching the process and regional reaction to the ruling while simultaneously embarking on an international PR campaign to garner support for its own position on the South China Sea. As such, it was clear to Beijing that China's international audience costs would rise further still should it respond firmly to Indonesia at the time. Domestically, the Chinese leadership and foreign policy elites seemed to share a position which attached great importance to the necessity of keeping Jakarta as a relatively

¹⁷³⁸ "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 21, 2016," MFA, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1349416.shtml, accessed Feb. 22, 2020.

¹⁷³⁹ "Fisheries minister deplores China's unilateral claim over waters," *Antara News*, Mar. 21, 2016; "Indonesia assures safety of detained Chinese fishing boat crew," *Antara News*, Mar. 22, 2016; "China urges Indonesia to release crew as sea row escalates."

¹⁷⁴⁰ Francis Chan, "Fishing spat won't hurt Beijing ties, says Jakarta; Indonesian officials insist the incident near the Natuna Islands is not a border dispute," *Straits Times*, Mar. 24, 2016.

moderate party to the disputes and saw more continuity than change as defining Indonesia's South China Sea policy under Jokowi.

Moderate Domestic Audience Costs

As with Malaysia, China viewed a neutral, moderate Indonesia as a diplomatic asset in the South China Sea disputes and sought to prevent it from leaning toward the more vocal disputants. A 2014 CASS assessment underscored the need to differentiate ASEAN members' variegated positions on the South China Sea issue so as to better tailor China's policies toward each of them, noting that Indonesia and Malaysia – in contrast to Vietnam and the Philippines – had reservations about deeper U.S. intervention in regional affairs. Therefore, China should prioritize the strengthening of its bilateral relations with Indonesia, which was striving to regain its status as ASEAN's leading state and had “actively lobbied the Philippines to move forward toward an early conclusion of a COC,” according to the CASS assessment.¹⁷⁴¹ An 2015-2016 assessment of the South China Sea situation by Southeast Asia experts at Ji'nan University underscored that the Jokowi administration's heavy-handed approach in handling maritime security challenges should not be interpreted as a sign of fundamental change in Indonesia's maritime security goals. Instead, according to this report, China should “fully understand” that Indonesia's ultimate goal of safeguarding its maritime rights had remained unchanged to “correctly evaluate” Indonesia's South China Sea policy and “avoid creating new problems or even confrontations between the two countries.”¹⁷⁴²

¹⁷⁴¹ Zhang, “Constructing new-type China-ASEAN relations and the South China Sea problem,” in Zhang, ed., *China's Regional Security Environment Review 2014*, p. 124.

¹⁷⁴² Gong Xiaohui [龚晓辉], “Indonesia's South China Sea policy” [印度尼西亚的南海政策], in Ju Hailong [鞠海龙], ed, *Report of the Situation in the South China Sea 2015–2016* [南海地区形势报告 2015-2016] (Beijing: Shishi chuanshe, 2018), pp. 220-222.

Throughout 2015, Beijing meticulously avoided alienating the new Jokowi administration. In March, during his trip to Japan and just a few days ahead of his first state visit to China, Jokowi told *Yomiuri Shimbun* that China's nine-dash line claim had "no basis in any international law."¹⁷⁴³ While Jokowi's words were consistent with Indonesia's official position as articulated in its 2010 *Note Verbale*, making such a remark in Japan on the eve of a trip to China could be interpreted by Beijing as a challenge. However, Beijing remained silent. Only after Jokowi distanced himself from this remark the next day by declaring that "Indonesia is not siding with any party involved in the dispute"¹⁷⁴⁴ did Beijing make an open comment in an apparent endeavor to keep a positive tone for Jokowi's upcoming visit. Describing Indonesia as "a country of great influence in ASEAN," MFA's spokesperson Hua Chunying expressed Beijing's hope that Jokowi's visit would give a boost to the bilateral cooperation and advance the two countries' strategic partnership.¹⁷⁴⁵ In November, Indonesia's Coordinating Minister of Political, Legal and Security Affairs Luhut Panjaitan stated that Indonesia could take China to an international court should their overlapping claims in the Natuna area not be settled through dialogue.¹⁷⁴⁶ In response, Beijing reiterated its position that China had no objection to Indonesia's sovereignty over the Natuna Islands and called on the two countries to keep cooperating in advancing their partnership, dodging a reference to Indonesia's threat to initiate the legal process.¹⁷⁴⁷

¹⁷⁴³ "Indonesian president says China's main claim in South China Sea has no legal basis," Reuters, Mar. 23, 2015, <https://www.reuters.com/article/us-indonesia-china-southchinasea/indonesian-president-says-chinas-main-claim-in-south-china-sea-has-no-legal-basis-idUSKBN0MJ04320150323>, accessed Feb. 21, 2020.

¹⁷⁴⁴ "Jokowi distances himself from South China Sea comments," Todayonline, Mar. 24, 2015, <https://www.todayonline.com/world/asia/jokowi-distances-himself-south-china-sea-comments>, accessed Feb. 21, 2020.

¹⁷⁴⁵ "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on March 25, 2015," MFA, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1248592.shtml, accessed Feb. 21, 2020.

¹⁷⁴⁶ "Indonesia says could also take China to court over south china sea," Reuters, Nov. 11, 2015.

¹⁷⁴⁷ "Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on November 12, 2015," MFA, Nov. 12, 2015, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1314306.shtml, accessed Feb. 3, 2020.

Moreover, enhancing maritime security in the Malacca Strait remained a strong incentive for China to maintain robust military cooperation with littoral countries including Indonesia, giving the PLA an institutional interest in a stable China-Indonesia relationship. In 2011, special forces from the PLA and the Indonesian Armed Force kicked off an annual counterterrorism exercise dubbed “Sharp Knife,” which was hailed by Hou Shusen, then deputy chief of staff of the PLA, as a move that “explored a new channel and area for exchange.”¹⁷⁴⁸ In early 2013, the two militaries established an annual navy-to-navy consultation mechanism.¹⁷⁴⁹ Since 2014, the PLAN has participated in the Indonesia-led multilateral Komodo military exercise.¹⁷⁵⁰ According to a 2018 RAND study, Indonesia was one of the Southeast Asian countries with which China had most often conducted combined military exercises during the period from 2002 through 2014.¹⁷⁵¹ Following the Natuna confrontation incident, Beijing refrained from cancelling the PLA’s planned participation in the Komodo exercise. On March 26, a PLAN missile frigate and a submarine rescue ship departed for Indonesia to participate in the exercise slated to start in mid-April.¹⁷⁵²

In the economic dimension, in addition to being an important international supplier of natural rubber (Figure 9.1) and LNG for China, Indonesia, like Malaysia, was a key market for China’s campaign to export its HSR technologies. This had the effect of expanding the domestic constituencies in China favoring a stable relationship with Indonesia. Notably, the timing of the

¹⁷⁴⁸ Cui Haipei, “China, Indonesia end first joint training,” *China Daily*, Jun. 18, 2011, http://www.chinadaily.com.cn/china/2011-06/18/content_12728186.htm, accessed Feb. 21, 2020; Andrew Scobell, at el, *At the Dawn of Belt and Road: China in the Developing World* (Santa Monica: RAND Corporation, 2018), pp. 66-67.

¹⁷⁴⁹ “The fifth China-Indonesia Defense Security Consultation meeting establishes navy-to-navy consultation mechanism” [第五届中印尼国防部防务安全磋商，建海军对话机制], chinanews.com [中国新闻网], <http://www.chinanews.com/mil/2013/01-10/4477978.shtml>, accessed Feb. 22, 2020.

¹⁷⁵⁰ “Navy ship Changbaishan sails to Indonesia to participate in Komodo multilateral humanitarian rescue exercises” [海军长白山舰赴印尼参加“科摩多”多边人道主义救援演习], GOV.cn, Mar. 23, 2014, http://www.gov.cn/xinwen/2014-03/23/content_2644103.htm, accessed Feb. 22, 2020.

¹⁷⁵¹ Andrew Scobell, at el, *At the Dawn of Belt and Road*, pp. 66-67.

¹⁷⁵² Pang Qingjie [庞清杰] and Liu Wei [刘伟], “China’s naval fleet sails to Indonesia to participate in ‘Komodo’ combined exercises” [我海军舰艇编队启程赴印尼参加“科摩多”联合演习], *PLA Daily*, Mar. 27, 2016.

confrontation coincided precisely with a critical stage in the construction of a HSR project connecting Jakarta to Bandung. This five-billion-dollar flagship project, which China won after a tough price war with Japan, was to be built by a joint venture comprised of China Railway International – an overseas subsidiary of China Railway Group Limited which is China’s major railway builder and one of the largest Chinese SOEs – and a consortium of four Indonesian companies. What made the Jakarta-Bandung project even more important was the prospect of building another rail connecting Jakarta to Surabaya across the Java.¹⁷⁵³

The Jakarta-Bandung HSR project came to a halt in January 2016 when the Indonesian Transportation Ministry declined to issue a construction permit due to “unresolved issues and incomplete paperwork.” At the time, the joint venture held a permit only for building the first five kilometers of the railway.¹⁷⁵⁴ In addition, the project came under strong criticism in Indonesia as much from the general public and provincial representatives for being too costly and unfair to less-developed regions as it was from the military because the railway route would cut into an air force base.¹⁷⁵⁵ On March 18, the project received its operation permit but the construction permit was still pending.¹⁷⁵⁶ In a move likely designed to further sweeten the deal and accelerate the issuance of the construction permit, China Railway International announced that it would lower the project price from \$5.5 billion to \$5.1 billion, meaning that the construction phase of the project would be

¹⁷⁵³ Lampton, Ho and Kwik, *Rivers of Iron*, p. 144.

¹⁷⁵⁴ Kristine Kwok, “China’s high-speed railway project in Indonesia suspended over incomplete paperwork,” *South China Morning Post*, Jan. 27, 2016, <https://www.scmp.com/news/china/diplomacy-defence/article/1906307/chinas-high-speed-railway-project-indonesia-suspended>, accessed Feb. 22, 2020.

¹⁷⁵⁵ Amy Chew, “Discontent in Indonesia over high-speed rail project jointly developed with China may turn the current impasse into a more protracted one,” *South China Morning Post*, Feb. 19, 2016, <https://www.scmp.com/news/asia/southeast-asia/article/1913995/discontent-indonesia-over-high-speed-rail-project-jointly>, accessed Feb. 22, 2020.

¹⁷⁵⁶ Liu Zhen, “Back on track: China’s high-speed railway project in Indonesia to resume soon as permit granted,” *South China Morning Post*, Mar. 19, 2016, <https://www.scmp.com/news/china/diplomacy-defence/article/1927471/back-track-chinas-high-speed-railway-project-indonesia>, accessed Feb. 22, 2020.

almost unprofitable for this SOE.¹⁷⁵⁷ A thinly veiled push for proceeding with the project came on March 24 when the joint venture kicked off the construction of the first five kilometers of railway. In a news release about the start of construction, China Railway International extolled the symbolic and economic significance of the Jakarta-Bandung railway as the first overseas contract won in the “going out” campaign of China’s HSR technologies. The SOE also hailed the project as “an important achievement” in aligning China’s BRI with Indonesia’s Global Maritime Fulcrum strategy, the standard lexicon that Beijing used to underscore the point that China and Indonesia’s maritime geostrategies and economic interests had greater convergence than divergence.¹⁷⁵⁸

High International Audience Costs

On the international end, China was facing three major sources of potential audience costs when the Natuna confrontation took place. In the bilateral setting, Beijing was alarmed by the growing hawkish push in Indonesia against China, especially within the Indonesian armed forces. In the multilateral setting, the prospect that Indonesia would be drawn closer to the U.S. and that Jakarta might opt for an international legal process on the overlapping waters represented the other two sources.

While China-Indonesia relations by and large remained stable, signs of hardening perceptions of China within Indonesia especially in the armed forces – which indeed had emerged prior to Jokowi taking office – were identified by Chinese observers as a source of potential costs that China might incur in the bilateral setting. In March 2014, Commodore Fahru Zaini, assistant deputy to Indonesia’s chief security minister for defense strategic doctrine, reportedly stated that

¹⁷⁵⁷ Lu Bingyang [路炳阳], “Jakarta-Bandung high-speed railway lower price again, making the construction phase almost unprofitable” [雅万高铁造价再降，基建阶段近无利润], Caixin [财新网], Mar. 17, 2016, <http://companies.caixin.com/2016-03-17/100921484.html>, accessed Feb. 23, 2020.

¹⁷⁵⁸ China Railway International Group [中铁国际集团有限公司], “Construction of the first segment of the Jakarta-Bandung high-speed railway commences” [印尼雅万高铁先导段开工], Mar. 25, 2016, <http://www.crecgi.com/?newshow/tp/222/id/272.html>, accessed Feb. 22, 2020.

China's "arbitrary claim...will have a large impact on the security of Natuna waters."¹⁷⁵⁹ In April, Gen. Moeldoko, *commander in chief of Indonesia's armed forces*, wrote in the *Wall Street Journal* that being "dismayed" by China's inclusion of parts of the Natuna Islands within the nine-dash line, Indonesia was drawing up a plan to deploy fighter jets to this region. Moreover, Moeldoko warned that China's actions in the South China Sea would "define broader perceptions of its intentions as a rising power." Namely, an "assertive China that rewrites the status quo through displays of military strength" would lead its smaller neighbors to lose their confidence that "Beijing indeed does believe in peaceful development."¹⁷⁶⁰ Citing these remarks as alarming signs on the Indonesian side, Chinese analysts warned that a firm Chinese posture vis-à-vis Indonesia in the South China Sea might shore up the hawks' position.¹⁷⁶¹

A string of moves by the Indonesian armed forces after Jokowi took office deepened China's concern that the military's hawkish approach and Jokowi's firm position on maritime security issues would converge and reinforce each other. In a 2015 assessment of the South China Sea situation, Chinese analysts noted that Jokowi's heavy-handed approach toward IUU fishing and firm position on boosting Indonesia's maritime security had "helped him win over senior officials in the Indonesian armed force."¹⁷⁶² In September 2015, Indonesia's Defense Minister Ryamizard Ryacudu announced the decision of deploying two thousand military personnel to Natuna and upgrading infrastructure including a runway on the Natuna Islands for additional warplanes and

¹⁷⁵⁹ Leo Suryadinata, "South China Sea: Is Jakarta no longer neutral?" *Strait Times*, Apr. 24, 2014, <https://www.straitstimes.com/opinion/south-china-sea-is-jakarta-no-longer-neutral>, accessed Feb. 26, 2020.

¹⁷⁶⁰ Moeldoko, "China's Dismaying New Claims in the South China Sea," *Wall Street Journal*, Apr. 24, 2014, <https://www.wsj.com/articles/moeldoko-chinas-dismaying-new-claims-in-the-south-china-sea-1398382003>, accessed Feb. 24, 2020.

¹⁷⁶¹ Wang, "Malaysia, Indonesia and Brunei's South China Sea policies", in Liu and Wu, ed., *2014 Assessment Report on the Situation in the South China Sea*, pp. 143-146; Li Wannan [李皖南] and Hu Anqi [胡安琪], "Indonesia's South China Sea policy" [印尼南海政策], in Ju Hailong [鞠海龙], ed., *South China Sea Situation Report 2014-2015* [南海地区形势报告 2014-2015] (Beijing: Shishi chubanshe, 2016), pp. 235-236.

¹⁷⁶² Li and Hu, "Indonesia's South China Sea policy", in Ju, ed., *South China Sea Situation Report 2014-2015*, p. 236.

drones to be deployed to the area. Making clear the linkage of these moves with the South China Sea situation, Ryacudu added that “when matters escalate over the South China Sea, Indonesia should not remain silent.”¹⁷⁶³ In November, the Indonesian Navy deployed seven warships to patrol the Natuna waters and combat IUU fishing activities.¹⁷⁶⁴

To be sure, the Natuna issue and IUU fishing were not the only factors contributing to the Indonesian military’s hardening stance on the South China Sea. Chinese analysts acknowledged that China’s land reclamation activity in the South China Sea, which commenced in late 2013 and was publicized in 2014, considerably aggravated Indonesia’s threat perception. A NISCSS analyst noted in an interview with the author, “China’s land reclamation in the South China Sea might have generated even greater psychological shocks to Indonesia and Malaysia than individual instances of conflict at sea, because the [reclaimed] islets are on their doorsteps...and thus have created great pressure on the two countries’ security.”¹⁷⁶⁵ Likewise, noting a growing convergence of ASEAN countries’ positions on the South China Sea issue in 2015, a CASS evaluation warned that ASEAN’s criticism of China’s land reclamation activities should be seen as an indication of a consensus among its member states rather than an outcome of this organization being held hostage by a few vocal members, namely, the Philippines and Vietnam.¹⁷⁶⁶ These observations by Chinese analysts are corroborated by a recent CSIS interview with former Indonesian Ambassador to the U.S. and former Indonesian Deputy Foreign Minister Dino Djalal, who said that Indonesians found

¹⁷⁶³ “Indonesia’s Defense Ministry to focus on improving infrastructure in Natuna,” *Antara News*, Sept. 21, 2015, <https://en.antaranews.com/news/100598/indonesias-defense-ministry-to-focus-on-improving-infrastructure-in-natuna>; “Indonesian military adds two thousand personnel to guard Natuna water,” *Antara News*, Sept. 16, 2015, <https://en.antaranews.com/news/100536/indonesian-military-adds-two-thousand-personnel-to-guard-natuna-waters>, both accessed Feb. 26, 2020.

¹⁷⁶⁴ “Indonesia deploys seven warships to Natuna,” *Antara News*, Nov. 8, 2015.

¹⁷⁶⁵ Author’s interview, Haikou, April 2019.

¹⁷⁶⁶ Zhang Jie [张洁], “Peripheral Environment and the security challenges confronting the ‘One Belt One Road Initiative’” [周边形势与 “一带一路” 面临的安全挑战], in Zhang Jie [张洁] ed., *China’s Regional Security Environment Review: 2016* [中国周边安全形势评估 (2016)] (Beijing: Social Sciences Academic Press, 2016), p. 21.

it “very weird that a country that we studied in the book to be situated way, way up North, now is actually a next-door neighbor.”¹⁷⁶⁷

In the multilateral setting, while Beijing remained confident that Indonesia’s traditional nonalignment policy and emphasis on the central role of ASEAN in regional affairs would continue to keep Jakarta from aligning with Washington,¹⁷⁶⁸ Indonesia, like other Southeast Asian countries, hedged its bets. An increasingly close U.S.-Indonesia relationship, especially against the backdrop of the U.S. rebalancing toward Asia, made Beijing uneasy as this could come at the expense of China’s geopolitical interests in Indonesia. Even prior to Jokowi’s inauguration, Chinese analysts had warned that the Obama administration was actively seeking to reinvigorate relations with Jakarta so as to “use Indonesia’s influence...in the Southeast Asia to balance against China” and that a closer U.S.-Indonesia relationship would put China-Indonesia relations in jeopardy as “great powers outside the region...would seek to suppress or contain positive China-Indonesia maritime cooperation.”¹⁷⁶⁹ Noting that Washington sent Secretary of State John Kerry to attend President Jokowi’s inaugural ceremony in October 2014 – a stark contrast to Yudhoyono’s inauguration to which the Bush administration did not send any cabinet members, a report by Ji’nan University interpreted Washington’s “sudden elevation of the Indonesian president’s status” as a manifestation of Washington’s growing interest in encouraging Indonesia to play a more active role in line with the U.S. rebalancing strategy.¹⁷⁷⁰

¹⁷⁶⁷ CSIS, “Talking Indonesia with Dr. Dino Djatal,” Feb. 25, 2020, <https://www.csis.org/analysis/talking-indonesia-dr-dino-djalal>, accessed Feb. 27, 2020.

¹⁷⁶⁸ “Analysis of Indonesia’s South China Sea policy” [印度尼西亚南海政策分析], in Cao and Ju, ed., *South China Sea Situation Report 2011-2012*, pp. 243-256; Wu Yan [吴艳], “Analysis of Indonesia’s South China Sea policy” [印度尼西亚南海政策分析], in Ju Hailong [鞠海龙], ed., *South China Sea Situation Report 2012-2013* [南海地区形势报告 2012-2013] (Beijing: Shishi chubanshe, 2013), pp. 232-233.

¹⁷⁶⁹ Wu, Analysis of Indonesia’s South China Sea policy,” in Ju, ed., *South China Sea Situation Report 2013-2014*, p. 174; Wu, “Analysis of Indonesia’s South China Sea policy,” in Ju, ed., *South China Sea Situation Report 2012-2013*, p. 221.

¹⁷⁷⁰ Li and Hu, “Indonesia’s South China Sea policy,” in Ju, ed., *South China Sea Situation Report 2014-2015*, pp. 232-233.

After Jokowi took office, Indonesia's growing cooperation with the United States, in particular in the security dimension, only increased China's unease. In April 2015, U.S. and Indonesian naval forces conducted a joint maritime air patrol exercise in the Natuna area. Whereas Indonesia attempted to underplay the significance of the exercise by describing it as "routine" and not related to the South China Sea, the U.S. unambiguously characterized it as "part of the Pacific rebalance."¹⁷⁷¹ After the exercise, Indonesia Navy spokesman Manahan Simorangkir stated Indonesia's intention to hold regular military exercises with the United States near the Natuna Islands.¹⁷⁷² In evaluating Indonesia's evolving policy toward the South China Sea issue, some Chinese observers noted that Jakarta's growing collaboration with the U.S. in both multilateral and bilateral military exercises in "sensitive areas of the South China Sea" was of particular concerns to China.¹⁷⁷³

The strengthening U.S.-Indonesian military collaboration may have appeared all the more worrisome to Beijing given the fact that "Sharp Knife," China's bilateral counterterrorism drills with Indonesia, had quietly ceased from 2015.¹⁷⁷⁴ Private communication with Chinese military analysts implied that Indonesia's leadership change and shifting maritime security policies might have led to the suspension. Ruling out the possibility that the Komodo exercise was used as a substitute for "Sharp Knife," a former PLA analyst stated candidly, "[F]or a bilateral military exercise which has been institutionalized over the course of four years, a sudden suspension may

¹⁷⁷¹ "RI, US hold joint navy drill in Malaka Strait and Natuna," *Jakarta Post*, Apr. 9, 2015, <https://www.thejakartapost.com/news/2015/04/09/ri-us-hold-joint-navy-drill-malaka-strait-and-natuna.html>, accessed Feb. 24, 2020.

¹⁷⁷² Kanupriya Kapoor and Randy Fabi, "Indonesia eyes regular navy exercises with U.S. in South China Sea," Reuters, Apr. 13, 2015, <https://www.reuters.com/article/us-indonesia-us-southchinasea/indonesia-eyes-regular-navy-exercises-with-u-s-in-south-china-sea-idUSKBN0N40O320150413>, accessed Feb. 24, 2020.

¹⁷⁷³ Gong, "Indonesia's South China Sea policy," pp. 214-215.

¹⁷⁷⁴ The last "Sharp Knife" exercise was conducted in October 2014. "China and Indonesia's air assault forces hold 'Air Assault Sharp Knife 2014' combined counterterrorism exercise" [中印尼空降兵举行“空降利刃-2014”联合反恐训练], Ministry of National Defense of PRC, Oct. 27, 2014, http://news.mod.gov.cn/action/2014-10/27/content_4547796_7.htm, accessed Feb. 26, 2020.

come as a result of a clear instruction from senior leaders or be caused by other important situational factors, because [holding] such an exercise itself has significant positive impacts [on the relationship]. Given the fact that there was no leadership change on the Chinese side and China has traditionally paid great attention to [keeping on good terms with] Indonesia, which is the leading state of ASEAN, it is unlikely that the suspension was a move made on China's part."¹⁷⁷⁵

The worry that Indonesia might go beyond verbal threats and initiate an arbitration on the Natuna issue represented an additional source of potential diplomatic costs for Beijing. In an article published in April 2016, Zhu Feng, head of the South China Sea center at Nanjing University, warned that once the arbitral tribunal made a ruling, Vietnam, Malaysia, and Indonesia might also submit their disputes for international arbitrations.¹⁷⁷⁶ A 2015 CICIR assessment of China's security environment, referring to Jokowi and his cabinet members' rejection of the nine-dash line and threat to initiate an arbitration on the Natuna issue, cautioned that Indonesia and Malaysia "have demonstrated a tendency to side with Vietnam and the Philippines."¹⁷⁷⁷

Both Beijing and Jakarta Backed Down

China's cost tradeoff calculation over the Natuna incident was ostensibly dominated by the international end, which, along with Indonesia's willingness to curtail the adverse effects of the confrontation on the bilateral relationship, set the stage for both parties to swiftly dial down tensions.

On April 13, Indonesia's Cabinet Secretary Pramono Anung stated that Jakarta considered the confrontation "a misunderstanding," adding that priority would be given to "peace efforts" to settle

¹⁷⁷⁵ Author's private correspondence via social media, February 2020.

¹⁷⁷⁶ Zhu Feng [朱锋], "Stay alert about the new trend and new challenges in the South China Sea situation" [警惕南海局势演变的新动向与新挑战], *China Development Observation* [中国发展观察], issue 8, 2016, pp. 15-16.

¹⁷⁷⁷ He, Lou Chunhao, et al., "Adjustment in maritime orders accelerates," p. 168.

the incident, not the involvement of “those outside the region.”¹⁷⁷⁸ In late April, Indonesia dispatched its Coordinating Minister for Politics, Law and Security Affairs Luhut Panjaitan to attend the deputy-prime-minister-level China-Indonesia dialogue in Beijing. Jokowi reportedly underscored to Panjaitan that China was “a friend of Indonesia;” and upon his return to Indonesia, Panjaitan told the media that the two countries would seek to cooperate in fisheries around Natuna.¹⁷⁷⁹ In return, China’s State Councilor Yang Jiechi visited Jakarta in May to attend the China-Indonesia High-Level Economic Dialogue. When speaking with the media, Yang reiterated Beijing’s position that there were “extensive strategic converging points” between China’s Maritime Silk Road initiative and Jokowi’s Global Maritime Fulcrum doctrine.¹⁷⁸⁰ During Yang’s visit, China’s Deputy Minister of Agriculture Yu Kangzhen met with Indonesia’s Fisheries Minister Susi Pudjiastuti. In what was a clear shift from her previous tough tone to a more conciliatory one, Susi described the two countries as still having “very good” cooperation because Indonesia’s fishery processing industry was still “open to all countries, including China” – although the catch fishery sector was for Indonesian fishermen only.¹⁷⁸¹

Two subsequent incidents between the two countries testified to both parties’ propensity to avoid escalating fishing disputes. In late May, only a few weeks after the exchange of high-level visits, an Indonesian frigate fired shots at a Chinese fishing trawler which was suspected of fishing illegally in the Natuna Sea and refused to stop operation despite the Indonesian vessel’s warning.

¹⁷⁷⁸ “RI considers Natuna dispute with China settled,” *Antara News*, Apr. 13, 2016.

¹⁷⁷⁹ Connelly, *Indonesia in the South China Sea*, p. 5; “China and Indonesia Hold the 5th Meeting of Bilateral Dialogue Mechanism at Deputy Prime Minister Level,” MFA, Apr. 27, 2016, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1359726.shtml, accessed Feb. 24, 2020.

¹⁷⁸⁰ “Yang Jiechi Q&A with media: China and Indonesia will deepen their cooperation and achieve win-win results and common development” [中国和印尼将进一步深化合作，实现互利共赢和共同发展——杨洁篪答记者问], May 10, 2016, <http://id.chineseembassy.org/chn/zgyyn/t1362086.htm>, accessed Feb. 23, 2020.

¹⁷⁸¹ “Relations with China very good: fisheries minister,” *Antara News*, May 11, 2016.

The Indonesian navy detained eight Chinese fishermen along with the Chinese fishing ship.¹⁷⁸² This time nearby CCG ships did not intervene, even though a CCG vessel approached the Indonesian ship and inquired about the firing. After being told that the Chinese fishing boat was caught in violation of Indonesia's law, the CCG ship left without intervention.¹⁷⁸³ Beijing was also sure to carefully word its remarks on this incident. Instead of referring to the area as "China's traditional fishing grounds," the MFA's spokesperson Hua Chunying described China and Indonesia as having "different opinions on the waters where the incident took place," adding that the two sides were consulting with each other on how to handle this incident.¹⁷⁸⁴

A similar incident occurred in mid-June when an Indonesian warship fired at and seized another Chinese fishing boat poaching in the Natuna waters. Seven Chinese crew members were detained.¹⁷⁸⁵ Nearby CCG ships again refrained from confronting the Indonesian ship or attempting to prevent the detention. Perhaps out of frustration with Jakarta's repeated use of force against Chinese fishermen as well as out of the concern that Indonesia was exploiting China's diplomatic vulnerability in the shadow of the arbitration ruling, Beijing's reaction was relatively stronger this time as compared to the restrained statement in May, though both sides still avoided going beyond verbal criticism. Referring to the Natuna waters as "China's traditional fishing grounds," the Chinese foreign ministry criticized the Indonesian warships for firing at and injuring one of the Chinese fishermen, urging Jakarta to "handle the fishing issue at sea in a constructive way."¹⁷⁸⁶ In response, the Jokowi administration defended its use of force, but at the same time

¹⁷⁸² Arlina Arshad, "Indonesia detains Chinese fishing trawler in Natuna," *Straits Times*, May 30, 2016; Niniek Karmini, "Indonesian navy fires shots, seizes Chinese fishing boat," Associated Press, May 30, 2016.

¹⁷⁸³ Arlina Arshad, "Chinese coast guard tried to intervene during trawler's seizure," *Straits Times*, May 31, 2016.

¹⁷⁸⁴ "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on May 30, 2016," MFA, <https://www.fmprc.gov.cn/cc/cgmb/eng/fyrth/t1367853.htm>, accessed Feb. 21, 2020.

¹⁷⁸⁵ "Indonesian navy ship again seizes Chinese fishing boat in Natuna," *Antara News*, Jun. 18, 2016.

¹⁷⁸⁶ "Foreign Ministry Spokesperson Hua Chunying's Remarks on Indonesian Navy Vessels Harassing and Shooting Chinese Fishing Boats and Fishermen," MFA, Jun. 19, 2016,

made it clear that Indonesia did “not want any dispute with China.”¹⁷⁸⁷ In August, Jakarta quietly called off a plan to sink impounded Chinese fishing boats on its Independence Day.¹⁷⁸⁸

Post Arbitration Reconciliation and Negotiations toward a COC

The South China Sea issue represents a case which falls in the “borderline” area of the audience costs tradeoff calculation model. The lack of an immediately clear tradeoff between the domestic and international audience costs has led to a high frequency of standoffs at sea and diplomatic gridlocks. Beijing’s evolving and often ad hoc audience costs tradeoff calculations best explains its seemingly confusing vacillation between “safeguarding rights” and “maintaining stability.” In a nutshell, the audience costs tradeoff calculations have created incentives for Beijing to punish the Philippines, tolerate Vietnam, and placate Malaysia and Indonesia (as well as Brunei).

The leadership transition in the Philippines in 2016, which roughly coincided with the ruling of arbitration, opened a window of opportunity for Beijing to undertake a rapid face-saving rapprochement with Manila – a tactic China employed with Japan in 2006 following Koizumi’s departure – and to temporarily curtail its growing international costs. Aquino’s successor Rodrigo Duterte responded positively to Beijing’s outreach, setting aside the arbitration ruling.

On the other hand, China moved to repair and stabilize relations with ASEAN. Some progress toward crisis prevention and management mechanisms in the South China Sea was made at the ASEAN-China Summit in September 2016. The first achievement was the approval of guidelines for establishing hotlines among China and ASEAN countries’ foreign ministries, which would be utilized to facilitate communication and coordination in “maritime emergencies that require

https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1373402.shtml, accessed Feb. 22, 2020.

¹⁷⁸⁷ “Indonesia does not want dispute with China: senior minister,” *Antara News*, Jun. 20, 2016; “Natuna incident consistent with Indonesia’s stance, international law: foreign minister,” *Antara News*, Jun. 20, 2016.

¹⁷⁸⁸ Connelly, *Indonesia in the South China Sea*, p. 9.

immediate policy level intervention.”¹⁷⁸⁹ The second was an agreement to apply the safety and communication procedures as prescribed in CUES to regulate encounters of naval ships and naval aircraft in the South China Sea.¹⁷⁹⁰ Positive signs notwithstanding, neither the proposed hotlines nor CUES represent new mechanisms for the region. Outstanding problems vital to crisis prevention and management remain unaddressed, namely, the issues of regulating and curbing the behavior of various actors interacting on the forefront of the disputes, securing the necessary political will and wiggle room within each party to allow for quick deescalation, and developing domestic institutions to facilitate the implementation of these mechanisms.

Negotiations between China and ASEAN on a COC is still a work in progress at the time of writing. A Single Draft South China Sea Code of Conduct Negotiating Text (SDNT), comprised of proposals from China and eight ASEAN countries (Laos and Myanmar did not make any proposals), was put forward in 2018. The SDNT incorporates existing rules of road as stipulated in the COLREGs and CUES for incident prevention and reaffirms the imperative to utilize hotlines for crisis management.¹⁷⁹¹

Beijing set the goal in 2018 of concluding the negotiation in three years, that is, by the end of 2021. But the prospect of achieving this goal seems small. Apart from the delay in negotiations

¹⁷⁸⁹ “2016 Guideline for hotline communications among senior officials of the ministers of foreign affairs of ASEAN member states and China in response to maritime emergencies in the implementation of the Declaration on the Conduct of Parties in the South China Sea,” Vientiane, Lao PDR, Sept. 7, 2016, <https://cil.nus.edu.sg/database/cil/2016-guidelines-for-hotline-communications-among-senior-officials-of-the-ministries-of-foreign-affairs-of-asean-member-states-and-china-in-response-to-maritime-emergencies-in-the-implementation-of-the/>, accessed Feb. 28 2020.

¹⁷⁹⁰ “Joint statement on the application of the Code for Unplanned Encounters at Sea in the South China Sea,” Vientiane, Lao PDR, Sept. 7, 2016, <https://asean.org/joint-statement-on-the-application-of-the-code-for-unplanned-encounters-at-sea-in-the-south-china-sea/>, accessed Feb. 28, 2020.

¹⁷⁹¹ For a detailed examination of the SDNT, see, Carlyle A. Thayer, “ASEAN, China, and the Code of Conduct,” in Leszek Buszynski and Do Thanh Hai, *The South China Sea: From a Regional Maritime Dispute to Geo-Strategic Competition* (New York: Routledge, 2019), pp. 49-54; Mark Valencia, “The Draft Code of Conduct for the South China Sea Has Significant Political Ramifications for ASEAN,” ASEAN Today, Sept. 24, 2018, <https://www.aseantoday.com/2018/09/the-draft-code-of-conduct-for-the-south-china-sea-has-significant-political-ramifications-for-asean/>, accessed Feb. 29, 2020.

due to the Covid-19 pandemic, countries still disagree on fundamental issues regarding the COC. For example, countries disagree on the geographical scope of the COC – China prefers one that corresponds to the “nine-dash line” while ASEAN countries prefers a smaller one. The parties also disagree on which land features the COC should cover, as Vietnam wants the Paracel Islands, the Philippines wants Scarborough Shoal, and China wants only the Spratly Islands. It remains also unresolved as to whether the COC should be “legally binding.” Moreover, China wants to craft the terms of the COC in a way that it can restrict the U.S. and other external countries’ military and commercial cooperation with ASEAN countries, which would not be accepted by ASEAN countries who leverage such cooperation to counterbalance China.¹⁷⁹² Even with a successful conclusion of a COC on paper, existing issues with the current crisis prevention and management mechanisms may continue to pose problems in its implantation.

¹⁷⁹² Viet Hoang, “The Code of Conduct for the South China Sea: A Long and Bumpy Road,” *The Diplomat*, Sept. 28, 2020, <https://thediplomat.com/2020/09/the-code-of-conduct-for-the-south-china-sea-a-long-and-bumpy-road/>; Felix K. Chang, “Uncertain Prospects: South China Sea Code of Conduct Negotiations,” Foreign Policy Research Institute, Oct. 6, 2020, <https://www.fpri.org/article/2020/10/uncertain-prospects-south-china-sea-code-of-conduct-negotiations/>; Peter Dutton, “Vietnam Threatens China with Litigation over the South China Sea,” *Lawfare*, Jul. 27, 2020. All accessed Apr. 16, 2021.

Yellow Sea: The Dominance of Deescalation

“The China-ROK Fishery Agreement...is of significance to the maintenance of fishing operation orders in the Yellow Sea, the construction of stable fishery relations between the two countries, and to the development of a healthy bilateral relationship...since the China-ROK Fishery Agreement took effect, violations of regulations by Chinese fishing ships have been rampant...fishery law enforcement agencies at all levels must pay great attention and take forceful measures to concretely reduce such violations.”¹⁷⁹³

– Niu Yushan

Director of FLE Yellow-Bohai Sea Regional Bureau

“[T]he China-ROK Fishery Agreement has the serious problem...Due to this agreement, China has suffered huge losses of maritime economic rights and interests in the overlapping area with South Korea in the Yellow Sea. It has also hurt Chinese fishermen in the coastal area...China must review and reconsider this fishery agreement as it has seriously undermined our national interests.”¹⁷⁹⁴

– He Xin

Member of the Chinese People's Political Consultative Conference (CPPCC)

“South Korea is as much a vital strategic leverage in moderating and controlling the situation on the Korean Peninsula as an important power in shaping the future of the peninsula. As China-ROK economic and trade ties deepen...China-ROK strategic relations are also moving in a positive direction. China should embrace this change and ceaselessly expand the scope of bilateral security cooperation while developing economic ties.”¹⁷⁹⁵

– National Defense University of the PLA

International Strategic Situation and China's National Security 2012-2013

¹⁷⁹³ Niu Yusan [牛玉山], “A Discussion on Strengthening Fishing Management Related to Foreign Waters” [关于进一步加强涉外渔业管理工作的探讨], *Modern Fisheries Information* [现代渔业信息], vol. 20, no. 1, January 2005, pp. 5-6.

¹⁷⁹⁴ “He Xin: the origin of China-ROK fishing disputes and the unbelievable China-ROK fisheries agreement” [何新: 中韩渔争的由来与匪夷所思的《中韩渔业协定》], *Guancha.cn*, Dec. 18, 2011, https://www.guancha.cn/Science/2011_12_18_63204.shtml, accessed Mar. 8, 2020.

¹⁷⁹⁵ Luo Jiangchuan [罗江川], “Security situation on the Korean Peninsula and China's policy options” [朝鲜半岛安全形势与中国政策选择], Institute of Strategic Studies of National Defense University, *International Strategic Situation and China's National Security 2012-2013* [国际战略形势与中国国家安全] (Beijing: Junshi kexue chubanshe, 2013), p. 154.

10. China-South Korea Fishing Clashes in the Yellow Sea

During the first two decades of the 21st century, the Yellow Sea has witnessed an upsurge of violent and even fatal clashes, primarily between Chinese fishermen and the South Korean Coast Guard. Compared with the East and South China Seas, however, the Yellow Sea stands out as a unique case in that the risk of escalation and the level of crisis intensity have remained the lowest in China's three near seas, despite this area having recorded a much higher frequency of fatal clashes.

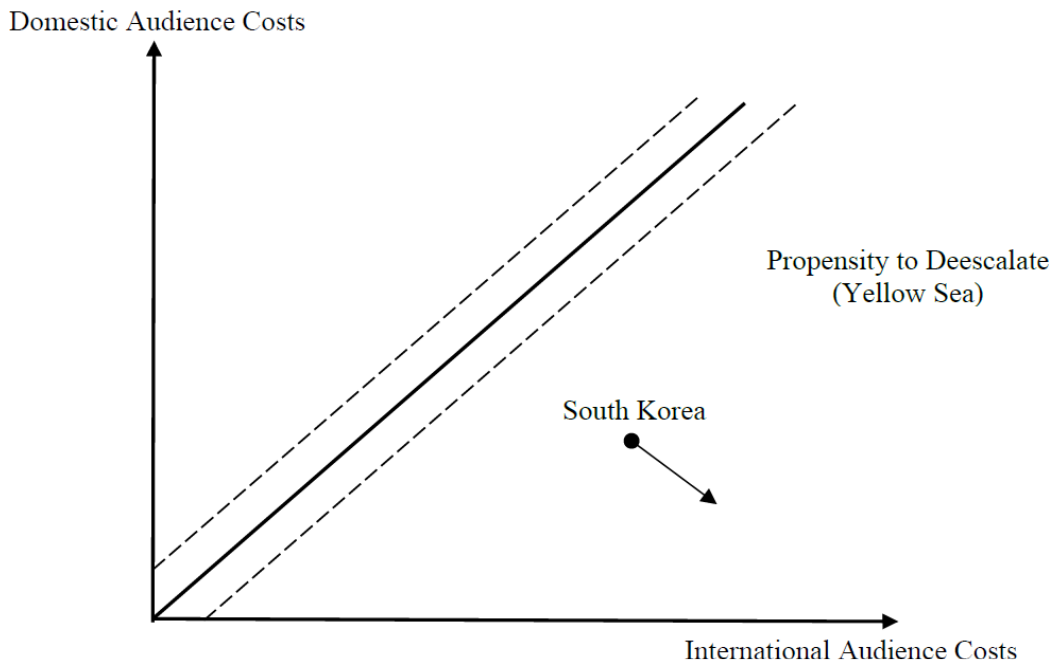
The Yellow Sea falls in the “propensity to deescalate” area below the 45-degree borderline in the audience cost trade-off model, where international audience costs ostensibly prevail over domestic audience costs under most circumstances (Figure 10.1). On the domestic end, Beijing faces little compromise-averse pressure on the disputes. At the top, the Chinese leadership have persistently prioritized the maintenance of robust ties with South Korea and stability on the Korean Peninsula. Elites in general share the prioritization of broader China-ROK relations and stability in China's northeast frontier, notwithstanding occasional calls for renegotiating the terms of the fishery agreement. At the grassroots level, the Chinese public generally harbor a much more positive perception of South Korea than of other rivaling claimants.¹⁷⁹⁶ The only disgruntled grassroots interest group that would prefer a firm Chinese position on the Yellow Sea are the fishermen whose livelihood has been substantially compromised as a result of the fishery agreement. Although China retaliated against South Korea for the deployment of Terminal High Altitude Area Defense (THAAD) in 2016 and the Chinese popular perceptions of South Korea underwent a severe downturn, Beijing managed to insulate the handling of the Yellow Sea disputes from the THAAD controversies. The preoccupation with the potential international audience costs,

¹⁷⁹⁶ For scholarly discussion of the “Korean wave” and its impacts on the bilateral relations, see, for example, Soo Hyun Jang, “The Korean Wave and Its Implications for the Korea-China Relationship,” *Journal of International and Area Studies*, vol. 19, no. 2, December 2012, pp. 97-113.

combined with the manageable domestic audience costs under most circumstances, has incentivized China to opt for a de-escalatory response to contingencies in the Yellow Sea.

This chapter illustrates the effects of the audience costs tradeoff calculation on China's decision to deescalate local incidents in the Yellow Sea since the implementation of the bilateral fishery agreement.

Figure 10.1 The Yellow Sea in the "Propensity to Deescalate" Area

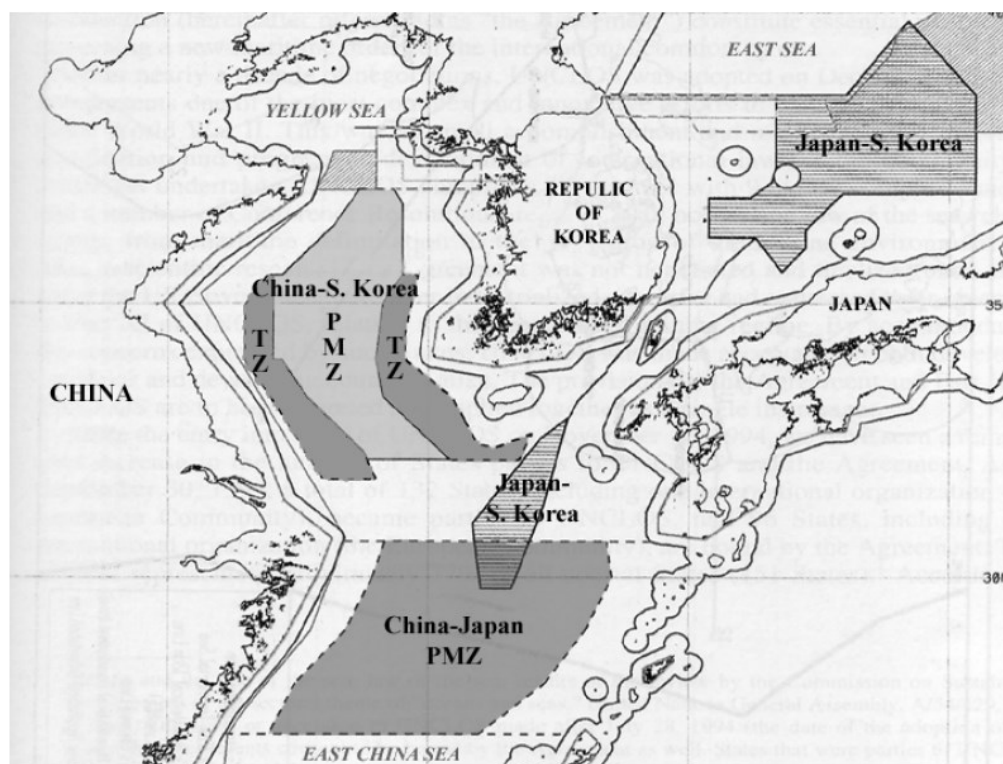


THE CHINA-ROK FISHERY AGREEMENT: IMPLEMENTATION AND IMPLICATIONS

The Yellow Sea has for centuries been an important fishery resource for fishermen in the region. Pending a final settlement on their maritime boundary, China and South Korea concluded a provisional fishery agreement in 2000, which took effect from 2001 and has been renewed annually since 2006. This agreement carved a Provisional Measures Zone (PMZ) in the Yellow Sea, in which fishing operations were to be co-managed by a joint fishery committee with each country having jurisdiction only over its own nationals and fishing vessels. On both sides of the PMZ, two Transitional Fishing Zones (TFZ/TZ) were set up (Map 10.1). Both parties agreed to

gradually reduce fishing in the other’s TFZ over a period of four years and in mid-2005, the TFZs were incorporated into the respective countries’ EEZs. With respect to EEZ management, China and South Korea allow reciprocal fishing access to their own EEZs by the other party and are entitled to “take necessary actions” against the other party’s fishermen to enforce marine conservation. Quotas of allowable catches, number of fishing vessels licensed to operate in each other’s EEZ, fishing period, and operational areas are negotiated bilaterally every year.¹⁷⁹⁷

Map 10.1 Agreed China-ROK Fishery Zones



Although the China-ROK fishery agreement adopted institutional arrangements similar to those laid out in China’s two other bilateral fishery agreements with Japan and Vietnam, the number of Chinese fishing ships seized by South Korea surged considerably after the implementation of the China-ROK agreement (Table 10.1). The number of Chinese fishing ships

¹⁷⁹⁷ *The Fisheries Agreement between the People’s Republic of China and the Republic of Korea.*

Table 10.1 The Number of Chinese Fishing Vessels Seized by South Korea

Year	Number of Seized Chinese Fishing Vessels	Bond (million USD)	Average Bond per Seized Vessel (USD)*
1996	45	NA	NA
1997	39	NA	NA
1998	39	NA	NA
1999	80	NA	NA
2000	62	NA	NA
2001	174	NA	NA
2002	175	2.2	12,571
2003	240	1.6	6,667
2004	443	3.5	7,901
2005	584	4.4	7,534
2006	509	4.8	9,430
2007	494	4.3	8,704
2008	432	5.2	12,037
2009	381	4.6	12,073
2010	370	6.5	17,568
2011	534	12	22,472
2012	467	14	29,979
2013	487	20	41,068
2014	245	16	65,306
2015	378	20	52,910
2016	248	21	84,677
2017	160	11	68,750
2018	136	11	80,882
2019	115	8.4	73,043

Sources: Vessel data for 1996-2005 from *Korea Coast Guard 2006 White Paper* [2006 년 해양경찰백서], p. 61; vessel data for 2006 and 2007 from *Korea Coast Guard 2008 White Paper* [2008 년 해양경찰 백서], p. 66; bond/fine data for 2002-2007 from Suk Kyoon Kim, “Illegal Chinese Fishing in the Yellow Sea: A Korean Officer’s Perspective,” *Journal of East Asia and International Law*, vol. 5, no. 2, 2012, p. 467; vessel and bond/fine data for 2008 from *Korea Coast Guard 2013 White Paper* [2013 년 해양경찰 백서], p. 45; vessel and bond/fine data for 2009-2013 from *Korea Coast Guard 2014 White Paper* [2014 년 해양경찰 백서], p. 19; vessel and bond/fine data for 2014-2018 from *2019 Korea Coast Guard Annual Report 2019* [2019 해양경찰백서], p. 380.

* Average fine per seized vessel is calculated by the author.

seized by the KCG in the Yellow Sea appears particularly significant when compared to data covering the same period following the signing of the China-Japan Fishery Agreement. From 2003 to 2017, a total of merely 35 Chinese fishing ships were detained by the JCG for illegally operating in Japan’s EEZ or territorial sea.¹⁷⁹⁸ The total number of Chinese fishing vessels seized by

¹⁷⁹⁸ The total of detained Chinese fishing ships by JCG is 0 from 2003-2006, 11 from 2007-2012, and 24 from 2013-2017. The 2003-2006 data is from *Japan Coast Guard Annual Report 2008*,

Japanese authorities is still small even after adding the data from the Japan Fisheries Agency (JFA), which seized a total of 25 Chinese fishing ships from 2009-2017.¹⁷⁹⁹

Decreasing Fishing Grounds and Disgruntled Chinese Fishermen

Fish disputes between China and South Korea have increased in both number and level of violence. This is likely as a result of – rather than in spite of – the bilateral fishery agreement. Three major institutional arrangements made in the agreement seem to have created economic and emotional incentives for Chinese fishermen to engage in illegal fishing in the ROK-administered waters and violent resistance when encountering the KCG enforcement.

First, an immediate impact of the agreement was the considerable shrinking of China's available fishing grounds in the Yellow Sea and the massive squeeze-out of Chinese fishing ships. The Yellow Sea traditionally sees a high concentration of Chinese fishing ships due to its geographical proximity to China. As noted by Suk Kyoon Kim, former Commissioner General of the KCG, the relatively longer distance of the East China Sea from China's coast discourages Chinese fishermen and thus Chinese fishing ships usually operate within the Sino-Japanese PMZ, which has effectively reduced the number of violations and seizures.¹⁸⁰⁰ As such, the China-ROK fishery agreement, once implemented, generated more significant socioeconomic impacts than the

<https://www.kaiho.mlit.go.jp/info/books/report2008/honpen/p052.html>; the 2007-2012 data is from *Japan Coast Guard Annual Report 2013*, https://www.kaiho.mlit.go.jp/info/books/report2013/html/honpen/1_05_1_chap3.html; the 2013-2017 data is from *Japan Coast Guard Annual Report 2018*, https://www.kaiho.mlit.go.jp/info/books/report2018/html/honpen/2_05_chap4.html. All accessed Mar. 9, 2020.

¹⁷⁹⁹ The total of seized Chinese fishing vessels by JFA is 12 from 2009-2013, 13 from 2014-2017. The 2009-2013 data is from JFA [水産庁], "Results of crackdown on foreign fishing ships in 2013" [平成 25 年の外国漁船取締実績について], Jan. 31, 2014, <https://www.jfa.maff.go.jp/j/kanri/torishimari/attach/pdf/pressrelease-39.pdf>, accessed Mar. 10, 2020; the 2014-2017 data is from JFA [水産庁], "Results of crackdown on foreign fishing ships in 2018" [平成 30 年の外国漁船取締実績について], Jan. 30, 2020, <https://www.jfa.maff.go.jp/j/press/kanri/190130.html>, accessed Mar. 10, 2020. The data for 2003-2008 is not available on JFA official website. However, based on the JCG data which shows that zero Chinese fishing ship was detained from 2003-2006 and the figure only slowly increased thereafter, it is reasonable to expect that the number of Chinese fishing ships seized by JAF during 2003-2008 should be small – and quite likely smaller than the figures from the subsequent years.

¹⁸⁰⁰ Kim, "Illegal Chinese Fishing in the Yellow Sea," p. 467.

China-Japan fishery agreement on China's fishery sector. Within one year of the agreement's implementation, Zhejiang Province, particularly its major fishing port Zhoushan, lost 30 percent of its traditional fishing grounds, and its fishermen's operations were subject to "tightened restrictions" in another 25 percent. This tremendous shrinkage in fishing grounds squeezed over 3,000 fishing ships out of their traditional operation areas and forced some 30,000 fishermen to either find alternative fishing grounds or reallocate to other economic sectors.¹⁸⁰¹ Shandong Province reported a loss of 40 percent of its fishing grounds. Whereas over 10,000 fishing ships from this province used to operate in waters surrounding South Korea, only a total of some 1,000 fishing boats were allowed to operate in South Korea-administered and Japan-administered waters after the China-ROK and China-Japan fisheries agreements took effect, forcing the rest of the fishing ships to return to the already seriously depleted coastal waters.¹⁸⁰² Liaoning lost 41 of its 102 traditional fishing grounds, a loss of over 40 percent.¹⁸⁰³ According to a Chinese analyst affiliated with CIIS, the loss of traditional fishing grounds created "strong emotions" among the Chinese fishermen.¹⁸⁰⁴

Second, Chinese fishermen's allowable catch quotas and the numbers of Chinese fishing vessels permitted to operate in the South Korean EEZ – negotiated by the two sides annually – had been gradually reduced to equal South Korea's catch quotas and vessel numbers permitted in China's EEZ (Figure 10.2). Consequently, the number of Chinese fishing vessels permitted to

¹⁸⁰¹ Bureau of Ocean and Fisheries of Zhejiang Province [浙江省海洋与渔业局], "Combining prevention with guiding to actively advance fishermen's reallocate to other industries and sectors" [堵疏结合, 积极推进捕捞渔民转产转业], *Chinese Fisheries Economics*, no. 6, 2002, p. 6.

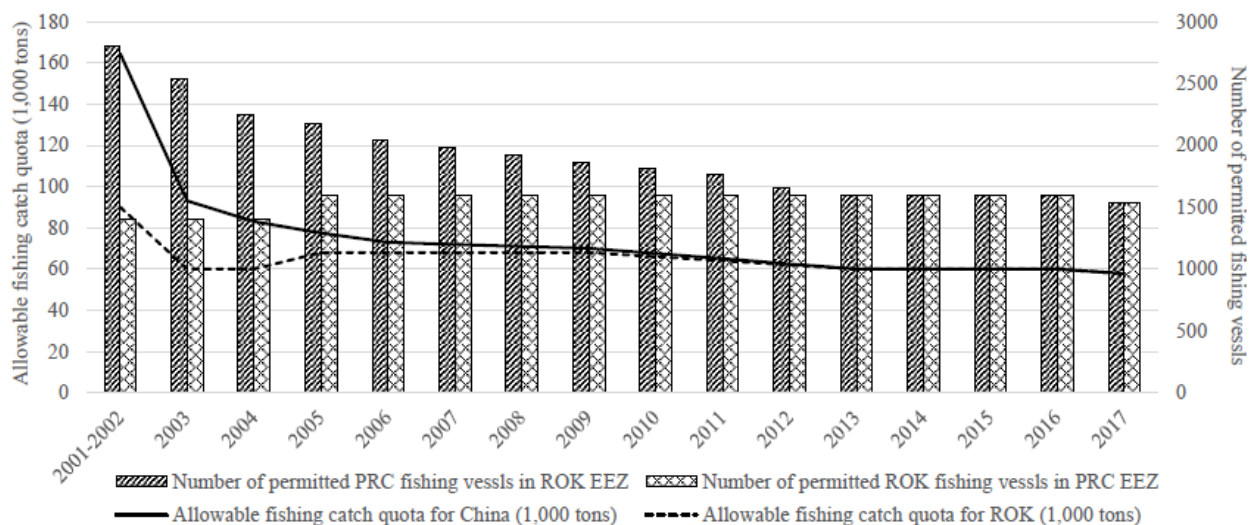
¹⁸⁰² Li Gongshan [李公善], Chu Minsheng [褚民生] and Yang Youyi [杨友义], "Problems and solutions in the administration of fishing ships operating in foreign waters" [浅析涉外渔船管理中存在的问题与对策], *Shandong Fisheries*, vol. 22, no. 6, 2005, p. 38.

¹⁸⁰³ Lin Yuejiao [林月娇] and Liu Haiying [刘海映], "Influence of implementing Fishery Agreement between China and Korea to Liaoning Province's fishery" [《中韩渔业协定》的实施对辽宁省渔业的影响及对策], *Chinese Fisheries Economics* [中国渔业经济], no. 4, 2006, p. 71.

¹⁸⁰⁴ Author's interview, Beijing, June 2019.

operate in the South Korean EEZ was cut by nearly 40 percent from 2003 (2531 vessels) to 2017 (1540 vessels), and Chinese fishermen’s allowable catch quotas by 38 percent from 2003 (93,000 metric tons) to 2017 (60,000 metric tons).¹⁸⁰⁵ During this period, the quotas and the numbers of South Korean fishing vessels permitted to operate in the Chinese EEZ remained largely constant. The squeeze effect on the Chinese side was further magnified by the huge gap in fishing capacities between China, which had 515,000 marine fishing vessels when the implementation of the agreement started, and South Korea, which had roughly 86,000, according to a CIIS report.¹⁸⁰⁶

Figure 10.2 The Number of Permitted Fishing Vessels and Allowable Catch Quotas



Source: *China Fisheries Yearbook* [中国渔业年鉴], various years (2003-2018).

The fact that both the Chinese side of the Yellow Sea and the PMZ were heavily fished and increasingly depleted of stocks further exacerbated the Chinese fishermen’s economic hardship.¹⁸⁰⁷ The way that the TZs and PMZ were delineated was criticized by Chinese analysts

¹⁸⁰⁵ *China Fisheries Yearbook 2004*, p. 22; *China Fisheries Yearbook 2018*, p. 27.

¹⁸⁰⁶ Dong Manyuan [董漫远] and Su Xiaohui [苏晓晖], *Assessment of China’s Peripheral Security Environment and Policy Options 2010-2020* [中国周边安全环境评估及政策选择 2010-2020] (Beijing: Shijie zhishi chubanshe, 2015), p. 153.

¹⁸⁰⁷ Mallory, *China, Global Governance and the Making of a Distant Water Fishing Nation*, p.156; Guo Rui [郭锐] and Wang Xiaoke [王箫轲], “Issues in China-ROK maritime disputes and China’s solutions” [中韩海洋权益纠纷问题与我国的应对之策], *Journal of International Relations* [国际关系研究], issue 2, 2013, pp. 139-140.

and officials for surrendering the “golden fishing grounds” of the Yellow Sea to South Korea while leaving China the much poorer portion with depleted fish stocks. Moreover, some Chinese strategists criticized that the delineation in effect conformed to South Korea’s position of equidistance in delimiting China-ROK maritime boundary and thus undermined China’s traditional position that “equitable principles” be applied.¹⁸⁰⁸ Information from some Chinese sources indicated that China perceived the agreement as a result of Korean espionage during the negotiation. In a 2011 bill submitted to the CPPCC calling on Beijing to review the agreement, He Xin, a CPPCC member, explicitly identified Li Bin, a former senior Chinese diplomat participating in the negotiation and China’s ambassador to South Korea from 2001-2005 who was later convicted for corruption, as being responsible for tricking Beijing into signing this agreement despite it being detrimental to China’s marine economic interests.¹⁸⁰⁹ In a 2011 speech, Major General Jin Yi’nan, a strategist at the PLA’s National Defense University, stated that Li Bin was the most senior-level Chinese diplomat involved in espionage and was seen as a big scandal by Beijing.¹⁸¹⁰ A Chinese interlocutor affiliated with a government think tank noted that Li Bin “revealed China’s bottom-line in negotiations with ROK, resulting in an agreement whose terms are very unfavorable to China.”¹⁸¹¹

Third, the absorption of the respective TZs into China and South Korea’s EEZs in mid-2005 further squeezed the fishable sea area for Chinese fishermen in the Yellow Sea, creating incentives

¹⁸⁰⁸ Dong and Su, *Assessment of China’s Peripheral Security Environment and Policy Options 2010-2020*, p. 135; Dong Jiawei [董加伟], “On the Protection of Traditional Fishing Rights under the Framework of China-Korea and China-Japan Fishing Agreements” [论中韩、中日渔业协定框架下的传统捕鱼权保障], *Northeast Asia Forum* [东北亚论坛], no. 4, 2014, p. p. 42; Guo and Wang, “Issues in China-ROK maritime disputes and China’s solutions,” p. 139.

¹⁸⁰⁹ “He Xin: the origin of China-ROK fishing disputes and the unbelievable China-ROK fisheries agreement.”

¹⁸¹⁰ “Jin Yinan discusses the CCP’s spy crisis” [金一南谈中共的间谍危机], Aug. 27, 2011, speech video available on Youtube, <https://www.youtube.com/watch?v=CIOvDetXSug>, accessed Mar. 8, 2020.

¹⁸¹¹ Author’s interview, Beijing, June 2019.

for intrusions into and illegal fishing in the South Korean EEZ.¹⁸¹² The number of Chinese fishing ships seized by the KCG peaked in 2005 and remained high thereafter (Table 10.1). In response, South Korea beefed up its law enforcement in the area and toughened punitive measures against illegal fishing, including the imposition of higher fines and imprisonment of crews. According to Suk Kyoon Kim, who formerly supervised the KCG, Seoul increased the ceilings of fines in 2006 to deter Chinese illegal fishing activities and in 2008 set the maximum permissible fine at 200 million won (approx. \$177,780 USD) in addition to the confiscation of catches.¹⁸¹³

Table 10.2 The Occurrence of Violent Resistance and Resulting Casualties

Year	Occurrence	ROK Victims		Chinese Victims	
		Dead	Injured	Dead	Injured (MD)
2002	2	0	6	0	
2003	1	0	1	0	
2004	1	0	2	0	
2005	4	0	4	0	
2006	6	0	7	0	
2007	2	0	2	0	
2008	6	1	10	0	
2009	2	0	MD	0	
2010	5	0	14	2	
2011	4	1	7	0	
2012	7	0	8	1	
2013	10	0	20	0	
2014	1	0	10	1	
2015	4	0	4	0	
2016	6	0	2	3	
2017	0	0	0	0	
2018	4	0	2	0	
2019	3	0	3	0	

Source: Occurrence, ROK victims, and Chinese crewmen imprisonment from 2002 through 2015 from Kim, *Maritime Disputes in Northeast Asia*, pp.134-135; occurrence and ROK victims from 2016 through 2019 from *Korea Coast Guard 2020 Annual Report* [2020 해양경찰 백서], p. 117, p. 355.

MD: missing data.

¹⁸¹² Lin and Liu, “Influence of implementing Fishery Agreement between China and Korea to Liaoning Province’s fishery,” p. 72; *China Fisheries Yearbook 2006*, p. 43.

¹⁸¹³ Suk Kyoon Kim, *Maritime Disputes in Northeast Asia: Regional Challenges and Cooperation* (Leiden, Boston: Brill Nijhoff, 2017), pp. 137-138.

These arrangements, taken together, stimulated deep grievance among Chinese fishermen over their loss of available fishing grounds and deterioration in livelihood, whereas the severe economic punishment created strong incentives for the fishermen to escape and violently resist Korean enforcement. Although the number of Chinese fishing vessels seized by South Korea have been declining since 2005, incidents of violent resistance against the KCG and resulting fatalities have since increased (Table 10.2).

An additional factor that has further complicated the China-ROK fishing conflict is the growing activity of Chinese fishermen in the overlapping area – referred to as the “DPRK-ROK sensitive waters” (朝韩敏感水域) in Chinese writings – between the Northern Limit Line (NLL), unilaterally drawn by the United Nations Command at the end of the Korean War in 1953, and the DPRK maritime border line, unilaterally announced by Pyongyang in 1999 (Map 10.2). This area has long been highly sensitive due to its potentially serious ramifications for the stability on the Korean Peninsula, as evidenced by the sinking of the ROK naval corvette *Cheonan* and the bombardment of the Yeonpyeong Island, both of which occurred near the NLL in 2010.¹⁸¹⁴

Despite the absence of a formal fishery agreement between Beijing and Pyongyang to regulate fishing activities in North Korean waters, North Korea has sold fishing rights to Chinese fishermen – reportedly since 2004 – in waters north of the NLL as a way of earning hard cash.¹⁸¹⁵ Taking advantage of the political sensitivity of this overlapping area, Chinese fishing ships reportedly

¹⁸¹⁴ Terence Roehrig, ‘North Korea and the Northern Limit Line,’ *North Korean Review*, vol. 5. No. 1, spring 2009, pp. 8-22; International Crisis Group, *North Korea: The Risks of War in the Yellow Sea*, Asia Report No. 198, Dec. 23, 2010; Darcie Draudt and John K. Warden, ‘The Strategic Rationale for Maritime Tension Reduction in the Yellow Sea,’ *The Washington Quarterly*, vol. 40, issue 4, 2017, pp. 183-197.

¹⁸¹⁵ South Korean sources vary greatly on the specific figures. Korean media claims that the North earns about \$75 million USD per year from the sale of its fishing rights to China. “N. Korea sold fishing rights in East Sea to China: gov’t source,” *The Korea Herald*, Aug. 11, 2016, <http://www.koreaherald.com/view.php?ud=20160811000184>, accessed Mar. 15, 2020. Suk Kyoon Kim, former head of the KCG, cites information from South Korea’s National Intelligence Service’s report, which puts the North’s annual earning at \$30 million from its sale of fishing rights to 1,500 Chinese fishing vessels. Kim, *Maritime Disputes in Northeast Asia*, p. 136.

often fish illegally in waters south of the NLL and flee to the north of the line when discovered and chased by the KCG, which handles Chinese fishing ships operating in this area in a “very restricted manner” and must have permission from the navy to engage in a crackdown on Chinese ships.¹⁸¹⁶ Likewise, Chinese fishing boats illegally operating in the DPRK waters often cross the NLL to escape enforcement by the North Korean patrol boats, which, like the KCG, typically refrain from entering this sensitive zone.¹⁸¹⁷ The opportunistic Chinese fishing activity heightened the risk of triggering conflict in this area.

Map 10.2 The Inter-Korean Water and NLL in the Yellow Sea



Absence of Compromise-Averse Allies for Fishermen

The maritime boundary dispute in the Yellow Sea and associated fishery conflict had traditionally been put on the back burner in Beijing’s foreign policy agenda with South Korea, with priorities clearly given to the more pressing security issues on the Korean Peninsula as well as to bilateral

¹⁸¹⁶ Roehrig, “North Korea and the Northern Limit Line,” p. 12; Kim, *Maritime Disputes in Northeast Asia*, pp. 134-136.

¹⁸¹⁷ Shawn Ho, “Tensions in the Yellow Sea: Crabs and the Inter-Korea Border Dispute,” RSIS Commentary, no. 172, Jul. 11, 2016; International Crisis Group, *North Korea*, p. 18.

economic cooperation, as reflected in all the PRC-ROK joint statements and communiqués issued in the 21st century (Table 10.3). Out of the seven bilateral documents, only three contain references to the Yellow Sea issue. In the 2008 joint statement, both sides for the first time briefly agreed to “accelerate coordination” for an early settlement to the maritime boundary issue.¹⁸¹⁸ The 2012 joint press release, issued shortly after a KCG officer was fatally stabbed by a Chinese fisherman in November 2011, is the only document that contains a clause specifically on the fishing conflict. In this document, the two sides pledged to enhance cooperation and communication between their fishery enforcement and diplomatic bureaucracies so as to “properly handle fishery issues.”¹⁸¹⁹ In the 2014 joint statement, both countries agreed to initiate boundary negotiations in 2015.¹⁸²⁰

Table 10.3 Major Issues Addressed in PRC-ROK Joint Statements/Communiqués in 21st Century

	North Korea Denuclearization	Trade & Econ	Tech., Energy & Environment	People to People Exchange	Regional Cooperation	Yellow Sea	Disease Control
2003 Joint Statement	√	√	√	√	√		√
2005 Joint Communiqué	√	√	√	√	√		√
2008 Joint Statement	√	√	√	√	√		
2008 Joint Communiqué	√	√	√	√	√	√	
2012 Joint Press Release	√	√	√	√	√	√	
2013 Joint Statement	√	√	√	√	√		
2014 Joint Statement	√	√	√	√		√	√

In this context of prioritizing stability and cooperation in China-ROK relations, adventurous Chinese fishermen confronting and clashing with KCG officers in the Yellow Sea were seen more as unruly actors creating diplomatic problems for Beijing rather than “patriots” on the frontline defending China’s maritime rights in contested waters – a narrative typically in the depiction of Chinese fishermen in the South China Sea. As such, disgruntled Chinese fishermen in the Yellow

¹⁸¹⁸ “PRC-ROK joint communiqué” [中韩联合公报], in Seoul, Aug. 25, 2008, https://www.fmprc.gov.cn/web/ziliao_674904/1179_674909/t486674.shtml, accessed Mar. 16, 2020.

¹⁸¹⁹ “PRC-ROK Joint Press Release” [中韩联合新闻公报], Jan. 11, 2012, http://www.china.com.cn/policy/txt/2012-01/11/content_24375586.htm, accessed Mar. 16, 2020.

¹⁸²⁰ “PRC-ROK joint statement” [中华人民共和国和大韩民国联合声明], Jul. 4, 2014, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676524/1207_676536/t1171408.shtml, accessed Mar. 16, 2020.

Sea did not garner much support from other domestic stakeholders – not even from the interest groups who supported strong state protection for Chinese fishing activities in the East and South China Seas. The absence of a compromise-averse coalition on the fishing conflict in the Yellow Sea had in general provided Beijing with adequate diplomatic leeway to quickly contain local incidents even when fatalities were involved.

First, the Chinese Fishery Law Enforcement Bureau, though sympathetic of the fishermen's economic hardship, distanced itself from the fishermen from the very beginning of the implementation of the China-ROK fishery agreement. Speaking at a grand ceremony in July 2001 for the implementation of the fishery agreement and the commencement of FLE patrols accordingly, Qi Jingfa, then China's Vice Minister of Agriculture, called on local authorities and fishermen to "consider the broad interests [of China-ROK relations]" and fully abide by regulations stipulated in the agreement, while acknowledging that the loss of fishing grounds would immediately squeeze out 3,500 Chinese fishing ships and reduce fishermen's gross income by 1.8-2 billion RMB (approx. 250-280 million USD) each year. Qi also called on authorities in coastal provinces of the Yellow Sea to accelerate the restructuring of local economy and the reallocation of displaced fishermen to other industries to maintain socioeconomic stability.¹⁸²¹ As such, a primary target of FLE's enforcement operations in the Yellow Sea had been Chinese fishing ships attempting to venture into the South Korea-administered waters and the sensitive inter-Korean sea area. A 2006 article penned by Niu Yushan, then head of the FLE Yellow-Bohai Sea Bureau, stressed the need to step up patrols in areas west of the South Korea EEZ and near the sensitive inter-Korean water and to intercept Chinese fishing boats attempting to enter the area. Niu also called for stricter punishments on fishing boats violating the regulations and for the

¹⁸²¹ Li Ming [李明], "China's marine fishery administration take a new step forward" [中国海洋渔业管理迈出崭新一步], *China Ocean News* [中国海洋报], Jul. 6, 2001.

“timely notification of the Korean side about the [said] punishments” in order to “establish a good image of [China] being responsible.”¹⁸²²

Even when FLE became more vocal in the 2010s in its advocacy for fishing protection patrols as part of China’s maritime rights protection operations, the agency still distinguished its missions in the Yellow Sea from those in the East and South China Seas. In a speech delivered at the FLE national work conference in 2013, Zhao Xingwu, then head of the FLE, underscored that the agency’s primary tasks in the Yellow Sea were to “strictly monitor and control Chinese fishing boats, keep an eye on our own ports, carefully regulate our own ships, and do our best to prevent major diplomatic incidents caused by operations of Chinese fishing ships in the sensitive inter-Korean waters or by unlicensed operations in the South Korea-administered waters” – a stark contrast to the agency’s vow to step up fishing protection and maritime rights protection patrols in the East and South China Seas.¹⁸²³

Second, the political sensitivity surrounding the disputed inter-Korean waters in the Yellow Sea have created an institutional incentive for the Chinese military to discourage adventurous Chinese fishing activity in the area. During a meeting with his South Korean counterpart in 2013, the PLAN commander Wu Shengli promised to ask the Chinese coast guard to cooperate with the KCG in curtailing illegal Chinese fishing activities near the inter-Korean waters and in preventing clashes between Chinese fishermen and KCG officers, a rare direct comment on fishing conflict by the PLA.¹⁸²⁴ The PLA’s position also stems from China’s broader strategic interests in

¹⁸²² Niu Yushan [牛玉山], “Clearly recognize the situation, seize the opportunity, comprehensively improve fishery administration work” [认清形势、抓住机遇、全面提高渔业管理水平], *China Fishery News*, Jun. 5, 2006.

¹⁸²³ “Strengthen construction, protect fishing activities and safeguard maritime rights, strictly enforce laws, and improve fishery enforcement work: FLE director Zhao Xingwu’s speech at national fishery work conference” [强化建设、护渔维权、严格执法、推动渔政工作大发展: 农业部渔业局局长赵兴武在全国渔政工作会议上的讲话], *China Fisheries Daily*, Mar. 11, 2013.

¹⁸²⁴ “China, S. Korea to cooperate on fisheries control in Yellow Sea,” *Japan Economic Newswire*, Jul. 12, 2013; “South Korean navy urges China to curb fishing activities near NLL” [韩海军敦促中国管制北方界线一带捕捞行

maintaining stability on its northeast periphery. Cooperation with Seoul is seen by Chinese strategists as key to shaping the security landscape in this region. A 2013 assessment of China's security environment by the PLA's National Defense University characterized South Korea as 'a vital strategic leverage in moderating and controlling the situation on the Korean Peninsula,' urging Beijing to 'ceaselessly expand the scope of bilateral security cooperation.'¹⁸²⁵ In addition, the Yellow Sea is also seen as a strategic buffer for north China, the stability of which has a direct impact on the security of Beijing. The fishing conflict, on the other hand, represented a competition for marine economic interests that must be co-managed with Seoul to better safeguard China's strategic interests in the Yellow Sea.¹⁸²⁶

Third, coastal provinces of the Yellow Sea, in grappling with the loss of tax revenues and the potential socioeconomic challenges caused by unemployment in the fishery sector,¹⁸²⁷ prioritized aquaculture, marine product processing industries, and distant water fisheries as ways of relocating displaced fishermen and relieving socioeconomic pressure.¹⁸²⁸ This move aligned with the central government's policy goal of restructuring China's fishery sector to bring it in line with the

为], Yonhap News Agency, Jul. 12, 2013, <https://cn.yna.co.kr/view/ACK20130712003000881>; "South Korea urges China to curb Chinese fishermen's illegal fishing near the NLL" [韩国敦促中国管制北方界线海域中国渔民非法捕捞行为], KBS, Jul. 13, 2013, http://rki.kbs.co.kr/service/news_view.htm?lang=c&Seq_Code=38983. Both accessed Mar. 21, 2020.

¹⁸²⁵ Luo, "Security situation on the Korean Peninsula and China's policy options," 154.

¹⁸²⁶ Hu Bo [胡波], *China's Maritime Power by 2049: The Road to the Rise of a Maritime Great Power* [2049年的中国海上权力: 海洋强国崛起之路] (Beijing: Zhongguo fazhan chubanshe, 2014), pp. 60-62; Liu Fei [刘霏], Guo Zhen [郭真] and Zheng Fang [郑芳], "The U.S. rebalancing strategy toward Asia and the Yellow Sea disputes" [美国亚太再平衡战略与黄海争端], *Social Science Reviews*, vol. 31, no. 2, February 2016, pp. 81-82.

¹⁸²⁷ Meng Qingfeng [孟庆丰] and Jiang Ming [蒋明], "Thoughts about the impacts of the China-ROK fishery agreement on island public security" [中韩渔业协定对海岛公安工作影响之思考], *Journal of Zhejiang Police College* [浙江公安高等专科学校学报], no. 5, Oct. 2001, pp. 52-53.

¹⁸²⁸ "Employment and sectorial relocations benefit both short and long term: work conference on fishermen reallocation" [转产转业功在当代利在千秋: 沿海捕捞渔民转产转业工作会议隆重召开], *China Fisheries*, issue 8, 2002; Bureau of ocean and fisheries of Zhejiang Province [浙江省海洋与渔业局], "Blocking up with dredging to advance transferring fishermen's job" [疏堵结合, 积极推进捕捞渔民转产转业], *China Fisheries Economics*, issue 6, 2002; Li, Chu and Yang, "Problems and solutions in the administration of fishing ships operating in foreign waters;" Lin and Liu, "Influence of implementing Fishery Agreement between China and Korea to Liaoning Province's fishery."

sustainable development concepts embodied in the emerging global marine governance system, which China had been pursuing since the mid-1990s.¹⁸²⁹ In addition, the thriving local economy in these provinces was probably a contributing factor to the provincial authorities' preference for relief measures, as the local economy not only provided the necessary industrial basis to absorb the displaced fishing population but also the necessary fiscal resources to assist the transition. On top of a 270-million-RMB central-government annual funding from 2002 for three consecutive years, which was too small in scale to compensate for fishermen's losses nationwide,¹⁸³⁰ provincial funding was substantial. Zhejiang, for instance, allocated an annual funding of over 200 million RMB from 2001 for three years to subsidize the development of aquaculture, distant water fisheries, the decommissioning of fishing vessels, and tax cuts for fishermen.¹⁸³¹ Shandong allocated nearly 100 million RMB between 2002 and 2005 to pay local fishermen for decommissioning 2830 fishing vessels.¹⁸³²

Taken together, there is a clear absence of a compromise-averse coalition that would back the disgruntled Chinese fishermen and press for a firm Chinese posture in the event of fishing conflict with South Korea. This absence, in turn, leaves Beijing with adequate room for quick deescalation – even in the face of immediate but brief popular backlashes.

¹⁸²⁹ Mallory, *China, Global Governance and the Making of a Distant Water Fishing Nation*, pp. 123-131.

¹⁸³⁰ *Ibid.*, pp. 128-129.

¹⁸³¹ Bureau of ocean and fisheries of Zhejiang Province, "Blocking up with dredging to advance transferring fishermen's job."

¹⁸³² Ministry of Agriculture and Rural Affairs of the People's Republic of China, 'Shandong sheng jianchuan zhuanchan gongzuo wenbu tuijin' [Shandong Province steadily proceed with ship decommissioning and fishermen relocation], Dec. 16, 2004, http://www.yyj.moa.gov.cn/fzgh/201904/t20190419_6206165.htm; Shandong Chorography, 'Shandong shengqing zhi/caizheng zhi (1986-2005)/di si jie nongye ziyuan he huanjing baohu zhichu' [Fiscal Situation (1986-2005)/ part 4 Agricultural resources and environmental protection expenditure], <https://shandong-chorography.org/database/g0/section/6/article/59/>.

VIOLENT CLASHES BETWEEN CHINESE FISHERMEN AND THE KCG 2000-2016

From 2000 through 2016, there were six fatal clashes between Chinese fishermen and KCG personnel (Table 10.2). For most of the 2000s, frictions between Chinese fishermen and the KCG were on the rise but low in fatalities. The only fatal incident occurred in September 2008 when a KCG officer was injured and accidentally drowned during a raid against two Chinese fishing boats suspected of illegally fishing in South Korean waters.¹⁸³³ Five fatal clashes occurred in the 2010s, a period when China was widely perceived to have demonstrated growing assertiveness in its conduct of diplomacy. Yet not one of the five fatal incidents escalated into a major diplomatic crisis between Beijing and Seoul. The clear domination of international audience costs, especially those derived from the bilateral setting, explains China's strong propensity to quickly contain maritime incidents with South Korea in the Yellow Sea.

2010 Fatal Collision between Chinese Fishing Boat and Korean Coast Guard Vessel

On December 18, 2010, the KCG responded to some 50 Chinese fishing ships spotted illegally fishing in South Korean waters. During the violent resistance that ensued, a Chinese fishing boat rammed into an approaching KCG vessel to allow other fishing boats to sail back to the Chinese waters and capsized after collision. One Chinese crew member died, and another went missing. Four fishermen on the Chinese trawler were rescued – with one dying in a Korean hospital the following day – and detained by the KCG for hampering the crackdown. The South Korean foreign ministry expressed regret over the deaths of the Chinese fishermen in a phone call to the Chinese embassy in Seoul.¹⁸³⁴

¹⁸³³ “South Korea seeks arrest warrants for Chinese fishermen,” BBC, Sept. 28, 2008.

¹⁸³⁴ Kim Kwang-tae, “China fishing boat capsizes in scuffle; 1 dead,” Associated Press, Dec 19, 2010; “China demands compensation over collision in Yellow Sea, *Japan Economic News*, Dec. 21, 2010; “S. Korea frees three Chinese fishermen after protest,” Agence France Presse, Dec. 25, 2010.

While part of the Chinese public reportedly saw the clash as an even more serious provocation than the fishing trawler collision with JCG in September and urged Chinese authorities to punish South Korea,¹⁸³⁵ Beijing refrained from making any official comment until three days after the incident. On December 21, the Chinese foreign ministry called on South Korea to “spare no efforts in searching and rescuing missing Chinese crew members, punish perpetrators to the full extent of law, compensate for casualties and loss of property on the Chinese side.”¹⁸³⁶ Seoul countered Beijing’s claim that the Korean side was responsible for the collision and stated that South Korea had a video footage showing the Chinese fishing trawler deliberately ramming the KCG ship.¹⁸³⁷

This brief trade of mutual accusations notwithstanding, the tension quickly deescalated as both sides refrained from taking further escalatory moves. On December 23, Seoul emphasized that both countries shared the stance that the situation should be managed calmly and cautiously “so as not to incite emotional public reactions in their own country.”¹⁸³⁸ Two days later, the KCG released the three detained Chinese fishermen, citing their active cooperation in the investigation and lack of active involvement in the incident,¹⁸³⁹ whereas Beijing ceased to openly press for Korean compensation.

Three factors underscored the domination of international audience costs in Beijing’s decision to avoid an escalation of the fish conflict and to contain bilateral tensions. First, by the time the clash occurred, Beijing’s ties with Seoul had already been severely strained as a result of China’s refusal to support an international censure on North Korea’s sinking of the South’s frigate *Cheonan*

¹⁸³⁵ “China web users irate over deadly S. Korea collision,” Agence France Presse, Dec. 20, 2010.

¹⁸³⁶ “Foreign Ministry Spokesperson Jiang Yu’s Regular Press Conference on December 21, 2010,” MFA, <http://www.china-un.org/eng/fyrth/t780909.htm>, accessed Mar. 18, 2020.

¹⁸³⁷ “South Korea says it’s not to blame in Chinese fishing boat sinking,” Deutsche Presse-Agentur, Dec. 22, 2010.

¹⁸³⁸ “S. Korea, China agree on calm handling of boat sinking,” Agence France Presse, Dec. 23, 2010.

¹⁸³⁹ “Korea-China fishing clash near resolution,” UPI, Dec. 24, 2010; “S. Korea released 3 Chinese fishermen without indictment,” *Japan Economic Newswire*, Dec. 25, 2010; “S. Korea frees three Chinese fishermen after protest.”

and bombing of Yeonpyeong Island.¹⁸⁴⁰ Assessments by Chinese government think tanks described the China-ROK relationship as having “fallen to its lowest point” following the two incidents and warned that the souring bilateral relationship had undermined China’s push to reopen talks on North Korea’s nuclear weapons program,¹⁸⁴¹ the top security priority in Beijing’s Korean Peninsula agenda.

Second, and closely related to the first point, Beijing ostensibly harbored deep concerns that continued tensions surrounding the Korean Peninsula would be exploited by the United States to expand its military presence in the region. From the Chinese perspective, the U.S. had been the party benefiting most from the tensions instigated by the *Cheonan* and Yeonpyeong incidents. The U.S.-ROK military drills in the Yellow Sea and Sea of Japan in 2010, which were intended to deter recurring North Korean provocations, were perceived by Chinese analysts as targeting China. The geographical proximity of the Yellow Sea to Beijing – “the doorstep of China” as characterized by Chinese strategists – unsurprisingly deepened China’s suspicions and anxiety. Seoul’s decision to postpone transfer of the wartime operational control of the Korean military from the U.S. to South Korea was seen as still another victory for Washington in its attempt to use the incidents to boost the U.S.-ROK alliance as part of the rebalancing strategy.¹⁸⁴²

¹⁸⁴⁰ For scholarly analysis of the implications of *Cheonan* and Yeonpyeong incidents for China-ROK relations, see, Scott Snyder and See-won Byun, “Cheonan and Yeonpyeong: The Northeast Asian Response to North Korea’s Provocations,” *RUSI Journal*, vol. 156, no. 2, April/May 2011, pp. 74-81.

¹⁸⁴¹ CIIS, *International Situation and China’s Foreign Affair (2010-2011)* [国际形势和中国外交 (2010-2011)] (Beijing: Shijie zhishi chubanshe, 2011), pp. 88-99; Yang Danzhi [杨丹志], “Developments on the Korean Peninsula and implications for China’s national security” [朝鲜半岛局势的演变及对中国国家安全的影响], in Zhang Jie, ed., *China’s Peripheral Security Situation Evaluation* (2011), p. 59; Dong Xiangrong [董向荣], “South Korea in the shadow of the Cheonan incident” [“天安舰事件”阴影下的韩国], in *Bluebook of Asia Pacific: Asia-Pacific Region Development Report 2011*, p. 229; Li Yongchun [李永春], “Evaluation of China-ROK relations in 2011 and outlook” [2011年中韩关系述评及展望], in *Bluebook of Asia Pacific: Asia-Pacific Region Development Report 2012* [亚太蓝皮书-亚太地区发展报告 2012] (Beijing: Shehui kexue wenxian chubanshe, 2012), pp. 193-196.

¹⁸⁴² Dong, “South Korea in the shadow of the Cheonan incident,” p. 228; CIIS, *International Situation and China’s Foreign Affair (2010-2011)*, p. 4; Yang Yi [杨毅], “Is China overreacting or is America’s criticism unwarranted?” [是中国反应过度, 还是美国无端指责], *PLA Daily*, Aug. 13, 2010; Yang Yi, “The U.S. military on China’s

Third, North Korean provocations and the consequent deterioration of China-ROK relations also facilitated trilateral security cooperation among the U.S., Japan, and South Korea. On December 6, a trilateral foreign ministerial meeting of the three countries unanimously rejected China's call for resuming the six-party talks. Meanwhile, Japan-ROK bilateral cooperation also improved markedly, as Japan sent SDF officers to observe U.S.-ROK military drills for the first time in July and South Korea likewise unprecedentedly sent military observers to U.S.-Japan military exercises in early December.¹⁸⁴³ To Chinese eyes, the improved U.S.-Japan-ROK military ties prognosticated an “emerging mini multilateral security cooperation mechanism that would threaten China's national security” and a “return to the Cold War.”¹⁸⁴⁴

Given the worsening China-ROK relationship, the heightened risk of instability on the Korean Peninsula, and improved U.S.-Japan-ROK security cooperation, Beijing likely concluded that additional bilateral frictions over the fishing boat collision would only do more harm to China's geostrategic interests by driving Seoul to lean further toward the U.S. and Japan.

2011 Fatal Stabbing of KCG Official and 2012 Fatal Shooting of Chinese Fisherman

Following the rapid worsening of bilateral relations in 2010 and the fishing boat collision, China and South Korea moved to repair their relationship in 2011.¹⁸⁴⁵ However, the process of improvement was disrupted on December 12 when a KCG officer was fatally stabbed by a Chinese

doorstep” [美军来到家门口], *Southern Daily* [南方日报], Aug. 17, 2010; Zhang Mingqi [章名岂] and Yi Yang [羿扬], “U.S. aircraft carrier on China's doorstep” [美航母要驻泊中国家门口], *China National Defense Daily*, Nov. 23, 2010. Some Korean scholars argue that the delay of OPCON transfer was not solely caused by the *Cheonan* incident but also a result of an internal debate between the progressives and conservatives among South Korean elites. Seoyeon Yoon, “South Korea's Wartime Operational Control Transfer Debate: From an Organizational Perspective,” *Journal of International and Area Studies*, vol. 22, no. 2, (December 2015), pp. 92-93.

¹⁸⁴³ Seung-won Suh, “Japanese Realignment and Impacting Korean-Japanese Relations,” in Takashi Inoguchi, ed., *Japanese and Korean Politics: Alone and Apart from Each Other* (New York: Palgrave MacMillan, 2015), pp. 84-85; *International Situation and China's Foreign Affair (2010-2011)*, p. 92.

¹⁸⁴⁴ *International Situation and China's Foreign Affair (2010-2011)*, pp. 94-95; Yang, “Developments on the Korean Peninsula and implications for China's national security.”

¹⁸⁴⁵ Li, “Evaluation of China-ROK relations in 2011 and outlook,” pp. 195-197.

skipper who was suspected of illegally operating in South Korean waters. All nine Chinese fishermen including the captain on the Chinese fishing boat were arrested. On the same day, the South Korean Foreign Ministry summoned the Chinese ambassador in Seoul to lodge a strong protest, demanding Beijing “strictly clamp down on illegal fishing.”¹⁸⁴⁶ The Chinese foreign ministry responded that it would “cooperate closely” with South Korea to settle the incident while calling on Seoul to “fully guarantee the legitimate rights and interests of Chinese fishermen.” Beijing also stated that actions had been taken to “better educate fishermen and strengthen administration on out-bound fishing boats in a bid to prohibit cross-border fishing.”¹⁸⁴⁷

The incident and Beijing’s initial response, which was perceived as lacking an apology, sparked outrage in the South Korean public. On December 13, over 100 Koreans protested at the Chinese embassy in Seoul, during which one protestor rammed his car repeatedly into a police bus guarding the embassy compound and several others defaced a Chinese flag. On the same day, the Blue House threatened that President Lee Myung-bak’s scheduled state visit to China might be reconsidered “if the case is not smoothly resolved.” Meanwhile, the KCG announced that it would use firearms “more aggressively” in future enforcement rather than as a last resort.¹⁸⁴⁸

In a likely signal of accommodation, Beijing’s second response on December 13 came with an expression of regret over the injury and death of the KCG personnel. Calling the incident an unfortunate event, MFA’s spokesperson Liu Weimin stated that China would “cooperate actively” with South Korea to settle the issue “appropriately.”¹⁸⁴⁹ The Chinese media’s coverage on the

¹⁸⁴⁶ Jiyoung Won, “SKorea: 1 dead after China captain stabs officers,” Associated Press, Dec. 12, 2011; “Chinse skipper kills S. Korean coastguard: officials,” Agence France Presse, Dec. 12, 2011.

¹⁸⁴⁷ “Foreign Ministry Spokesperson Liu Weimin’s Regular Press Conference on December 12, 2011,” MFA, <https://www.fmprc.gov.cn/ce/cgtrt/eng/fyrthhz/lxjzdh/t887523.htm>, accessed Mar. 18, 2020.

¹⁸⁴⁸ Sam Kim, “SKorea to get tough on illegal Chinese fishermen,” Associated Press, Dec. 13, 2011; “S. Korea calls for China crackdown after officer’s death,” Agence France Presse, Dec. 13, 2011.

¹⁸⁴⁹ “Foreign Ministry Spokesperson Liu Weimin’s Regular Press Conference on December 13, 2011,” MFA, <https://www.fmprc.gov.cn/ce/cgtrt/eng/fyrthhz/lxjzdh/t887527.htm>, accessed Mar. 19, 2020.

incident steered clear of a nationalistic tone. For instance, *China Newsweek*, a popular magazine run by China News Service, wrote in a December 15 article, “Given that the fishermen were engaging in illegal operations, their behavior can by no means be described as ‘heroic resistance’...it is not a correct way to describe the recent fatal stabbing of the KCG officer as an instance of ‘bravely resisting South Korean provocation.’”¹⁸⁵⁰

On January 9, 2012, Lee Myung-bak took his trip to China as planned. The next day, South Korean prosecutors charged the Chinese skipper with murder. The other detained Chinese fishermen were charged with obstructing enforcement.¹⁸⁵¹ Beijing underscored the incident as “an isolated case” and called on Seoul to “appropriately handle this incident.”¹⁸⁵² On January 11, a joint press release issued at the conclusion of Lee’s trip included a clause in which the two countries explicitly pledged to strengthen cooperation and communication between their fishery enforcement agencies to “properly manage issues in the fishery sector” and maintain order in fisheries. Both sides also agreed to explore coordination mechanisms incorporating diplomatic and fisheries bureaucracies.¹⁸⁵³ This inclusion marked the first time since the implementation of the bilateral fishery agreement that fisheries conflict was expressly addressed in a bilateral document coming out of a China-ROK leadership summit.

A week later, China’s Ministry of Agriculture sent an official letter to the South Korean embassy in Beijing detailing China’s stepped-up supervision and punishment against illegal

¹⁸⁵⁰ “Why cross-border fishing angers South Koreans?” [越境捕鱼为何让韩国人愤怒], *China Newsweek* [中国新闻周刊], Dec. 15, 2011, reprinted on 163.com, <https://web.archive.org/web/20160304223139/http://news.163.com/11/1215/10/7LACR9QK00012Q9L.html>, accessed Mar. 27, 2020.

¹⁸⁵¹ “S. Korea charges Chinese skipper with murder: report,” Agence France Presse, Jan. 10, 2012; “China fisherman gets 30 years for S. Korea murder,” Agence France Presse, Apr. 19, 2012; “China in protest at jailing of fishing boat skipper,” *Shanghai Daily*, Apr. 20, 2012.

¹⁸⁵² “MFA responds to South Korea’s charge of Chinese skipper, hopes the Korean side to appropriately handle the case” [外交部回应韩国起诉中国船长，希望韩方妥善处理], People.com.cn, Jan. 11, 2012, reprinted on Sohu.com, <http://news.sohu.com/20120111/n331832326.shtml>, accessed Mar. 27, 2020.

¹⁸⁵³ “PRC-ROK Joint Press Release.”

Chinese fishing activities. In the letter, the MOA stated that it had dispatched two teams to surveil fishing activity in the Yellow Sea, strengthened regulations of Chinese fishing boats, and ordered provincial authorities to adopt effective measures to monitor and regulate Chinese fishing activities. Seoul characterized this move as a sign that China had been “considering the adverse effects the issue of illegal fishing is having on diplomatic relations between the two countries.”¹⁸⁵⁴

In April, a Korean court in Incheon sentenced the Chinese skipper to a 30-year prison term and the other indicted Chinese fishermen to jail terms ranging from 18 months to five years.¹⁸⁵⁵ Beijing protested the verdict on the grounds that given the undelimited China-ROK maritime boundary in the Yellow Sea, South Korea’s “unilateral application of its law on EEZ” on Chinese fishermen was unacceptable to China.¹⁸⁵⁶ As in the 2010 fishing trawler collision in the East China Sea, Beijing sought to block the subjection of Chinese nationals detained in contested areas to a rivaling claimant’s domestic laws, which, in the Chinese perception, would create a legal precedent negatively biased toward its claims. But Beijing refrained from taking any countermeasures this time. Nor did China reiterate its objection to the application of South Korean domestic law on the Chinese fisherman after the Korean high court in Seoul made a ruling in September which reduced the skipper’s prison term to 23 years.¹⁸⁵⁷

Within a month after the ruling of the case of the Chinese skipper, fishing conflict flared up again in October when a Chinese fisherman was fatally shot by the KCG personnel with a rubber bullet during a crackdown on illegal fishing, with another 14 Chinese crew members being

¹⁸⁵⁴ “China seeks to appease Korea over illegal fishing,” *Korea Times*, Feb. 5, 2012.

¹⁸⁵⁵ “China fisherman gets 30 years for S. Korea murder.”

¹⁸⁵⁶ “Foreign Ministry Spokesperson Liu Weimin’s Regular Press Conference on April 19, 2012,” <https://www.fmprc.gov.cn/ce/cgtrt/eng/fyrthhz/lxjzdh/t925291.htm>, accessed Mar. 19, 2020.

¹⁸⁵⁷ Stephen Chen, “Seoul cuts jail time for Chinese fishermen,” *South China Morning Post*, Sept. 14, 2012.

detained. The KCG claimed that the fisherman fought the officers with a handsaw.¹⁸⁵⁸ The Chinese foreign ministry made “stern representations” with Seoul over the KCG’s “violent law-enforcement,” demanding Seoul “bring the perpetrator to justice” and “take credible measures to end violent law-enforcement.”¹⁸⁵⁹ Seoul insisted that the firing of the rubber bullet was done “according to formal crackdown guidelines,” but offered official condolences on what Seoul described as the “accidental” death of the Chinese fisherman. Meanwhile, South Korea urged Beijing to curb “emotional conflicts among the public or diplomatic tension between the two sides” and reduce illegal Chinese fishing activity in Korean waters, describing both as “fundamental solutions.”¹⁸⁶⁰ This incident quickly deescalated with Beijing no longer openly insisting on its previous demands.

Three factors likely contributed to China’s reactions to the two incidents. First, the imperative of maintaining stability on the Korean Peninsula during North Korea’s leadership transition following Kim Jong-il’s death on December 17, 2011 overwhelmingly preoccupied Beijing’s agenda for its relations with the two Koreas at the time. In phone calls with his South Korean, U.S., Japanese and Russian counterparts on December 20, China’s Foreign Minister Yang Jiechi called for joint efforts to stabilize the situation on the peninsula following Kim Jong-il’s death.¹⁸⁶¹ However, inter-Korean tensions rose again when Seoul announced that only authorized delegations could travel to North Korea to pay condolence, despite Pyongyang’s earlier announcement that all South Korean delegations wishing to travel to north to mourn its late leader

¹⁸⁵⁸ “Coast Guard to seek warrants for 11 Chinese fishermen for violence,” *Korea Times*, Oct. 18, 2012; “China protests to South Korea over fishermen’s death,” BBC, Oct. 17, 2012, <https://www.bbc.com/news/world-asia-19973688>, accessed Mar. 19, 2020.

¹⁸⁵⁹ “Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on October 17, 2012,” MFA, Oct. 18, 2012, <https://www.fmprc.gov.cn/ce/cgtrt/eng/fyrthhz/lxjzdh/t980695.htm>, accessed Mar. 19, 2020.

¹⁸⁶⁰ “S. Korea urges China calm after fisherman’s death,” Agence France Presse, Oct. 18, 2012

¹⁸⁶¹ “Yang Jiechi talks on phone with foreign ministers of Russia, U.S., South Korea and Japan” [杨洁篪同俄美韩日外长通电话], *People’s Daily*, Dec. 21, 2011.

would be accepted.¹⁸⁶² In response to Seoul’s decision, North Korea’s Defense Commission released its first policy statement under Kim Jong-un, accusing Seoul of attempting to use Kim Jong-il’s death to foster “system change” in the north and asserting Pyongyang’s unchanging refusal “to engage with traitor Lee Myung-bak and his group.”¹⁸⁶³ During Lee Myung-bak’s visit, Hu Jintao again called on all parties to “do more things conducive to peace and stability on the peninsula.”¹⁸⁶⁴

Second, the incidents occurred against the backdrop of South Korea’s upcoming presidential election in December 2012. With the election approaching, Chinese analysts stressed the need to take the domestic political dimension into consideration when handling relations with Seoul and to bolster ties with the Korean progressives who were perceived as being more pro-North Korea and pro-China – as opposed to the conservatives who were seen as being pro-U.S. and anti-North Korea.¹⁸⁶⁵ In the 2012 election specifically, the conservative contender was Park Geun-hye of the ruling Grand National Party and the progressive candidate was Moon Jae-in of the main opposition Democratic Party. A CASS study expressed the concern that although Park would likely distance her North Korea policy from Lee Myung-bak’s hardline approach, her ability to make substantial policy modifications would likely be constrained by her party’s policy line. In contrast, Moon, who worked for former President Roh Moo-hyun and was a core supporter for Roh’s “Sunshine Policy,” was seen as having more political leeway in making great strides toward a détente with

¹⁸⁶² “North Korea ‘to admit all South Korean mourners,’” BBC, Dec. 23, 2011, <https://www.bbc.com/news/world-asia-16312157>, accessed Mar. 28, 2020.

¹⁸⁶³ Chico Harlan, “North Korea condemns South Korea, vows no policy changes,” *Washington Post*, Dec. 30, 2011; Justin McCurry, “North Korea warns the world: no change in policy under Kim Jong-un,” *The Guardian*, Dec. 30, 2011, <https://www.theguardian.com/world/2011/dec/30/north-korea-policy-change-kim-jong-un>, accessed Mar. 28, 2020.

¹⁸⁶⁴ “Hu Jintao meets with South Korean President Lee Myung-bak” [胡锦涛同韩国总统李明博会谈], *People’s Daily*, Jan. 10, 2012.

¹⁸⁶⁵ Wang Sheng [王生], “The Achievements and Problems after 20 Years Diplomatic Ties between China and Korea” [中韩建交 20 年：取得的成果与面临的课题], *Northeast Asia Forum* [东北亚论坛], no. 5, 2012, p. 24.

Pyongyang. Meanwhile, the CASS study projected that Park was unlikely to call off the GSOMIA negotiation with Japan, whereas it was “hopeful” that Moon would “completely scratch it” and be more attentive to China’s security concerns in the Yellow Sea.¹⁸⁶⁶ As such, from Beijing’s perspective, adopting an assertive posture on the incident would likely reinforce Korean conservatives who supported a strong U.S.-ROK military alliance while undermining the progressives in the election.

Besides the obvious bilateral factors, the tensions in the East China Sea in 2012 following Ishihara Shintaro’s announcement to purchase the Diaoyu/Senkakus was likely the third factor which contributed to Beijing’s tendency to avoid escalating conflict with South Korea, which – as detailed in Chapter 6 – China saw as a diplomatic ally in the face of Japan.

2014 Fatal Shooting of Chinese Fisherman

On October 10, 2014, the KCG fatally shot a Chinese skipper during a crackdown on Chinese fishing boats illegally operating in the Korean EEZ. A KCG statement claimed that the Chinese captain wielded knives and beer bottles in resisting the KCG’s inspection of his boat. One of the KCG officers fired several rounds after warning shots failed to stop his resistance. The Chinese skipper died shortly after being transported to a hospital in Mokpo, a port city in southwestern South Korea.¹⁸⁶⁷ Beijing reacted strongly to this incident. MFA’s spokesperson Hong Lei told the press that China was “appalled by the violence that South Korea uses to enforce law,” and demanded that Seoul “bring to justice those accountable for the captain’s death.”¹⁸⁶⁸

¹⁸⁶⁶ Wang Junsheng [王俊生], “Situation on the Korean Peninsula like walking on thin ice” [如履薄冰的朝鲜半岛局势], in *Bluebook of Asia Pacific: Asia-Pacific Region Development Report 2013* [亚太蓝皮书-亚太地区发展报告 2013] (Beijing: Shehui kexue wenxian chubanshe, 2013), pp. 180-183.

¹⁸⁶⁷ “S. Korea coast guard kills Chinese fisherman in Yellow Sea,” *Japan Economic Newswire*, Oct. 10, 2014; Kim Tong-Hyung, “S. Korean coast guard kills Chinese boat captain,” Associated Press, Oct. 10, 2014; “S. Korea coastguard shoot dead Chinese fishing boat skipper,” Agence France Presse, Oct. 10, 2014.

¹⁸⁶⁸ “Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on October 10, 2014” [2014年10月10日外交部发言人洪磊主持例行记者会], Oct. 10, 2014, <http://www.china-embassy.org/chn/fyrth/t1199309.htm>, accessed Mar. 19, 2020.

China's vocal posture, however, did not persist and tensions soon subsided. The imperative of a rapid containment of the contingency likely stemmed from two sources. First, the China-ROK relationship at the time was, in the words of China's Foreign Minister Wang Yi, enjoying "its best phase in history", with pressing issues both in the security and economic dimensions requiring close bilateral cooperation.¹⁸⁶⁹ After Kim Jong-un succeeded Kim Jong-il in late 2011, China became increasingly frustrated by the string of missile and satellite launches that North Korea conducted in violation of UN sanctions.¹⁸⁷⁰ In particular, the nuclear test in February 2013 outraged Beijing and shattered China's hopes that Kim Jong-un would embrace economic reforms. In addition, Kim Jong-un's purge and execution of Jang Sung-taek in late 2013 – his uncle and Beijing's "most trusted interlocutor" for trade and economic affairs with Pyongyang – was viewed as a "provocative and unfriendly message to China."¹⁸⁷¹ Against this backdrop, China-ROK relations gained fresh momentum following the inauguration of Park Geun-hye in early 2013, who actively reached out to Beijing to enhance cooperation. Park took a "trip of heart and trust" to China in June.¹⁸⁷² Chinese President Xi Jinping made a reciprocal visit to South Korea in July 2014, marking a historical departure from the tradition that PRC leaders visit Pyongyang before going to Seoul.

¹⁸⁶⁹ "China's Foreign Minister Wang Yi: China-South Korea relationship in its best phase in history" [中国外长王毅：中韩关系处于历史最好时期], Chinanews.com [中新网], May 27, 2014, <http://www.chinanews.com/gn/2014/05-27/6218508.shtml>, accessed Mar. 31, 2020.

¹⁸⁷⁰ Arms Control Association, "Chronology of U.S.-North Korean Nuclear and Missile Diplomacy," <https://www.armscontrol.org/factsheets/dprkchron#2013>, accessed Mar. 31, 2020.

¹⁸⁷¹ Zhu Feng and Nathan Beauchamp-Mustafaga, "Purge of Jang Song-Taek and its Impact on China's Policy toward North Korea," in Gilert Rozman, ed., *Joint U.S.-Korea Academic Studies*, Korea Economic Institute of America, vol. 25, 2014, p. 256; Joseph R. DeTrani, Testimony before the US-China Economic and Security Review Commission, Jun. 5, 2014.

¹⁸⁷² Jaeho Hwang, *The ROK's China Policy under Park Geun-hye: A New Model of ROK-PRC Relations*, Brookings Institute, Aug. 14, 2014, <https://www.brookings.edu/research/the-roks-china-policy-under-park-geun-hye-a-new-model-of-rok-prc-relations/>, accessed Mar. 31, 2020.

At the same time, China and South Korea were in the homestretch to cement a bilateral FTA. According to analysis by MOFCOM and other Chinese political economy experts, Beijing saw the conclusion of the China-ROK FTA as having a ripple effect on other ongoing FTA talks, in particular by prodding Japan and Taiwan to accelerate negotiations on a China-Japan-ROK FTA and a cross-strait trade-in-goods agreement, respectively. Beijing also perceived the China-ROK FTA as potential leverage in balancing against the geo-economic implications of the U.S.-led Trans-Pacific Partnership (TPP).¹⁸⁷³ In light of the obviously high security and trade stakes, an escalation of a fishing dispute in the Yellow Sea, which might risk derailing broader bilateral relations, was too costly for China to pursue.

Second, and related to the Yellow Sea dispute, during Xi's 2014 visit to Seoul, China and South Korea agreed for the first time to launch formal bilateral negotiations in 2015 to settle their maritime boundary.¹⁸⁷⁴ Given the fact that the Yellow Sea involved no issues of territorial sovereignty, a bilateral settlement appeared achievable. Meanwhile, Beijing harbored the hope that a China-ROK boundary settlement in the Yellow Sea would set another example of peaceful bilateral solutions – as opposed to drawing third parties into the disputes – following the 2000 Sino-Vietnam settlement in the Gulf of Tonkin.¹⁸⁷⁵ From the Chinese perspective, a settlement on the boundary might also profoundly mitigate, albeit not necessarily eliminate, fishing conflict in

¹⁸⁷³ Song Zhiyong [宋志勇], “Analysis of the Impact of Sino-ROK FTA on the Regional Pattern of East Asia” [中韩FTA对东亚区域格局的影响分析], *Northeast Asia Forum*, no. 1, 2015, pp. 11-20. Song's study was conducted as part of a MOFCOM project on FTA and China's industrial opening and development strategy. Song was the head of Asia and Africa Studies Institute at MOFCOM's CAITEC. Chen Zhiheng [陈志恒], et al., “The Trend of Northeast Asian Regional Cooperation Strategy and China's Strategic Choice” [全球区域合作新动向与东北亚面临的新挑战], *Northeast Asia Forum*, no. 5, 2014, pp. 42-59; Xu Chunxiang [徐春祥], “Pushing Forward China-Japan-Korea FTA is the Sole Regional Strategic Choice of China” [推进中日韩自贸区建设是中国在亚洲唯一区域战略选择], *Northeast Asia Forum*, no. 3, 2014, p. 77.

¹⁸⁷⁴ “PRC-ROK joint statement” (2014).

¹⁸⁷⁵ “The Chinese side: hope China-ROK maritime boundary delimitation talks set an example for the solution of other similar disputes” [中方：希中韩海域划界谈判为解决类似问题树立典范], *Xinhua*, Apr. 21, 2016, http://www.xinhuanet.com/politics/2016-04/21/c_128918760.htm, accessed Mar. 31, 2020.

the Yellow Sea by disincentivizing South Korea from asserting sovereign control over contested waters through aggressive enforcement actions.¹⁸⁷⁶

2016 Clashes and the KCG's Use of Firearm

On September 29, 2016, three Chinese fishermen died in a fire that broke out on their boat during a confrontation with KCG officers who were trying to detain them for illegal fishing. The fire was reportedly caused by flashbang grenades thrown by the Korean officers into the wheelhouse where the fishermen were hiding, resulting in their suffocation.¹⁸⁷⁷ Beijing demanded South Korea “carry out comprehensive, objective and unbiased investigations in collaboration with China.”¹⁸⁷⁸ Less than two weeks after the clash, another incident occurred when a Chinese fishing ship rammed and sank a KCG patrol boat during a pursuit in the Yellow Sea, prompting Seoul to announce that KCG officers would thereafter be authorized to use firearms, including their onboard cannons, against illegal Chinese fishing vessels should the situation be deemed threatening.¹⁸⁷⁹ Though accusing Seoul of “abusing law enforcement power,” Beijing promised to punish the Chinese fishermen who were responsible for ramming and sinking the KCG patrol boat, a posture characterized by some Korean observers as a “placatory gesture.”¹⁸⁸⁰ A third incident occurred on November 1 when KCG officers fired 700 machine gun rounds at a fleet of 30 Chinese fishing ships which were fishing illegally in Korean waters. Though the incident did not result in any

¹⁸⁷⁶ Ding Duo [丁铎], “Potential risks and solutions to China-ROK fishery disputes” [中韩渔业纠纷的隐忧与出路], NISCSS, Apr. 2, 2019, http://www.nanhai.org.cn/review_c/355.html, accessed Mar. 31, 2020.

¹⁸⁷⁷ “Three Chinese fishermen killed in confrontation with South Korea coastguard,” Reuters, Sept. 30, 2016, <https://www.reuters.com/article/us-southkorea-china-fishermen/three-chinese-fishermen-killed-in-confrontation-with-south-korea-coastguard-idUSKCN1200DQ>; “Chinese fishermen killed in S. Korea coastguard clash,” BBC, Sept. 30, 2016, <https://www.bbc.com/news/world-asia-37516098>. Both were accessed Mar. 20, 2020.

¹⁸⁷⁸ “Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on September 30, 2016,” MFA, <http://www.chinaembassy.org.nz/eng/mfasr/t1402904.htm>, accessed Mar. 20, 2020.

¹⁸⁷⁹ Ju-min Park, “South Korea vows greater force against Chinese fishing boats,” Reuters, Oct. 11, 2016, <https://www.reuters.com/article/us-southkorea-china-fishermen-idUSKCN12B09O>, accessed Apr. 3, 2020.

¹⁸⁸⁰ “Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on October 12, 2016,” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1405200.shtml, accessed Apr. 5, 2020; Yi Whan-woo, “China trying to avoid conflict over illegal fishing,” *Korea Times*, Oct. 20, 2016, http://www.koreatimes.co.kr/www/nation/2019/06/113_216496.html, accessed Apr. 4, 2020.

casualties, it was the first time the KCG had opened fire on Chinese fishing boats.¹⁸⁸¹ Beijing responded with a statement expressing “strong dissatisfaction” with South Korea’s use of force and called on Seoul to refrain from employing “extreme measures” on Chinese fishermen.¹⁸⁸²

This series of clashes represents a *prima facie* challenge for the audience costs trade-off thesis. Given the fact that these incidents occurred in the context of rapidly deteriorating China-ROK relations following Seoul’s decision to deploy THAAD in July and involved the deaths of multiple Chinese fishermen, Beijing potentially faced greater domestic pressure to be tough on South Korea and a quick containment might be politically more costly than usual. Moreover, China appeared to have become less reluctant to engage in escalation against South Korea at the time, as evidenced by Beijing’s quick and forceful retaliation following Seoul’s THAAD announcement. Therefore, we would expect Beijing to have hardened its position on these fishing disputes. However, there is little evidence of China’s verbal protests being followed up by escalatory measures specifically related to the fishery disputes.

Chinese sources on this series of fishing conflicts are extremely limited, which constrains the strength of the explanations that can be drawn. One explanation – in line with the theory presented in this study – is that Beijing used its escalatory response to THAAD to lift a certain amount of the domestic pressure for a firm posture on the fishing conflict. Popular outcries in the Chinese public calling for the boycotting of K-pop stars and products in response to the THAAD deployment emerged in July and August. An online poll on Weibo in August, which drew the participation of over 280,000 netizens, reported that over 86 percent of the respondents supported a government ban of K-pop stars, with the hashtag “no idols prioritized over the country” (国家面

¹⁸⁸¹ Bryan Harris and Charles Clover, “South Korea coast guard opens fire at Chinese fishing boats,” *Financial Times*, Nov. 2, 2016, <https://www.ft.com/content/171caf3c-a0c6-11e6-86d5-4e36b35c3550>, accessed Apr. 3, 2020.

¹⁸⁸² “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on November 2, 2016,” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1412330.shtml, accessed Apr. 3, 2020.

前无偶像) trending on Weibo and Chinese fans unfollowing their South Korean idols on social media.¹⁸⁸³ Another opinion poll released in November by Genron NPO reported that 61.1 percent of Chinese respondents saw South Korea as “untrustworthy,” almost doubling the figure of the previous year (36.8 percent).¹⁸⁸⁴ During this period, a growing number of events featuring K-pop stars were cancelled, despite Beijing’s denial of a ban being in place.¹⁸⁸⁵ Meanwhile, Beijing began to suspend bilateral exchanges with South Korea at both local and national level, most notably those between the two countries’ senior defense officials. Neither country held events on August 24 to celebrate the 24th anniversary of the normalization of their bilateral relations – a deviation from the usual practice.¹⁸⁸⁶ After South Korea’s conglomerate Lotte Group and the ROK Ministry of National Defense agreed in November to set up the THAAD on a Lotte-owned golf course in Seongju, Lotte reported in early December that its business operations in China were subject to fire, safety, and tax investigations by Chinese authorities, without being given any specific reason. Information also surfaced that China’s tax and customs agencies were conducting tax audits and tightening customs clearance toward a growing number of Korean businesses.¹⁸⁸⁷

¹⁸⁸³ Li Ruoshan, “S. Korea boycott calls grow,” *Global Times*, Jul. 27, 2016; Bai Tiantian, “Public backs K-pop ban: poll,” *Global Times*, Aug. 4, 2016; “‘No Idol before country’: Korean stars’ activity face restrictions in China” [“国家面前无偶像” 韩星在华活动面临限制], BBC, Aug. 2, 2016, https://www.bbc.com/zhongwen/simp/china/2016/08/160802_guangdian_korea, accessed Apr. 7, 2020.

¹⁸⁸⁴ “Chinese grow frustrated at South Korea amid security row: poll,” *Japan Economic Newswire*, Nov. 2, 2016.

¹⁸⁸⁵ “K-pop a target in China-S. Korea missile row,” Agence France Presse, Aug. 5, 2016; Christopher Bodeen and Youkyung Lee, “Pop stars, diplomacy victims of cooling China-Korea ties,” Associated Press, Aug. 10, 2016; Zhao Yusha, “Korean stars cut from reality show broadcast,” *Global Time*, Aug. 24, 2016; “Foreign Ministry Spokesperson Geng Shuang’s Regular Press Conference on November 21, 2016,” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1417190.shtml, accessed Apr. 6, 2020.

¹⁸⁸⁶ Jun Ji-hye, “Beijing ignores Seoul’s invitation to defense forum,” *Korea Times*, Sept. 6, 2016; “THAAD deployment halts all S. Korea-China high-level defense talks,” *Korea Times*, Nov. 6, 2016; Li Yongchun [李永春], “China-ROK relations in transition” [转型期的中韩关系], in *Bluebook of Asia Pacific: Annual Report on Development of Asia-Pacific 2017* [亚太蓝皮书-亚太地区发展报告 2017] (Beijing: Shehui kexue wenxian chubanshe, 2017), pp. 211-225.

¹⁸⁸⁷ Park Jae-hyuk, “China intensified economic retaliation against Korea,” *Korea Times*, Dec. 2, 2016; “Lotte China probe fans THAAD retaliation fears,” *The Korea Herald*, Dec. 2, 2016.

Given China's strong response to the THAAD deployment, it is possible that Beijing was hoping to use these countermeasures to demonstrate resolve and let off domestic pressure for getting tough on South Korea while also avoid stirring up the Yellow Sea dispute specifically, as China was still striving to lower the temperature on its maritime frontier following the South China Sea arbitration in July. Moreover, by single-mindedly focusing on the THAAD, Beijing was unmistakably signaling the unnegotiability of the THAAD issue, which in the Chinese perception would fundamentally compromise China's strategic security interests.¹⁸⁸⁸ On the other hand, the fishery issue was of secondary importance to China's strategic interests in the region and would probably be linked to the bilateral maritime boundary talks (as in the case of the Tonkin Gulf). As such, by avoiding hardening China's position, Beijing was able to retain the necessary latitude should concessions be needed to facilitate a mutually acceptable settlement in the Yellow Sea.

Institutionalizing Domestic Disincentives

Since the implementation of the China-ROK fishery agreement, fishing conflict has become a persistent irritant in bilateral relations. China has long relied on the use of economic incentives to encourage aquaculture and distant water fishery as ways of reducing the number of Chinese fishing boats operating in the overlapping waters and mitigating the risk of conflict occurring at sea. Economic and administrative disincentives have recently become institutionalized at provincial level to discourage fishermen from engaging in illegal fishing and violent resistance.

Notably, Shandong Province adopted a new directive, effective from 2016, which specifically addresses Chinese fishing ships operating in the overlapping waters with South Korea. In addition to the requirement that all Chinese ships install and keep operational positioning systems including Automatic Identification System (AIS), this directive mandates the ships to install and run video

¹⁸⁸⁸ Michael D. Swaine, "Chinese Views on South Korea's Deployment of THAAD," *China Leadership Monitor*, issue 52, winter 2017.

recording cameras when operating in ROK-administered waters – a measure seemingly intended to deter both Chinese fishermen from violent resistance and KCG personnel from excessive use of force. Unauthorized removal or suspension of operation of the tracking and recording equipment would result in the suspension of the relevant fishing license, in addition to a fine of up to 5000 RMB (approx. \$700 USD). Chinese ships operating in the ROK EEZ without a license, intruding into South Korean territorial sea, or operating in the restricted NLL areas would be penalized with a fine of up to 50,000 RMB (approx. \$7000), confiscation of equipment, cancellation of subsidies for the year, revocation of permit, and even blacklisting. Crew members engaging in violent resistance would be subject to criminal proceedings. In addition, the directive also holds prefectural governments, which are responsible for installing, testing, and inspecting the tracking and recording systems, accountable for violations by linking the fishing quota that a prefecture receives each year to the number of violations by fishing boats registered in that prefecture.¹⁸⁸⁹

Despite this endeavor by Shandong to institutionalize economic and administrative disincentives, other coastal provinces of the Yellow Sea have yet to adopt similar mechanisms. The fact that at least half of the fatal incidents have involved Shandong-originated fishing ships may have prodded the province into introducing a more vigorous disincentive mechanism.¹⁸⁹⁰

CONCLUSION

The dominance of international audience costs has created incentives for China to persistently de-escalate incidents arising from its maritime boundary disputes with South Korea in the Yellow Sea.

¹⁸⁸⁹ Wang Yongwei [王永卫] and Liu Donghui [刘冬惠], “Shandong’s new regulatory measures on fishing ships in waters related to South Korea will be implemented” [山东涉韩入渔渔船管理新规将施行], *China Fishery News*, Dec. 28, 2015; “Notice by Shandong provincial ocean and fishery department on the circulation of ‘Shandong Province administration methods of fishing ships permitted in waters related to South Korea’” [山东省海洋与渔业厅关于印发《山东省涉韩入渔渔船管理办法的通知》], Mar. 2, 2018, http://gb.shandong.gov.cn/art/2018/3/2/art_107862_76071.html, accessed Apr. 6, 2020.

¹⁸⁹⁰ The 2011 fatal stabbing, 2012 and 2014 fatal shootings all involved fishing ships registered in Shandong.

For most of the time, fishing disputes – even those involving Chinese fatalities – alone do not mobilize parochial interests in China into forming a strong compromise-averse coalition, creating a permissive domestic political environment that enables Beijing to pursue a quick de-escalation. This stands in stark contrast to Beijing’s inability to pursue a de-escalatory approach after Seoul decided to deploy THAAD, which mobilized powerful compromise-averse stakeholders in the Chinese security apparatus as well as grassroots nationalistic pressure and thus overwhelmed the economic priorities in China-ROK relations.

11. Conclusion and Implications

In handling incidents and challenges arising from its maritime disputes, China has a strong propensity to escalate when the potential domestic costs of backing down outweigh the anticipated international costs of escalation. When the anticipated international costs exceed the potential domestic political costs, China has tended to deescalate to avoid derailing relations with the adversary and/or precipitating third-party counterbalancing. In the absence of a clear calculation one way or the other, Chinese decision makers may allow a gridlock to set in before coming up with a clearer trade-off calculation that enables them to decide whether to escalate or deescalate. In cases where escalation takes place, China tends to launch a strong military escalation when it confronts a *fait accompli* that cannot be reversed through negotiations. These decisions are typically within the purview of decision-making bodies at the top of the Chinese party-state, namely, the Politburo and its Standing Committee, but lower-level actors can initiate frontline actions and/or lobby against compromise that in effect decrease Beijing's room for maneuver and rapid deescalation.

Four main findings emerge from this study of China's handling of its maritime disputes. First, contrary to what many policy analysts and international relations theorists have predicted, China has not been invariably prone to taking an escalatory posture in maritime disputes as its power continues to grow over the past two decades. By expanding the scope of the study to examine China's behavior in all of its maritime disputes (as opposed to focus on one particular geographical area, e.g. the South China Sea) and the period of the study to encompass the first two decades of the 21st century (as opposed to focus on the post-2010 period when China's maritime disputes became a more salient regional issue partly because of China's rising power), this study refines Iain Johnston's earlier argument that China has not demonstrated an across-the-board increase in

assertiveness.¹⁸⁹¹ As has been demonstrated in the preceding chapters, The East China Sea remains the area where a prompt deescalation is most difficult for Beijing to pursue due to the dominance of domestic political costs. In the Yellow Sea, incentivized by high security and economic stakes in maintaining positive relations with South Korea and enabled by a permissive domestic political climate, China has persistently deescalated maritime clashes with South Korea, making this area seemingly the most promising low-hanging fruit for a boundary settlement. In the South China Sea, China faces a more ambiguous cost trade-off calculation than in the East China Sea and the Yellow Sea, thus leading to a high frequency of standoffs as well as to China's constant vacillation between moderation ("maintaining stability") when such costs are perceived to be on the rise and assertiveness ("safeguarding rights") when the costs are seen to be tolerable or manageable. This ambiguity in effect makes the South China Sea the area where collective counterbalancing and third-party intervention most needed and promising in shaping China's behavior by tipping its cost trade-off calculation. Table 11.1 summarized the empirical cases.

Second, and counterintuitively, smaller countries can have substantial leverage over rising great powers, contrasting the long-enshrined Thucydides dictum that "the strong do what they have the power to do and the weak accept what they have to accept." China cares as much about its reputation for resolve as its image of nonbelligerency. In the South China Sea, China's concerns about undermining its peaceful development narrative as well as being balanced against by ASEAN states often prevail over its unease about potential domestic backlash and thus explain the great majority of China's decisions to deescalate in the area. While the U.S. return to Asia since 2010 provides another important leverage for smaller countries to balance the Chinese influence, China demonstrably accommodated its smaller neighbors on the South China Sea in

¹⁸⁹¹ Johnston, "How New and Assertive Is China's New Assertiveness?" pp. 45-46.

Table 11.1 Summary of Empirical Cases

	DOMESTIC AUDIENCE COSTS			INTERNATIONAL AUDIENCE COSTS			ACTION TAKEN	FAIT ACCOMPLI	TYPE(S) OF ESCALATION UNDERTAKEN
	Leadership consensus	Elite Interests against Compromise	Grassroots Nationalism	Bilateral Relations	Probability of Third-Party Counterbalancing				
2002-2004 Diaoyu/Senkaku Lease	Weak	Converge	Aggressive	Low Stake	Low	Escalate	Low Probability of being presented with one	Restrained Nonmilitary Escalation	
		<i>High</i>			<i>Low</i>				
2004-2008 Chunxiao Gas Field Dispute	Weak	Converge	Aggressive	Low Stake	Low	Escalate	High probability of being presented with one	Forceful Nonmilitary Escalation + Restrained Military Escalation	
		<i>High</i>			<i>Low</i>		High probability of reversal through negotiation		
2008 Diaoyu/Senkaku Intrusion	Strong	Diverge	Assertive	High Stake	Low	Deescalate			
		<i>Low</i>		<i>Medium High</i>					
2010 Fishing Trawler Collision	Weak	Converge	Aggressive	High Stake	Low	Escalate	High probability of being presented with one	Forceful Nonmilitary Escalation	
		<i>High</i>		<i>Medium High</i>					
2012-2013 Diaoyu/Senkaku Nationalization	Weak	Converge	Aggressive	Low Stake	Low	Escalate	High probability of being presented with one	Forceful Nonmilitary Escalation + Forceful Military Escalation	
		<i>High</i>		<i>Low</i>			Low probability of reversal through negotiation		
2004 Vietnamese Spratly Cruise	Strong	Diverge	Affirmative	High Stake	High	Deescalate			
		<i>Low</i>		<i>High</i>					
2005 Tonkin Gulf Fatal Shooting	Strong	Diverge	Affirmative	High Stake	High	Deescalate			
		<i>Low</i>		<i>High</i>					

Table 11.1 Summary of Empirical Cases (Cont.)

2007 Sansha	Strong	Diverge	Affirmative	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		
2012 Scarborough Shoal Standoff	Weak	Diverge	Assertive	Low Stake	Low	Gridlock ↓ Escalate	High probability of being presented with one Forceful Nonmilitary Escalation
		<i>Medium High</i>			<i>Low</i>		
2014 HD-981 Clash	Strong	Diverge	Assertive	High Stake	High	Gridlock ↓ Deescalate	
		<i>Low</i>			<i>High</i>		
2015 Luconia Standoff	Strong	Diverge	Assertive	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		
2015-2016 Natuna Confrontations	Strong	Diverge	Affirmative	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		
2010 Yellow Sea Fatal Ramming	Strong	Diverge	Affirmative	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		
2011 Fatal Stabbing and 2012 Fatal Shooting	Strong	Diverge	Affirmative	High Stake	Low	Deescalate	
		<i>Low</i>			<i>Medium High</i>		
2014 KCG Fatal Shooting	Strong	Diverge	Affirmative	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		
2016 Fatal Fire	Strong	Diverge	Aggressive	High Stake	High	Deescalate	
		<i>Low</i>			<i>High</i>		

the first decade of the 21st century, when the U.S. was preoccupied with its war on counterterrorism and thus maintained a relatively weak presence in the region. Likewise, cooperation with South Korea on security and geo-economic priorities dominated China's cost calculation when handling incidents in the Yellow Sea. In contrast, despite being the strongest claimant that China faces in its maritime disputes, Japan often has very limited leverage with China in motivating a quick deescalation in the East China Sea. The U.S.-Japan alliance, albeit effective in deterring China from resorting to brute force over the dispute, has not been as effective in deterring or countering a Chinese escalation that fall short of military conflict – escalations within the gray zone, so to speak.

Third, economic and commercial stakes that create concentrated parochial interests may neutralize compromise-averse impulses in times of crisis. Concentrated parochial interests can be created in particular localities or economic sectors. Border trade and development initiatives in China's hinterland, for example, gave southwestern provinces especially Guangxi a major stake in advocating for stable relations and sub-regional cooperation with Vietnam. On the other hand, the multiple mega high-speed railway projects that China had won in Indonesia and Malaysia created vested interests in the Chinese railway construction sector, which was a major beneficiary from – and thus a supporter for – cordial ties with the two countries.

Finally, faits accomplis that leave no room for negotiation can create strong incentives for China to engage in risky military escalation to compel for a reversal or compensate for its perceived losses. China has demonstrated a high sensitivity to the prospect of being presented with a fait accompli that would irreversibly undermine its maritime claims. The East China Sea disputes illustrate how China has calibrated its escalatory responses in the face of a fait accompli or a likely one. China undertook a strong escalation in both the military and nonmilitary dimensions amid the

Diaoyu/Senkaku nationalization in an attempt to force a reversal of the island purchase, and after Japan made it clear the purchase could not be reversed, to compensate for its (China's) irreversible losses by creating the East China Sea ADIZ. In the 2010 fishing trawler collision, China undertook a forceful escalation in the nonmilitary dimension to deter Japan from creating a fait accompli in the legal dimension, as subjecting the Chinese skipper to Japanese domestic laws would have set a precedent which legally undermined China's claims to the Diaoyu/Senkakus. During the 2004-2008 Chunxiao controversy, China undertook a restrained military escalation when Japan engaged in a fait accompli tactic by permitting a Japanese company to drill in the contested waters but signaled the negotiability of the fait accompli by continuing bilateral gas talks.

PRACTICAL AND THEORETICAL IMPLICATIONS

This study has broad implications for the study of crisis prevention and management, as well as for international relations.

Implications for Crisis Prevention and Management

Effective crisis prevention and management requires decision makers to address each stage in the development of a crisis, namely, crisis prevention, containment, management, and post-crisis institutionalization.

First, there are domestic origins that lead to the failure of crisis prevention. The conventional approach toward crisis prevention hinges largely upon two layers of interstate arrangements: 1) multilateral "one-size-fits-all" mechanisms setting general rules of the road such as the Convention on the International Regulations for Preventing Collisions at Sea (COLREGs), the Code for Unexpected Encountered at Sea (CUES), and the supposedly forthcoming South China Sea Code of Conduct (COC); 2) bilateral arrangements regulating behavior and communication for maritime

(and air) encounters. These interstate mechanisms undoubtedly matter but are insufficient in preventing or disincentivizing crisis-triggering behavior.

Findings in this study suggest that impulsive, incident-prone actions by non-state and sub-state actors have had a major bearing on the occurrence of maritime incidents in the past two decades, highlighting the imperative need for preventive mechanisms that incorporate *intrastate* arrangements to discourage and hold accountable crisis-triggering actors. Intrastate arrangements could be politically difficult to institutionalize and implement in large part because China – and in some sense other claimants as well – has tied its hands with persistently tough posturing and rhetoric, trapping itself into a rigid position domestically. A practical starting point for China is to curtail propaganda against other claimants – especially Japan – which has made it difficult for Beijing to pursue a quick deescalation in the event of a maritime incident. On the part of other claimants, they also need to explore domestic political and legal options to restrain subnational and non-state actors from taking actions that may provoke a maritime crisis. Such intrastate mechanisms, albeit realistically unable to eliminate competitive interactions between claimants or prevent all maritime incidents, can reduce occurrence of incidents by holding overzealous frontline actors accountable and by altering domestic narratives which have often portrayed impulsive behavior in a positive light as manifestations of patriotism.

A related implication is that disputants must prioritize crisis avoidance and strengthen preventive cooperation to avoid a common danger in contested areas such as the East China Sea where there is a high risk of escalation due to the clear dominance of domestic political costs. Potential solutions such as creating entry-restricted buffering zones or co-managed conservancies surrounding these areas are often discussed.¹⁸⁹² These proposed solutions, however, are unlikely

¹⁸⁹² See, for example, Godfrey Baldacchino, “Diaoyu Dao, Diaoyutai or Senkaku? Creative solutions to a festering dispute in the East China Sea from an ‘Island Studies’ perspective,” *Asia Pacific Viewpoint*, vol. 57, no. 1, April 2016,

to be accepted without a significant reduction in the hostility and distrust between the rivaling claimants. Alternatively, in the short-to-medium term, the claimant states should probably aim for more realistic and less ambitious preventive mechanisms. Specifically, each claimant should require its own vessels to strictly follow existing collision avoidance protocols when operating in proximity in disputed areas and make it clear to domestic actors that violators would be held accountable.

Meanwhile, the United States as a key third party also has a vital, dual-deterrence role to play in crisis prevention. On the one hand, while revitalizing America's alliance architecture in Asia and reassuring its allies that the commitment of the United States to its treaty obligations remains unchanged, Washington should encourage its allies such as Japan and the Philippines to better discipline their own domestic actors, avoid unprovoked unilateral actions, and make it clear that the U.S. does not expect to be dragged into a dangerous confrontation with China over the unsettled maritime disputes. On the other hand, while reassuring Beijing that the United States will remain neutral on the maritime sovereignty and boundary disputes, Washington should make it clear that aggressive, provocative Chinese moves in these disputes is not in China's best interests in the sense that it will erode China's credibility in the region as a peaceful rising power and will be met with firm, concerted pushback from the U.S. and its allies and security partners.

Second, should crisis prevention fail, factors in both the bilateral and multilateral contexts can help shape the incentives of disputants to contain a local incident. Bilaterally, relations which simultaneously have multiple contentious, hard-to-solve issues may considerably limit either or

pp. 16-26; John W. McManus, Kwang-Tsao Shao and Szu-Yin Lin, "Toward Establishing a Spratly Islands International Marine Peace Park: Ecological Importance and Supportive Collaborative Activities with an Emphasis on the Role of Taiwan," *Ocean Development & International Law*, issue 41, 2010, pp. 270-280; Susan Thornton, "Averting Conflict in the South China Sea: Steps to Restore Rules and Restraint," in Ryan Hass, et al., ed., *The Future of U.S. Policy toward China: Recommendations for the Biden administration*, Johns L. Thornton China Center, Brookings Institute, and Paul Tsai China Center, Yale Law School, November 2020, pp. 46-51.

both parties' ability to achieve a quick containment. Decision makers of both parties must compartmentalize the incident from – and at the same time avoid intensifying – other contentious issues to mitigate the problem of interdependence of commitment. Leaders of each party must also be very sensitive to the possibility that some of their statements and actions at this stage will influence the other party's domestic political climate in ways that hamper the other party's crisis containment efforts and abilities. In particular, leaders should think about the unintended consequences when resorting to assertive rhetoric and actions intended for the consumption of their own constituencies – the domestic audience of the other party also is almost certainly listening and watching.

Multilaterally, third-party intervention has shown mixed results. In disputes such as the East China Sea where China (and Japan alike) is preoccupied by potential domestic backlash, third-party intervention often has a difficult time in shaping China's crisis behavior by tipping its cost trade-off calculation. Even in disputes such as the South China Sea where China's cost trade-off calculation is more ambiguous and susceptible to changes in the external environment, empirical evidence suggests that effective third-party intervention should consist of two legs. A swift and concerted multilateral pushback by smaller regional players can create disincentives for China to escalate by engendering a sense of isolation, signaling the potential international reputational costs on China as a trustworthy status-quo player, and by warning of an imminent collective counterbalancing effort. Meanwhile, other major powers especially the United States can throw their weight behind such a multilateral response to bolster the credibility of balancing efforts and provide the necessary guarantee for deterrence.

Third, should an incident not be contained quickly, the parties need to manage the crisis at hand. Operational principles in existing crisis management literature such as those proposed by

Alexander George and by Michael Swaine et al. are still of great relevance. For example, each party need to maintain informed control over lower-level actors who can take actions that limit negotiating room, slow down when making moves to allow the other side sufficient time for evaluating the situation and calibrating responses and choose diplomatic-military moves which are consistent in signaling a willingness to negotiate for a solution. When exchanging communications, both parties should avoid principled lock-in positions that limit bargaining room, preserve the adversary's option to backdown in a "face-saving" manner, and be wary of the unintended consequences of one's words and deeds.¹⁸⁹³

Moreover, my findings suggest that given what is at stake in maritime territorial and boundary disputes, *faits accomplis*, physical ones or otherwise, rarely go unresisted. The employment of *fait accompli* tactics by one party tends to make the other party more risk acceptant and precipitate an escalation along both nonmilitary and military dimensions, thus opening the door to further spirals of hostility and miscalculation. As such, decision makers must resist the temptation to employ such a tactic and be cautious in taking moves that may be perceived by the other side as threatening a *fait accompli*.

Lastly, in the post-crisis stage, it is essential that the disputants and other regional stakeholders internalize and institutionalize lessons learned from crisis experiences. As Alexander George cautions, knowledge gained from the management of past crises is virtually worthless unless it can be internalized by each party.¹⁸⁹⁴

¹⁸⁹³ Alexander George, "A Provisional Theory of Crisis Management," in George, ed., *Avoiding War*, p. 25; Michael Swaine, "Understanding the Historical Record," in Swaine, et al., ed., *Managing Sino-American Crises*, pp. 4-10.

¹⁸⁹⁴ Alexander L. George, "Findings and Recommendations," in George, ed., *Avoiding War*, p. 565.

Implications for International Relations

Beyond adding to the existing crisis studies literature, this study has several implications for the field of international relations and security studies in general. First, China's crisis behavior in maritime disputes supports the theory of domestic audience costs, which claims that leaders would be punished for betraying "national honor" should they back down in interstate crises. This study provides further support for this proposition by demonstrating how it applies to non-democracies in one important subject in contemporary international security studies, i.e., maritime territorial and boundary disputes. Extending the logrolling coalition theory, this study also illuminates the microfoundations of domestic audience costs in authoritarian states where voting publics are absent.

On the other hand, China's sensitivity to and calculation of international audience costs cast doubts on arguments for credibility and demonstration of resolve in interstate conflict. Such arguments see states as being inclined to establish a reputation for resolve to deter future challenges from rivaling claimants.¹⁸⁹⁵ Facing multiple contestants in the South China Sea, wide variation in China's propensity to escalate maritime incidents raises questions around this line of reasoning, and implies that states' understanding of reputation is often two-pronged – namely, reputation for resolve and that for nonbelligerency – and that decision makers tend to strike a balance between the two aspects. Meanwhile, China does seek to demonstrate resolve in maritime disputes where it perceives an interdependence of commitment – for example, the East China Sea disputes, in which the target of Chinese assertiveness was a rivaling party with whom China simultaneously has multiple salient bilateral issues.

¹⁸⁹⁵ Zhang, "Cautious Bully;" Barbara F. Walter, "Explaining the Intractability of Territorial Conflict," *International Studies Review*, vol. 5, no. 4, Dec. 2003, pp. 137-153.

Second, this study offers a refined perspective of the connection between economic interdependence and interstate stability. According to the school of interdependence liberalism, states are deterred from initiating dyadic conflict against important trading partners for fear of incurring losses of benefits generated from trade. This theory also claims that interdependence may constrain state leaders from pursuing destabilizing foreign policies by creating vested interests at home who benefit from expanded economic ties and would push for stable foreign relations.¹⁸⁹⁶ As illustrated in this study, concentrated pro-cooperation interests in particular sectors or localities generated by deepening economic ties can act as strong countervailing forces against hawkish pressure for escalatory responses. In China's disputes with Vietnam in the South China Sea, the multiple sub-regional economic cooperation initiatives have created pro-cooperation interests concentrated in the border provinces, in particular Guangxi, which balanced against pushes from compromise-averse actors in times of crisis. Likewise, when China's frictions with Indonesia and Malaysia in the South China Sea were on the rise, the enormous commercial interests that China's infrastructure construction sector – especially the high-speed rail industry – has in the two countries generated stabilizing forces. By contrast, when tensions ratcheted up in the East China Sea, the high level of Sino-Japanese economic interdependence and sheer volume of bilateral trade alone seemed to have generated very limited countervailing forces against compromise-averse pressure.

Third, China's pattern of escalation and deescalation in its maritime disputes underscores the importance of moving beyond a singular focus on great power competition and adding smaller regional stakeholders to the equation when studying implications of rising powers for regional

¹⁸⁹⁶ Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignment* (Princeton, NJ: Princeton University Press, 1989); Solomon William Polachek, "Conflict and Trade," *Journal of Conflict Resolution*, vol. 24, no. 1, Mar. 1980, pp. 57-78.

stability and international peace. The thesis of power transition and hegemonic stability asserts that as the gap between a rising power and the established powers closes, the former will increasingly tend to challenge the dominance of the latter.¹⁸⁹⁷ However, while consistently escalating incidents in the East China Sea, China has been more selective in escalating incidents in the South China Sea and invariably shunned escalation in the Yellow Sea, despite the growing power parity between China and the United States especially in the Western Pacific over the past two decades. Granted, U.S. policy toward Asia does provide the strategic context that Beijing can never ignore in its calculations, but simply treating the maritime controversies as one aspect in the U.S.-China competition and leaving out the role of smaller players can be misleading and even backfire. Indeed, as demonstrated in this study, much of China's cost-benefit calculation and the resulting response is conditioned by who the other party in a particular incident is and the prospect of an escalation altering weaker regional players' perception of threat from China.

CHINA AND ASIA-PACIFIC'S MARITIME FUTURE

The potential for crises and frictions over China's maritime disputes will remain for several reasons. To begin with, it is unlikely that these disputes will be settled in the short-to-medium term, given the strategic, economic, and symbolic importance of the contested sea areas to all the disputants. Even though the Yellow Sea appears to be the most promising low-hanging fruit,¹⁸⁹⁸ it may well take years if not decades to reach an agreement modeled on the Tokin Gulf delimitation precedent which took Beijing and Hanoi almost 30 years to reach a final settlement in 2000. Moreover, as China aggressively pursues its ambition of becoming a "strong maritime power,"¹⁸⁹⁹

¹⁸⁹⁷ On power transition and rising powers in general, see, for example, A. F. K. Organski, *World Politics* (New York: Knopf, 1968), 2nd ed.; A. F. K. Organski, and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980); Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).

¹⁸⁹⁸ "Why China Would Compromise in the Yellow Sea," *Stratfor Analysis*, Dec. 2015.

¹⁸⁹⁹ "Hu Jintao's work report at the 18th CPC National Congress" [胡锦涛在中国共产党第十八次全国代表大会上的报告], *People's Daily*, Nov. 8, 2012, <http://cpc.people.com.cn/n/2012/1118/c64094-19612151-1.html>; "Xi Jinping:

this discourse appears to have significantly increased the political salience of the maritime disputes. By raising popular expectations on Beijing to assert more effective control of China's maritime frontier and enhance state protection for Chinese nationals operating at sea, the "strong maritime power" narrative may inadvertently embolden these actors' behavior and – in the event of a local incident – increase Beijing's domestic political costs.

Beijing's decisions in 2018 to incorporate the CCG into the PAP and in 2021 to adopt the coast guard law have left significant uncertainty around the question of how these changes will alter the CCG's behavior in future maritime incidents and the agency's capability in shaping China's domestic discourse. A silver lining here is that these changes streamline and standardize the operations of the CCG while opening up additional opportunities to push for the application of existing rules of the road in the region to regulate coast guard ships. Thus, the centralization of China's maritime law enforcement agencies could work in two countervailing directions: it could be destabilizing by enhancing China's capacity to coerce its small neighbors as much as it could be stabilizing by mitigating Beijing's problem of institutional fragmentation. Ultimately, the net effect hinges on the goals toward which China employs its coast guard.

Looking forward, the maritime Asia-Pacific – increasingly crowded with military and nonmilitary actors from a number of regional stakeholders – will likely remain volatile and the potential for confrontations and clashes can never be overstated. The outstanding maritime disputes will undoubtedly have long-term implications for China and the rest of the region. They will also almost certainly shape the role of the U.S. in the area and its response to the changing

pay more attention to the sea, learn about the sea, manage and plan the sea, and push forward the building of a maritime power to make new achievements" [习近平：进一步关心海洋认识海洋经略海洋，推动海洋强国建设不断取得新成就], *People's Daily*, Aug. 1, 2013, <http://cpc.people.com.cn/n/2013/0801/c64094-22402107.html>. "Full text of Xi Jinping's work report at the 19th CPC National Congress," *China Daily*, Nov. 4, 2017, http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm. All accessed on Feb. 23, 2021.

security landscape in the face of China's growing power. All parties' interests will be well served by successful prevention and management of crises. This study sheds new light on the factors that influence China's decisions about escalating or deescalating maritime incidents and how these factors can be shaped by other stakeholders in the region for the purpose of successful crisis prevention and management in future.

EXTENSIONS FOR FUTURE RESEARCH

In this study, I tested my framework against empirical evidence drawn exclusively from China, as the number and diversity of cases enables me to avoid selection bias by analyzing both events of occurrence (escalation) and nonoccurrence (no escalation) while controlling for other confounding variables.

The theoretical framework developed in this study can be extended for future research in several directions. One direction is to add more recent cases of Chinese behaviors in maritime disputes to evaluate the extent to which the framework holds as China's decision-making process becomes more centralized under Xi Jinping and as great power competitions intensify under the Trump and Biden administrations.

Adding cases outside of China and conducting cross-country comparisons will also yield important results. Beyond China, Asia is replete with maritime disputes – such as the Malaysia-Philippine dispute over the sovereignty of north Borneo and the Singapore-Malaysia dispute over their maritime boundary – and thus offers fertile soil for research into crisis prevention and management. Vietnam offers another good case for an examination of how authoritarian states handle incidents arising from its multiple maritime disputes. Taiwan, Japan, and South Korea are valuable cases of Asian democracies which can be used to test my theories. In addition, India, especially its protracted boundary dispute with Pakistan and its willingness to peacefully settle the

boundary disputes with Bangladesh and Myanmar through international arbitration, offers a useful within-case comparison to analyze incentives for rising powers to deescalate – and eventually accept a peaceful settlement on – maritime disputes.

Bibliography

Databases

Archived Presidential White House Websites

CNKI [中国知网]

Duxiu [读秀]

Jstor

Nexis Univ

People's Daily [人民日报]

ProQuest

U.S. Department of State Archive Websites

UN Comtrade

English Language Sources

Akiyama, Masahiro, "Geopolitical Considerations of the Senkaku Islands," *Review of Island Studies*, Aug. 7, 2013.

Allison, Graham T. and Philip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis* (New York, NY: Longman, 1999), 2nd edition.

Altman, Daniel W., *Red Lines and Faits Accomplis in Interstate Coercion and Crisis* (Cambridge, MA: PhD diss. Massachusetts Institute of Technology, 2015).

_____, "By Fait Accompli, Not Coercion: How States Wrest Territory from Their Adversaries," *International Studies Quarterly* (2017) 61.

_____, "The Evolution of Territorial Conquest After 1945 and the Limits of the Territorial Integrity Norms," *International Organization* 74, Summer 2020.

Anderson, Jeffrey J., G. John Ikenberry and Thomas Risse, ed, *The End of the West? Crisis and Change in the Atlantic Order* (Ithaca: Cornell University Press, 2008).

Asselin, Pierre, *Vietnam's American War: A History* (Cambridge: Cambridge University Press, 2018).

Augustine, Norman R., "Managing the Crisis You Tried to Prevent," *Harvard Business Review*, November-December 1995.

Austin, Greg, *China's Ocean Frontier: International Law, Military Force and National Development* (St Leonards, NSW: Allen & Unwin, 1998).

Axelrod, Robert, *The Evolution of Cooperation* (New York, NY: Basic Books, 1984).

Bader, Jeffrey A. *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (Washington D.C.: Brookings Institute, 2014).

- Baldacchino, Godfrey, "Diaoyu Dao, Diaoyutai or Senkaku? Creative solutions to a festering dispute in the East China Sea from an 'Island Studies' perspective," *Asia Pacific Viewpoint*, vol. 57, no. 1, April 2016.
- Bass, Warren, *A Surprise Out of Zion? Case Studies in Israel's Decisions on Whether to Alert the United States to Preemptive and Preventive Strikes, from Suez to the Syrian Nuclear Reactor* (Santa Monica, CA: RAND Corporation, 201)
- Blasko, Dennis J., *The Chinese Army Today: Tradition and Transformation for the 21st Century* (New York: Routledge), 2nd edition.
- Bonnet, François-Xavier, *Geopolitics of Scarborough Shoal* (Bangkok, Thailand: Research Institute on Contemporary Southeast Asia), IRASEC's Discussion Paper #14, Nov. 2012.
- Brecher, Michael and Jonathan Wilkenfeld, *A Study of Crisis* (Ann Arbor, MI: University of Michigan Press, 1997).
- Brodsgaard, Kjeld Erik, "Politics and Business Group Formation in China: The Party in Control?" *China Quarterly*, vol. 211, Sept. 2012.
- _____, ed., *Critical Readings on the Communist Party of China* (4 vol. set) (Leiden/Boston: Brill, 2017).
- Brutger, Ryan and Joshuar D. Kertzer, "A Dispositional Theory of Reputation Costs," *International Organization*, vol. 72, no. 2, summer 2018.
- Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Silversson, and James D. Morrow, *The Logic of Political Survival* (Cambridge, MA: Massachusetts Institute of Technology Press, 2003).
- Bueno de Mesquita, Bruce James D. Morrow and Ethan R. Zorick, "Capabilities, Perception, and Escalation" *American Political Science Review*, vol. 91, no. 1, Mar. 1997.
- Bui, Nhung T., "Managing anti-China nationalism in Vietnam: evidence from the media during the 2014 oil rig crisis," *The Pacific Review*, vol. 30, no. 2, 2017.
- Burke, Edmund J. and Astrid Stuth Cevallos, *In Line or Out of Order? China's Approach to ADIZ in Theory and Practice* (Santa Monica, CA: RAND Corporate, 2017).
- Bush, Richard, *The Perils of Proximity: China-Japan Security Relations* (Washington, DC: Brookings Institution Press, 2010).
- Buszynski, Leszek and Do Thanh Hai, *The South China Sea: From a Regional Maritime Dispute to Geo-Strategic Competition* (New York: Routledge, 2019).
- Callahan, William A., *China: The Pessimist Nation* (New York, NY: Oxford University Press, 2010).
- Carlson, Allen *Unifying China, Integrating with the World: Securing Chinese Sovereignty in the Reform Era* (Stanford, CA: Stanford University Press, 2005).
- Chang, Felix K., "Even Indonesia: Concerns over China's Reach in the South China Sea," Foreign Policy Research Institute, Oct. 18, 2014.
- Cheng, Joseph Y. S., "Sino-Vietnamese Relations in the Early Twenty-first Century: Economics in Command?" *Asian Survey*, vol. 51, no. 2 (March/April 2011).
- Chesterman, Simon, Hisashi Owada and Ben Saul, ed., *Oxford Handbook of International Law in Asia and the Pacific* (New York, NY: Oxford University Press, 2019)
- Cheung, Tai Ming, *Growth of Chinese Naval Power: Priorities, Goals, Missions, and Regional Implications* (Singapore: Institute of Southeast Asian Studies, 1990).

- Christensen, Thomas, *The China Challenge: Shaping the Choice of a Rising Power* (New York, NY: W. W. Norton & Company, Inc., 2015).
- Chubb, Andrew, "Assessing public opinion's influence on foreign policy: the case of China's assertive maritime behavior," *Asian Security*, Vol. 15, No. 2, 2019, pp. 159-179.
- _____, "PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970-2015," *International Security*, Vol. 45, No. 3, (Winter 2020/21), pp. 79-121.
- Chung, Chien-peng, *Domestic Politics, International Bargaining and China's Territorial Disputes* (New York, NY: Routledge, 2004).
- Ciorciari, John D. and Jessica Chen Weiss, "Nationalist Protests, Government Responses, and the Risk of Escalation in Interstate Disputes," *Security Studies*, Vol. 25, 2016
- Cole, Bernard, *The Great Wall at Sea: China's Navy in the Twenty-First Century* (Annapolis, MD: Naval Institute Press, 2010).
- Connelly, Aaron L., *Indonesia in the South China Sea: Going it alone*, Lowy Institute for International Policy, Dec. 2016.
- Coser, Lewis A., *The Functions of Social Conflict* (Glencoe, IL: Free Press, 1956).
- CSIS-AMTI, "Tracking China's Coast Guard Off Borneo," Apr. 5, 2017.
- _____, "Update: China risks flare-up over Malaysian, Vietnamese gas resources," CSIS-AMIT, Dec. 13, 2019.
- deLisle, Jacques and Avery Goldstein, eds., *China's Challenges: The Road Ahead* (Philadelphia: University of Pennsylvania Press, 2015).
- DeTrani, Joseph R., Testimony before the US-China Economic and Security Review Commission, Jun. 5, 2014.
- Downs, Erica, *Brookings Foreign Policy Studies – Energy Security Series: China* (Washington DC: Brookings Institution, 2006).
- _____, "Business and Politics in the South China Sea: Explaining HYSY981's Foray into Disputed Waters," *China Brief*, vol. xiv, issue 19, Jun. 19, 2014.
- Downs, Erica Stricker and Phillip C. Saunders, "Legitimacy and the Limits of Nationalism: China and the Diaoyu Islands," *International Security*, Vol. 23, No. 3 (Winter 1998-1999), pp. 114-146
- Drifte, Reinhard, "The Japan-China Confrontation over the Senkaku/Diaoyu Islands – Between 'shelving' and 'dispute escalation,'" *The Asia-Pacific Journal | Japan Focus*, vol. 12, issue, 30., no. 3, Jul. 27, 2014.
- Dyke, Jon Van, "The Maritime Boundary between North & South Korea in the Yellow (West) Sea," 38north.org, Jul. 29, 2010.
- Economy, Elizabeth, "China's Rise in Southeast Asia: implications for the United States," *Journal of Contemporary China*, 14 (44), August 2005.
- Ellings, Richard J., Aaron L. Friedberg and Michael Wills, eds., *Strategic Asia, 2003-04* (Seattle: National Bureau of Asian Research, 2003).
- Erickson, Andrew, "Hainan's Maritime Militia: China Builds A Standing Vanguard, Pt. 1," *Center for International Maritime Security*, March 25, 2017.
- Erickson, Andrew S., Lyle J. Goldstein and Carnes Lord, ed., *China Goes to Sea: Maritime Transformation in Comparative Historical Perspective* (Annapolis, MD: Naval Institute Press, 2009).

- Erickson, Andrew S., Lyle J. Goldstein, and Nan Li, ed., *China, the United States, and 21st Century Sea Power: Defining a Maritime Security Partnership* (Annapolis, MD: Naval Institute Press, 2010).
- Erickson, Andrew S. and Conor M. Kennedy, "China's Maritime Militia," CNA Corporation, Mar. 7, 2016.
- Erickson, Andrew S. and Adam P. Liff, "Installing a Safety on the 'Loaded Gun'? China's institutional reforms, national Security Commission, and Sino-Japanese (in)stability," *Journal of Contemporary China*, 2016, vol. 25, no. 98.
- Erickson, Andrew S. and Ryan D. Martinson, ed., *China's Maritime Gray Zone Operation* (Annapolis, MD: China Maritime Studies Institute and the National Institute Press, 2019).
- Eyerman, Joe and Robert A. Hart Jr., "An Empirical Test of the Audience Cost Proposition: Democracy Speaks Louder Than Words," *Journal of Conflict Resolution*, vol. 40, no. 4, 1996.
- Farnham, Barbara, ed. *Avoiding Losses/Taking Risks: Prospect Theory and International Conflict* (Ann Arbor: University of Michigan Press, 1994).
- Fearon, James "Domestic Political Audiences and the Escalation of International Disputes," *American Political Science Review*, vol. 88, no. 3, September 1994.
- Fearon, James D., "Signaling Foreign Policy Interests: Tying Hands versus Sinking Costs," *Journal of Conflict Resolution*, Vol. 41, No. 1, February 1997, pp. 68-90
- Fels, Enrico and Truong-Minh Vu, ed., *Power Politics in Asia's Contested Warts: Territorial Disputes in the South China Sea* (Cham: Springer International Publishing, 2016).
- Feng, Huiyun, Kai He and Yan Xuetong, ed., *Chinese Scholars and Foreign Policy: Debating International Relations* (New York: Routledge, 2019).
- Fewsmith, Joseph, "The 16th Party Congress: Implications for Understanding Chinese Politics," *China Leadership Monitor*, vol. 5, winter 2003.
- _____, *China since Tiananmen: From Deng Xiaoping to Hu Jintao* (Cambridge: Cambridge University Press, 2008), 2nd edition.
- Fjelstul, Joshua, Jessica Weeks, Michael Tomz and Dan Reiter, "Alliance Terms and Audience Costs: An Experimental Study of the Microfoundations of Alliance Compliance," prepared for presentation at the annual meeting of the American Political Science Association, September 5, 2015, San Francisco, California.
- Fook, Lye Liang and Ha Hoang Hop, "The Vanguard Bank Incident: Development and What Next?" ISEAS, *Perspective*, no. 69, Sept. 4, 2019.
- Fravel, M. Taylor, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, NJ: Princeton University Press, 2008).
- _____, "Xi Jinping's Overlooked Revelation on China's Maritime Disputes," *The Diplomat*, Aug. 15, 2013.
- _____, "Explaining China's Escalation over the Senkaku (Diaoyu) Islands," *Global Summitry*, vol. 2, no. 1, 2016.
- Freedman, Lawrence, *The Official History of the Falklands Campaign: War and Diplomacy* (New York and Oxon: Routledge, 2004), vol. 1&2.
- Friedberg, Aaron, "The Sources of Chinese Conduct: Explaining Beijing's Assertiveness," *The Washington Quarterly*, Vol. 37, No. 4 (2015), pp. 133–150

- Garver, John, "China's Push through the South China Sea: The Interaction of Bureaucratic and National Interests," *China Quarterly*, no. 132, Dec. 1992.
- _____, *China's Quest: The History of the Foreign Relations of the People's Republic of China* (New York, NY: Oxford University Press, 2016).
- Gelpi, Christopher F. and Michael Griesdorf, "Winners or Losers: Democracies in International Crises, 1918-1994," *American Political Science Review*, vol. 95, no. 3, 2001.
- Genron NPO, "Japan-China Public Opinion Poll," various years.
- George, Alexander L., ed., *Avoiding War: Problems of Crisis Management* (Boulder, CO: Westview Press, 1991).
- George, Alexander L., Philip J. Farley, and Alexander Dallin, ed., *US-Soviet Security Cooperation: Achievements, Failures, Lessons* (New York: Oxford University Press, 1988).
- George, Alexander L. and William E. Simons, ed., *The Limits of Coercive Diplomacy* (Boulder, CO: Westview Press, 1994), 2nd edition.
- George, Alexander L. and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005).
- Gershman, John, "Is Southeast Asia the Second Front?" *Foreign Affairs*, vol. 81, issue 4, Jul/Aug 2002.
- Gibler, Douglas M. and Marc L. Hutchison, "Territorial Issues, Audience Costs, and the Democratic Peace: The Importance of Issue Salience," *Journal of Politics*, vol. 75, no. 4, 2013.
- Gilpin, Robert, *War and Change in World Politics* (New York: Cambridge University Press, 1981).
- Godwin, Paul H. B. and Alice L. Miller, *China's Forbearance Has Limits: Chinese Threat and Retaliation Signaling and Its Implications for a Sino-American Military Confrontation* (Washington D.C.: National Defense University Press), April 2013.
- Goldstein, Lyle, *Five Dragons Stirring Up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities* (RI: U.S. Naval War College, 2010).
- Green, Michael, *Japan's Reluctant Realism* (New York, NY: Palgrave Macmillian, 2003).
- _____, *By More than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783* (New York, NY: Columbia University Press, 2017).
- Green, Michael J., Kathleen H. Hicks, John Schaus, Jake Douglas, and Zack Cooper, *Countering Coercion in Maritime Asia: The Theory and Practice of Gray Zone Deterrence* (Washington DC: Center for Strategic and International Studies), May 2017.
- Gries, Peter, "Tears of Rage: Chinese Nationalism and the Belgrade Embassy Bombing," *China Journal*, July 2001.
- _____, *China's New Nationalism: Pride, Politics and Diplomacy* (CA: University of California Press, 2005).
- _____, "China's 'New Thinking' on Japan," *China Quarterly*, vol. 184, Dec. 2005.
- Hai, Do Thanh, *Vietnam and the South China Sea: Politics, Security and Legality* (New York: Routledge, 2017).
- Harrison, Selig S., ed., *Seabed Petroleum in Northeast Asia: Conflict or Cooperation* (Washington DC: Woodrow Wilson International Center for Scholars), 2005.

- Hass, Ryan, Ryan McElveen, and Robert D. William, ed., *The future of U.S. policy toward China: Recommendations for the Biden administration*, Johns L. Thornton China Center, Brookings Institute, and Paul Tsai China Center, Yale Law School, November 2020.
- Haver, Zachary, *Sansha City in China's South China Sea Strategy: Building a System of Administrative Control* (New Port, RI: U.S. Naval War College China Maritime Studies Institute, 2021).
- Hayton, Bill, *The South China Sea: The Struggle for Power in Asia* (New Haven, CT: Yale University Press, 2014).
- He, Kai, *China's Crisis Behavior: Political Survival and Foreign Policy after the Cold War* (Cambridge, UK: Cambridge University Press, 2016).
- Hensel, Paul R. and Sara McLaughlin Mitchell, 'Issue Indivisibility and Territorial Claims,' *GeoJournal* 64, (2005),
- Hermann, Charles F., *Crisis in Foreign Policy: A Simulation Analysis* (Indianapolis and New York: The Bobbs-Merrill Company, Inc., 1969).
- _____, *International Crises: Insights from Behavioral Research* (New York: Free Press, 1972).
- Hermann, Margaret G. and Charles F. Hermann, "Who Makes Foreign Policy Decision and How: An Empirical Inquiry," *International Studies Quarterly*, vol. 33, no. 4, Dec. 1989.
- Hiebert, Murray Phuong Nguyen and Gregory B. Polling, *A New Era in U.S.-Vietnam Relations: Deepening Ties Two Decades after Normalization*, a Report of the CSIS Sumitro Chair for Southeast Asia Studies, June 2014.
- Ho, Shawn, "Tensions in the Yellow Sea: Crabs and the Inter-Korea Border Dispute," RSIS Commentary, no. 172, Jul. 11, 2016.
- Hoffmann, Stanley, *Gulliver's Troubles, or Setting of American Foreign Policy* (New York: McGraw-Hill, 1968).
- Huth, Paul K., *Standing Your Ground: Territorial Disputes and International Conflict* (Ann Arbor: University of Michigan Press, 1996)
- Hwang, Jaeho, *The ROK's China Policy under Park Geun-hye: A New Model of ROK-PRC Relations*, Brookings Institute, Aug. 14, 2014.
- Information Office of the State Council of PRC, China's Defense White Paper, various years.
- Inoguchi, Takashi, ed., *Japanese and Korean Politics: Alone and Apart from Each Other* (New York: Palgrave MacMillan, 2015).
- Institute for National Strategic Studies, National Defense University, *The United States and Japan: Advancing Toward a Mature Partnership*, INSS Special Report, Oct. 11, 2000.
- International Crisis Group, *North Korea: The Risks of War in the Yellow Sea* (Asia Report N°198), Dec. 23, 2010.
- _____, *Stirring up the South China Sea (I)* (Asia Report N°223), Apr. 23, 2012.
- _____, *Dangerous Waters: China-Japan Relations on the Rocks* (Asia Report N°245), Apr. 2013
- _____, *Stirring up the South China Sea (III): A Fleeting Opportunity for Calm* (Asia Report N°267), May 7, 2015.
- _____, *Stirring up the South China Sea (IV): Oil in Troubled Water* (Asia Report N°275), Jan. 26, 2016.

- Jackson, Van, "Tactics of Strategic Operation: Gray Zones, Redlines, and Conflicts before War," *Naval War College Review*, Vol. 70, No. 30 (Summer 2017).
- Jakobson, Linda, *China's Unpredictable Maritime Actors*, Lowy Institute Report, Dec.11, 2014.
- Jakobson, Linda and Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Paper, Sept. 2010.
- Jang, Soo Hyun, "The Korean Wave and Its Implications for the Korea-China Relationship," *Journal of International and Area Studies*, vol. 19, no. 2, December 2012.
- Jervis, Robert, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976).
- _____, *The Meaning of the nuclear Revolution: Statecraft and the Prospect of Armageddon* (Ithaca and London: Cornell University press, 1989).
- Jervis, Robert, Keren Yarhi-Milo, and Don Casler, "Redefining the Debate over Reputation and Credibility in International Security: Promises and Limits of New Scholarship," *World Politics*, vol. 73, no. 1, 2021.
- Jie, Dalei, *The Rise and Fall of Taiwan Independence Policy: Power Shift, Domestic Constraints, and Sovereignty Assertiveness (1988-2010)* (Ph.D. diss., University of Pennsylvania, 2012).
- Johnston, Alastair Iain, *Strategic Culture and Grand Strategy in Chinese History* (Princeton, NJ: Princeton University Press, 1995).
- _____, "How New and Assertive is China's New Assertiveness?" *International Security*, vol. 37, no. 4 (spring 2013).
- _____, *Social States: China in International Institutions, 1980-2000* (Princeton, N.J.: Princeton University Press, 2014).
- _____, "Is Chinese Nationalism Rising? Evidence from Beijing," *International Security*, vol. 41, no. 3 (winter 2016/17), pp. 7-43.
- _____, "The Evolution of Interstate Security Crisis-management Theory and Practice in China," *Naval War College Review*, winter 2016, vol. 69, no. 1.
- Jones, Bryan D., "Bounded Rationality," *Annual Review of Political Science*, Vol. 2, 1999, pp. 297-321
- Kahn, Herman, *On Escalation: Metaphors and Scenarios* (New York, NY: Frederick A. Praeger, 1965).
- Kahneman, Daniel and Amos Tversky, "Prospect Theory: An Analysis of Decision Under Risk," *Econometrica*, vol. 46, no. 2, March 1979.
- _____, "The Psychology of Preferences," *Scientific American*, vol. 246, no. 1, 1981.
- _____, "Choices, Values, and Frames," *American Psychologist*, April 1984.
- Kamphausen, Roy and Andrew Scobell, ed., *Rightsizing the People's Liberation Army: Exploring the Contours of China's Military* (Carlisle, PA: Strategic Studies Institute U.S. Army War College, 2007).
- Kamphausen, Roy David, Lai and Travis Tanner, ed., *Assessing the People's Liberation Army in the Hu Jintao Era* (Carlisle, PA: US Army War College, 2014).
- Kamphausen, Roy, David Lai and Andrew Scobell, ed., *Beyond the Strait: PLA Missions Other Than Taiwan* (Carlisle, PA: Strategic Studies Institute, US Army War College, 2009).

- Kamphausen, Roy David Lai and Andrew Scobell, ed., *The PLA at Home and Abroad: Assessing the Operational Capabilities of China's Military* (Carlisle, PA: Strategic Studies Institute, US Army War College, 2010).
- Kawashima, Yutaka, *Japanese Foreign Policy at the Crossroads: Challenges and Options for the Twenty-First Century* (Washington DC: Brookings Institution Press, 2003).
- Keck, Zachary, "China's Newest maritime Dispute," *The Diplomat*, Mar. 20, 2014.
- Kennedy, Conor M., and Andrew S. Erickson, "Riding A New Wave of Professionalization and Militarization: Sansha City's Maritime Militia," *Center for International Maritime Security*, September 1, 2016.
- _____, *China's Third Sea Force, The People's Armed Forces Maritime Militia: Tethered to the PLA*, China Maritime Report No. 1, China Maritime Studies Institute, U.S. Naval War College, Newport, RI, March 2017.
- _____, "Hainan's Maritime Militia: Development Challenges and Opportunities, Pt. 2" *Center for International Maritime Security*, April 10, 2017.
- _____, "Hainan's Maritime Militia: All Hands-on Deck for Sovereignty Pt. 3," *Center for International Maritime Security*, April 26, 2017.
- Kertzer, Joshua D. and Thomas Zeitoff, "A Bottom-Up Theory of Public Opinion about Foreign Policy," *American Journal of Political Science*, vol. 61, no. 3, Jul. 2017, pp. 543-558
- Khong, Yuen Foong, *Analogies at War: Korea, Munich, Dien Bien Phu, and the Vietnam Decisions of 1965* (Princeton, NJ: Princeton University Press, 1992).
- Kim, Suk Kyoan, "Maritime Boundary Negotiations between China and Korea: The Factors at Stake," *The International Journal of Marine and Coastal Law* 32 (2017), pp. 69-94.
- _____, *Maritime Disputes in Northeast Asia: Regional Challenges and Cooperation* (Leiden, Boston: Brill Nijhoff, 2017).
- Kissinger, Henry, *On China* (New York: Penguin Press, 2011).
- Kokubun, Ryosei, Yoshihide Soeya, Akio Takahara and Shin Kawashima, *Japan-China Relations in the Modern Era*, trans. Keith Krulak, (New York: Routledge, 2017).
- Kong, Bo, *China's International Petroleum Policy* (Santa Barbara, Calif.: Praeger Security International, 2010).
- Kraska, James and Michael Monti, "The Law of Naval Warfare and China's Maritime Militia," *International Law Studies*, vol. 91, 2015.
- Krasner, Stephen, *Structural Conflict: The Third World against Global Liberalism* (Berkeley, CA: University of California Press, 1985).
- Krauss, Ellis S and T. J. Pempel, eds. *Beyond Bilateralism: US-Japan Relations in the New Asia-Pacific*, (Stanford, California: Stanford University Press, 2004).
- Lai, Christina, "A Coercive Brotherhood: Sino-Vietnamese Relations from the 1990s to 2018," *Journal of Contemporary China*, 2020, vol. 29, no. 123.
- Lampton, David M, ed., *Policy Implementation in Post-Mao China* (CA: University of California, 1987).
- _____, *The Making of Chinese Foreign and Security Policy in the Era of Reform* (Stanford, Calif.: Stanford University Press, 2001).

- _____, *Following the Leader: Ruling China, from Deng Xiaoping to Xi Jinping* (Berkeley, CA: University of California Press, 2014).
- _____, "Xi Jinping and the National Security Commission: policy coordination and political power," *Journal of Contemporary China*, 2015, vol. 24, no. 95.
- Lampton, David M., Selina Ho and Cheng-Chwee Kuik, *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* (Oakland, CA: University of California Press, 2020).
- Lebow, Richard Ned, *Between Peace and War: The Nature of International Crisis* (Baltimore, MD: Johns Hopkins University Press, 1981).
- Leng, Russell J., "When will They Ever Learn? Coercive Bargaining in Recurring Crisis," *Journal of Conflict Resolution*, vol. 27 (Sep. 1983).
- _____, "Escalation: Competing Perspectives and Empirical Evidence," *International Studies Review* (2004) 6.
- _____, *Bargaining and Learning in Recurring Crisis: The Soviet-American, Egyptian-Israeli, and Indo-Pakistan Rivalries* (Ann Arbor, MI: University of Michigan Press, 2000).
- Levendusky, Matthew S. and Michael C. Horowitz, "When Backing Down Is the Right Decision: Partnership, New Information, and Audience Costs," *The Journal of Politics*, Vol. 74, No 2, April 2012.
- Levy, Jack, "Introduction to Prospect Theory," *Political Psychology*, vol. 13, no. 2, special issue: Prospect Theory and Political Psychology, Jun. 1992.
- _____, "Learning and Foreign Policy: Sweeping a Conceptual Minefield," *International Organization*, vol. 48, no. 2, (Spring 1994).
- _____, "Loss Aversion, Framing, and Bargaining: The Implications of Prospect Theory for International Conflict," *International Political Science Review*, vol. 17, no. 2, 1996.
- Levy, Jack S., Michael K. McKoy, Paul Poast and Geoffrey P.R. Wallace, "Backing Out or Backing In? Commitment and Consistency in Audience Costs Theory," *American Journal of Political Science*, vol. 59, issue 4, 2015, pp. 988-1001.
- Li, Mingjiang "Local Liberalism: China's provincial approach to relations with Southeast Asia," *Journal of Contemporary China*, vol. 23, no. 86, 2014.
- _____, "Hainan Province in China's South China Sea Policy: What Role Des the Local Government Play?" *Asian Politics & Policy*, Vol. 11, Issue 4, 2019.
- Li, Nan, "The Evolution of China's Naval Strategy and Capabilities: from 'Near Coast' and 'Near Seas' to 'Far Seas,'" *Asian Security*, 5:2, 2009.
- Li, Xiaojun and Dingding Chen, "Public Opinion, International Reputation, and Audience Cost in an Authoritarian Regime," *Conflict Management and Peace Science*. Mar. 13, 2020, <https://doi.org/10.1177/0738894220906374>
- Lieberthal, Kenneth and David M. Lampton, ed., *Bureaucracy, Politics and Decision-Making in Post-Mao China* (CA: University of California Press, 1992).
- Lieberthal, Kenneth and Michel Oksenberg, *Policy Making in China: Leaders, Structures and Process* (NJ: Princeton University Press, 1988).
- Liff, Adam P., "Principles Without Consensus, Setting the Record Straight on the 2014 Sino-Japanese 'Agreement to Improve Bilateral Relations,'" working paper, Nov. 8, 2014.

- Lim, Benito O., "Tempest Over the South China Sea: the Chinese Perspective of the Spratlys," *Asian Studies* (36:2), 2000.
- Lo, Chi-kin, *China's Policy towards Territorial Disputes – The Case of the South China Sea Islands* (London, UK: Routledge, 1988).
- Lu, Ning, *Flashpoint Spratlys!* (Singapore: Dolphin Trade Press Pte Ltd, 1995).
- _____, *The Dynamics of Foreign Policy Decisionmaking in China* (Boulder, CO: Westview Press, 2000), 2nd edition.
- Lum, Thomas, *The Republic of the Philippines and U.S. Interests* (Washington, DC: Congressional Research Service), Apr. 5, 2012.
- Lupton, Danielle L., *Reputation for Resolve: How Leaders Signal Determination in International Politics* (Ithaca, NY: Cornell University Press, 2020).
- Mallory, Tabitha Grace, *China, Global Governance, and the Making of a Distant Water Fishing Nation* (Baltimore, MD: PhD Diss. Johns Hopkins University, 2013).
- Manicom, James, *Bridging Troubled Waters: China, Japan, and Maritime Order in the East China Sea* (Washington DC: Georgetown University Press, 2014).
- Manyin, Mark E., William Cooper and Bernard A. Gelb, *Vietnam PNTR Status and WTO Accession: Issues and Implications for the United States*, CRS report for Congress (RL 33490), updated Aug. 2, 2006.
- Martin, Lisa, "Institutions and Cooperation: Sanctions During the Falkland Islands Conflict," *International Security*, vol. 16, no. 4, spring 1992, pp. 143-178
- Martinson, Ryan D., "From Words to Actions: The Creation of the China Coast Guard," a paper for the China as a "Maritime Power" Conference, Jul. 28-29, 2015, Arlington, VA.
- _____, *Echelon Defense: The Role of Sea Power in Chinese Maritime Dispute Strategy* (Newport, RI: China Maritime Studies Institute, U.S. Naval War College, 2018).
- Mastro, Oriana Skyler, *The Costs of Conversation: Obstacles to Peace Talks in Wartime* (Ithaca: Cornell University Press, 2019).
- Mauler, Tara, "Diplomacy Derailed: The Consequences of Diplomatic Sanctions," *The Washington Quarterly*, Vol. 33, Issue3, 2010.
- Mauzy, Diane K. and Brian L. Job, "U.S. Policy in Southeast Asia: Limited Re-engagement after Years of Benign Neglect," *Asian Survey*, vol. 47, issue 4, July/August 2007.
- Maxwell, Neville, *India's China War* (New York, NY: Random House, 1970).
- May, Ernest R., *"Lessons" of the Past: The Use and Misuse of History in American Foreign Policy* (New York: Oxford University Press, 1973).
- Mayer, Frederick W., "Managing Domestic Differences in International Negotiations: The Strategic Use of Internal Side-payment," *International Organization*, vol. 46, autumn 1992.
- Mazarr, Michael, *Mastering the Gray Zone: Understanding a Changing Era of Conflict* (Strategic Studies Institute, US. Army War College, 2015).
- McDermott, Rose, *Risk-Taking in International Politics: Prospect Theory in American Foreign Policy* (Ann Arbor: University of Michigan Press, 2001).
- McKeown, Timothy J., "The Limitation of 'Structural' Theories of Commercial Policy," *International Organization*, vol. 40, Winter 1986.

- McManus, John W., Kwang-Tsao Shao and Szu-Yin Lin, "Toward Establishing a Spratly Islands International Marine Peace Park: Ecological Importance and Supportive Collaborative Activities with an Emphasis on the Role of Taiwan," *Ocean Development & International Law*, issue 41, 2010.
- Mearsheimer, John J., *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001).
- _____, "The Gathering Storm: China's Challenge to US Power in Asia," *The Chinese Journal of International Politics*, vol. 3, 2010.
- Medeiros, Evan S. and M. Taylor Fravel, "China's New Diplomacy," *Foreign Affairs*, Nov. 1, 2003.
- Medeiros, Evan S., Keith Crane, and Eric Heginbotham, et al., *Pacific Currents: The Responses of U.S. Allies and Security Partners in East Asia to China's Rise* (Santa Monica, CA: RAND Corporation, 2008).
- Mertha, Andrew C., *China's Water Warriors: Citizen Action and Policy Change* (Ithaca, NY: Cornell University Press, 2008).
- Miller, J. Berkshire, "A Meeting of the Minds: Did Japan and China Just Press Reset?" *Foreign Affairs*, Nov. 19, 2014.
- Milner, Helen V., *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton, NJ: Princeton University Press), 1997.
- Ministry of Defense of Japan, "The National Defense Program Guidelines, FY 2005-," Dec. 10, 2004.
- _____, "Mid-Term Defense Program FY 2005-2009," Dec. 10, 2004.
- _____, "The National Defense Program Guidelines for FY 2011 and beyond," Dec. 17, 2010.
- _____, "Mid-Term Defense Program FY 2011-2015," Dec. 17, 2010.
- Mitchell, Sara McLaughlin, "Clashes at Sea: Explaining the Onset, Militarization, and Resolution of Diplomatic Maritime Claims," *Security Studies*, Vol. 29, No. 4, 2020.
- Mitchell, Sara McLaughlin and Cameron G. Thies, "Issue Rivalries," *Conflict Management and Peace Science*, 2011, Vol. 28 (3).
- Morris, Lyle S., "Taming the Five Dragons? China Consolidates its Maritime Law Enforcement Agencies," *China Brief*, vol. 13 Issue. 7, Mar. 28, 2013.
- Moore, Gregory J. "'In Your Face': Domestic Politics, Nationalism, and 'Face' in the Sino-Japanese Island Dispute," *Asian Perspective*, 38 (2014).
- Morgan, Forrest E., Karl P. Mueller, Evan S. Medeiros, Kevin L. Pollpeter and Roger Cliff, *Dangerous Thresholds: Managing Escalation in the 21st Century* (Santa Monica, CA: RAND Corporation, 2008).
- Morris, Lyle J. and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities* (Santa Monica: RAND Corporation, 2018).
- Morrison, Wayne M. and Rachel Tang, *China's Rare Earth Industry and Export Regime: Economic and Trade Implications for the United States*, CRS Report for Congress (R42510), Apr. 30, 2012.
- Muller, Jr., David G., *China as a Maritime Power* (Boulder, CO: Westview Press Inc., 1983).
- Mulvenon, James, "Chinese Military Leadership After the 17th Congress: Hu's Guys or Whose Guys?" *China Leadership Monitor*, winter 2008, issue 23.
- National Institute for Defense Studies (NIDS), *NIDS China Security Report*, various years.

- Nishikura, Kazuyoshi, “Reexamination of the Process of the Enactment of China’s Territorial Law – Internal Conflict over the Specification of the Senkaku Islands,” translated by the Japan Institute of International Affairs (JIIA) from 西倉一樹, 「中国領海法制定過程についての再検証」、『龍谷法学』, 48(1), 189-218, Oct. 14, 2015, https://www2.jiia.or.jp/en/pdf/digital_library/world/170331_nishikura.pdf, accessed May 7, 2018.
- Noor, Elina, “Malaysia: Recalibrating its South China Sea Policy?” CSIS-AMTI, Jan. 8, 2016.
- Nuechterlein, Donald, “National Interests and Foreign Policy: A Conceptual Framework for Analysis and Decision-Making,” *British Journal of International Studies*, vol. 2, no. 3, Oct. 1976.
- Odgaard, Liselotte, “The South China Sea: ASEAN’s Security Concerns About China,” *Security Dialogue*, vol. 34, no. 1, Mar. 2003.
- _____, “Maritime Security in East Asia: Peaceful Coexistence and Active Defense in China’s Diaoyu/Senkaku Policy,” *Journal of Contemporary China*, 2017, vol. 26, no. 103.
- Oksenberg, Michel, “China’s Confident Nationalism,” *Foreign Affairs*, vol. 65, no. 3, 1986.
- O’Neill, Daniel C., *Dividing ASEAN and Conquering the South China Sea: China’s Financial Power Projection* (Hong Kong: Hong Kong University Press, 2018).
- Organski, A. F. K., *World Politics* (New York: Knopf, 1968), 2nd ed.
- Organski, A. F. K. and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980).
- O’Rourke, Ronald, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress* (Washington, DC: Congressional Research Service, 2017).
- Parameswaran, Prashanth, “Malaysia Walks Tightrope on China and the South China Sea,” *China Brief*, vol. 14, issue 6, Mar. 20, 2014.
- _____, *Playing It Safe: Malaysia’s Approach to the South China Sea and Implications for the United States*, Center for a New America Security Maritime Strategy Series, Feb. 2015.
- _____, “No, Indonesia’s South China Sea Approach Has Not Changed,” *The Diplomat*, Mar. 26, 2015.
- _____, “Malaysia Responds to China’s South China Sea Intrusion,” *The Diplomat*, Jun. 9, 2015.
- Partell, Peter J. and Glenn Palmer, “Audience Costs and Interstate Crises: An Empirical Assessment of Fearson’s Model of Dispute Outcomes,” *International Studies Quarterly*, vol. 43, no. 2, 1999.
- Pearson, Christine M. and Ian I. Mitroff, “From Crisis Prone to Crisis Prepared: A Framework for Crisis Management,” *Academy of Management*, Feb. 1993.
- Pilger, Michael, *ADIZ Update: Enforcement in the East China Sea, Prospects for the South China Sea, and Implications for the United States*, U.S.-China Economic and Security Review Commission Staff Research Report, Mar. 2, 2016.
- Polachek, Solomon William, “Conflict and Trade,” *Journal of Conflict Resolution*, vol. 24, no. 1, Mar. 1980.
- Przystup, James J., “Japan-China Relations,” *Comparative Connections*, various years.
- Pu, Xiaoyu, *Rebranding China: Contested Status Signaling in the Changing Global Order* (Redwood City, CA: Stanford University Press, 2019).
- Putnam, Robert, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, vol.42, summer 1988.

- Qi, Huaigao, "Maritime Delimitation Between China and North Korea in the North Yellow Sea," *Ocean Development & International Law*, issue 51, no. 4, 2020.
- Quek, Kai, "Type II Audience Costs," *Journal of Politics*, Aug. 2017, vol. 79, no. 4.
- Quek, Kai and Alastair Iain Johnston, "Can China Back Down? Crisis De-escalation in the Shadow of Popular Opposition," *International Security*, vol. 42, no. 3 (winter 2017/18).
- Ramsbotham, Oliver, Tom Woodhouse, and Hugh Miall, *Contemporary Conflict Resolution* (Cambridge, MA: Polity Press, 2016).
- Reilly, James, *Strong Society, Smart State: The Rise of Public Opinion in China's Japan Policy* (New York: Columbia University Press, 2011).
- Resosudarmo, Budy P. and Ellisa Kosadi, "Illegal Fishing War: An Environmental Policy during the Jokowi Era?" *Journal of Southeast Asian Economies*, vol. 35, no. 3, Dec. 2018.
- Richardson, Michael, *Energy and Geopolitics in the South China Sea: Implications for ASEAN and Its Dialogue Partners* (Singapore: Institute of Southeast Asian Studies, ASEAN Studies Center, 2009).
- Rinehart, Ian E. and Bart Elias, *China's Aid Defense Identification Zone*, Congressional Research Service, Jan. 30, 2015.
- Roehrig, Terence, "North Korea and the Northern Limit Line," *North Korean Review*, vol. 5, no. 1, spring 2009.
- _____, *The Origins of the Northern Limit Line Dispute*, North Korea International Documentation Project, Woodrow Wilson International Center for Scholars, May 2012.
- Rogowski, Ronald, *Commerce and Coalitions: How Trade Affects Domestic Political Alignment* (Princeton, NJ: Princeton University Press, 1989).
- Rosen, Mark E., *Philippine Claims in the South China Sea: A Legal Analysis*, CNA Occasional Paper, Aug. 2014.
- Rosenau, James N. ed., *International Politics and Foreign Policy: A Reader in Research and Theory* (New York, NY: The Free Press, 1969).
- Rozman, Gilert, ed., *Joint U.S.-Korea Academic Studies*, Korea Economic Institute of America, vol. 25, 2014.
- Russel, Daniel, "Maritime Disputes in East Asia," Testimony before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific," Feb. 5, 2014.
- Sahin, Selim, Serdar Ulubeyli and Aynur Kazaza, "Innovative Crisis Management in Construction: Approaches and the Process," *Procedia-Social and Behavioral Sciences*, 195 (2015).
- Samad, Paridah Abd. and Darusalam Abu Bakar, "Malaysia-Philippines Relations: The Issue of Sabah," *Asian Survey*, vol. 32, no. 6, Jun. 1992.
- Samuels, Marwyn S., *Contest for the South China Sea* (New York, Ny: Methuen, 1982).
- Samuels, Richard J., "'New Fighting Power!' Japan's Growing Maritime Capabilities and East Asian Security," *International Security*, Vol. 32, No. 3 (Winter 2007/2008).
- Samuelson, William and Richard Zeckhauser, "Status Quo Bias in Decision Making," *Journal of Risk and Uncertainty*, vol. 1, no. 1, 1988.
- Saunders, Phillip C. Christopher Yung, Michael Swaine and Andrew Nien-Dzu Yang, ed., *The Chinese Navy: Expanding Capabilities, Evolving Roles* (Washington DC: National Defense University, 2011).

- Saunders, Phillips and Andrew Scobell, ed., *PLA Influence on China's National Security Policy Making* (CA: Stanford University Press, 2015).
- Scobell, Andrew, "The J-20 Episode and Civil-Military Relations in China" (testimony before the U.S. China Economic and Security Review Commission), RAND, CT-357, March 2011.
- Scobell, Andrew, Arthur S. Ding, Phillip C. Saunders, and Scott W. Harold, ed., *The People's Liberation Army and Contingency Planning in China* (Washington DC: National Defense University Press, 2015).
- Scobell, Andrew, Bonny Lin, Howard J. Shatz, Michael Johnson, Larry Hanauer, Michael S. Chase, Astrid Stuth Cevallos, Ivan W. Rasmussen, Arthur Chan, Aaron Strong, Eric Warner and Logan Ma, *At the Dawn of Belt and Road: China in the Developing World* (Santa Monica: RAND Corporation, 2018).
- Schelling, Thomas C., *Arms and Influence* (New Haven and London: Yale University Press, 1966).
- Kenneth A. Schultz, "Domestic Opposition and Signaling in International Crises," *American Political Science Review*, vol. 92, no. 4, 1998, pp. 829-844;
- Shambaugh, David and Richard H. Yang, ed., *China's Military in Transition* (New York: Oxford University Press, 1997).
- Shirk, Susan, *China: Fragile Superpower* (New York: Oxford University Press, 2007).
- _____, ed., *Changing Media, Changing China* (New York, NY: Oxford University Press, 2011).
- Simon, Herbert A., *Models of Man* (New York, NY: Wiley, 1957).
- _____, "Human Nature in Politics: The Dialogue of Psychology with Political Science," *American Political Science Review*, Vol. 79, No. 2 (Jun. 1985).
- _____, "Rationality in Political Behavior," *Political Psychology*, Special Issue: Political Economy and Political Psychology, Vol. 16, No. 1 (Mar. 1995).
- _____, *Model of Boundary Rationality: Empirically Grounded Economic Reason* (Cambridge, MA: Massachusetts Institute of Technology Press, 1997), Vol. 3.
- Sklenka, Stephen D. "Strategy, National Interests, and Means to an End," *Carlisle Papers in Security Strategy* (Carlisle, PA: US Army War College Strategic Studies Institute), Oct. 2007.
- Smith, Alastair, "International Crises and Domestic Politics," *The American Political Science Review*, vol. 92, no. 3 (Sep. 1998),
- Smith, Sheila, *Intimate Rivals: Japanese Domestic Politics and a Rising China* (New York: Columbia University Press, 2015).
- Snyder, Glenn H., "The Security Dilemma in Alliance Politics," *World Politics*, vol. 36, no. 4, Jul. 1984.
- Snyder, Glenn H. and Paul Diesing, *Conflict among Nations: Bargaining, Decision Making, and System Structure in International Crises* (Princeton, NJ: Princeton University Press, 1977).
- Snyder, Jack, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca: Cornell University Press, 1991).
- Snyder, Jack and Erica D. Borghrad, "The Cost of Empty Threats: A Penny, Not a Pound," *American Political Science Review*, vol. 105, no. 3, Aug. 2011, pp. 437-456
- Snyder, Scott and See-won Byun, "Cheonan and Yeonpyeong: The Northeast Asian Response to North Korea's Provocations," *RUSI Journal*, vol. 156, no. 2, April/May 2011.

- Storey, Ian, "China's 'Malacca Dilemma,' *China Brief*, vol. 6, issue 8, April 12, 2006.
- _____, "Trouble and Strife in the South China Sea: Vietnam and China," *China Brief*, vol. 8, issue 8, Apr. 16, 2008.
- Su, Lin and Yufan Hao, ed., *China's Foreign Policy Making: Societal Force and Chinese American Policy* (Florence: Routledge, 2017).
- Suettinger, Robert L., "The Rise and Descent of 'Peaceful Rise,'" *China Leadership Monitor*, no. 12, fall 2004.
- Swaine, Michael, "China's Assertive Behavior – Part One: On 'Core Interests,'" *China Leadership Monitor*, issue 34, winter 2011.
- _____, "Chinese Views and Commentary on the East China Sea Air Defense Identification Zone (ECS ADIZ)," *China Leadership Monitor*, spring 2014, issue 43.
- _____, "Beyond U.S. Predominance in the Western Pacific: The Need for a Stable U.S.-China Balance of Power" (Washington DC: Carnegie Endowment for International Peace), Apr. 20, 2015.
- _____, "Chinese Views on South Korea's Deployment of THAAD," *China Leadership Monitor*, issue 52, winter 2017.
- Swaine, Michael, Zhang Tuosheng and Danielle F.S. Cohen, ed., *Managing Sino-American Crises: Case Studies and Analysis* (Washington, DC: Carnegie Endowment for International Peace, 2006).
- Takahara, Akio, "The Development of Japan-China Relations in the Period of Stability in Cross-Strait Relations," *Journal of Contemporary East Asia Studies*, 2015, vol. 4, no. 2.
- Taliaferro, Jeffrey W., *Balancing Risks: Great Power Intervention in the Periphery* (Ithaca and London: Cornell University Press, 2004).
- Tarar, Ahmer, "A Strategic Logic of the Military Fait Accompli," *International Studies Quarterly* (2016) 60, pp. 742-752.
- Tatsumi, Yuki, "Understanding China and Japan's Four Point Consensus: A Step Forward For Stabilizing Relations," *Stimson Spotlight*, Nov. 12, 2014.
- Tellis, Ashley J. C., Christine Fair and Jamison Jo. Medby, *Limited Conflict Under the Nuclear Umbrella: Indian and Pakistani Lessons from the Kargil Crisis* (Santa Monica, CA: RAND Corporation, 2001).
- Thayer, Carlyle A., "China's New Wave of Aggressive in the South China Sea," Paper to Conference on Maritime Security in the South China Sea sponsored by the Center for Strategic and International Studies (CSIS), Washington D.C. June 20-21, 2011.
- _____, "4 Reasons China Removed Oil Rig HYSY-981 Sooner Than Planned," *The Diplomat*, Jul. 22, 2014.
- _____, "Vietnam, China and the Oil Rig Crisis: Who Blinked?" *The Diplomat*, Aug. 4, 2014.
- _____, "Why the Upcoming China-Vietnam Defense Ministers Meeting is Immensely Important," *The Diplomat*, Oct. 17, 2014.
- Till, Geoffrey, *Seapower: A Guide for the Twenty-First Century* (New York, NY: Routledge, 2009), 2nd edition.
- Tomz, Michael, "Audience Costs in International Relations: An Experimental Approach," *International Organization*, vol. 61, no. 4 (Autumn 2007).
- Trachtenberg, Marc, "Audience Costs: An Historical Analysis," *Security Studies*, vol. 21, no. 1, 2012.

- Tretiak, Daniel, "The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude," *Asian Survey*, vol. 18, no. 12 (Dec. 1978).
- Tversky, Amos and Daniel Kahneman, "Loss Aversion in Riskless Choice: A Reference-Dependent Model," *Quarterly Journal of Economics*, vol. 106, no. 4, 1991.
- U.S.-China Economic and Security Review Commission hearing, "China's Military and Security Activities Abroad," Mar. 4, 2009.
- U.S. Commission on International Religious Freedom, *Religious Freedom in Vietnam: Assessing the Country of Particular Concern Designation 10 Years After its Removal*, February 2017.
- U.S. Department of Defense, *Quadrennial Defense Review Report*, Feb. 2010.
- _____, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2020*.
- US Office of Naval Intelligence (ONI), *The PLA Navy: New Capabilities and Missions for the 21st Century*, 2015.
- Valencia, Mark J., *China and the South China Sea Disputes* (Oxford; New York: Oxford University Press for the International Institute for Strategic Studies, 1995).
- _____, "The East China Sea Dispute: Context, Claims, Issues, and Possible Solutions," *Asian Perspective*, vol. 31, no., 1, 2007.
- _____, "The East China Sea Disputes: History, Status, and Ways Forward," *Asian Perspective* 38 (2014).
- Van Evera, Stephen, *Causes of War: Power and the Roots of Conflict* (Ithaca: Cornell University Press, 1999).
- _____, *Guide to Methods for Students of Political Science* (Ithaca, NY: Cornell University Press, 1997).
- Vaughn, Bruce, *Malaysia: Background and U.S. Relations* (Congressional Research Service (R43505), updated May 18, 2017).
- Vu, Tuong, "The Party v. the People: Anti-China Nationalism in Contemporary Vietnam," *Journal of Vietnamese Studies*, vol. 9, no. 4, fall 2014.
- Vuving, Alexaner L., "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways," *Asian Survey*, vol. 46, issue 6, 2006.
- Wade, Geoff, "Xi Jinping and the Sabah Enigma," *The Strategist*, Australian Strategic Policy Institute (ASPI), Oct. 24, 2013.
- _____, "Sabah, the PLA Navy and Northern Australia," *The Strategist*, ASPI, Nov. 18, 2015.
- Walt, Stephen M., *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987).
- Walter, Barbara F., "Explaining the Intractability of Territorial Conflict," *International Studies Review*, vol. 5, no. 4, Dec. 2003.
- Wan, Ming, *Sino-Japanese Relations: Interaction, Logic, and Transformation* (Washington DC: Woodrow Wilson Center Press, 2006).
- Wang, Frances Yaping and Brantly Womack, "Jawing through Crises: Chinese and Vietnamese Media Strategies in the South China Sea," *Journal of Contemporary China*, vol. 28, no. 119, 2019.
- Wang, Jisi, "China's search for Stability with America," *Foreign Affairs*, September/October 2005.

- Ward, Steven, *Status and the Challenge of Rising Powers* (New York, NY: Cambridge University Press, 2017).
- Weatherbee, Donald E., *International Relations in Southeast Asia: The Struggle for Autonomy* (Lanham, MD: The Rowman & Littlefield Publishing Group, 2015), 3rd edition.
- Weeks, Jessica L., "Autocratic Audience Costs: Regime Type and Signaling Resolve," *International Organization*, vol. 62, no. 1, winter 2008.
- Weiss, Jessica Chen, *Powerful Patriots: Nationalist Protest in China's Foreign Relations* (London: Oxford University Press, 2014).
- Weiss, Jessica Chen and Allan Dafoe, "Authoritarian Audiences, Rhetoric, and Propaganda in International Crises: Evidence from China," *International Studies Quarterly*, Volume 63, Issue 4, December 2019.
- Weiss, Jessica Chen and Jeremy L. Wallace, "Domestic Politics, China's Rise, and the Future of the Liberal International Order," (2021), vol. 75, special issue 2.
- Whiting, Allen S., "Assertive Nationalism in Chinese Foreign Policy," *Asian Survey*, vol. 23, no. 8 (Aug. 1983).
- _____, "Chinese Nationalism and Foreign Policy after Deng," *The China Quarterly*, no. 142 (June 1995).
- Wiener, Anthony J., and Herman Kahn, *Crises and Arms Control* (New York, NY: Hudson Institute, 1962).
- Williams, Phil, *Crisis Management: Confrontation and Diplomacy in the Nuclear Age* (New York, NY: John Wiley & Sons, 1976).
- Womack, Brantly, "Sino-Vietnamese Border Trade: The Edge of Normalization," *Asian Survey*, vol. 34, no. 6 (Jun. 1994).
- _____, *China and Vietnam: The Politics of Asymmetry* (New York, NY: Cambridge University Press, 2006).
- Wong, Audrye, "More than Peripheral: How Provinces Influence China's Foreign Policy," *China Quarterly*, vol. 235, Sept. 2018.
- Wu, Xinbo, "The End of the Silver Lining: A Chinese View of the U.S.-Japanese Alliance," *Washington Quarterly* (29:1), winter 2005-06.
- _____, "Understanding Chinese and U.S. Crisis Behavior," *The Washington Quarterly*, 31:1 (winter 2007-08).
- Wuthnow, Joel, *China's Other Army: The People's Armed Police in an Era of Reform* (Washington DC: Institute for National Strategic Studies National Defense University Press, 2019).
- Yahuda, Michael, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China*, Vol. 22, No. 81 (2013).
- Yarhi-Milo, Keren, *Who Fights for Reputation: The Psychology of Leaders in International Conflict* (Princeton, NJ: Princeton university Press, 2018).
- Yarhi-Milo, Keren, Joshua D. Kertzer, and Jonathan Renshon, "Tying Hands, Sinking Costs, and Leader Attributes," *Journal of Conflict Resolution*, Vol. 62, No. 10, pp. 2150-2179.
- Yin, Robert K., *Case Studies Research: Design and Methods* (Thousand Oaks, CA: Sage Publications, 1994), 2nd edition.

- Yoshihara, Toshi, "The 1974 Paracel Sea Battle: A Campaign Appraisal," *Naval War College Review*, Spring 2016, vol. 6, no. 2.
- You, Ji, "China's National Security Commission: theory, evolution and operations" *Journal of Contemporary China*, 2016, vol. 25, no. 98.
- Young, Oran R., *The Politics of Force: Bargaining during International Crises* (Princeton, NJ: Princeton University Press, 1968).
- Yung, Christopher D. and Patrick McNulty, "An Empirical Analysis of Claimant Tactics in the South China Sea," *Strategic Forum*, no. 289, Aug. 2015.
- Zartman, William, ed., *How Negotiations End: Negotiating Behavior in the Endgame* (New York, NY: Cambridge University Press, 2019).
- Zartman, William and Guy Olivier Faure, eds., *Escalation and Negotiation in International Conflicts* (Cambridge, UK: Cambridge 2005).
- Zha, Daojiong, "Localizing the South China Sea Problem: The Case of China's Hainan," *The Pacific Review*, Vol. 14, Issue 4 (2001).
- Zhang, Hongzhou and Sam Bateman, "Fishing Militia, the Securitization of Fishery and the South China Sea Dispute," *Contemporary Southeast Asia*, vol. 39, no. 2 (2017).
- Zhang, Ketian, "Cautious Bully: Reputation, Resolve, and Beijing's Use of Coercion in the South China Sea," *International Security*, vol. 44, no. 1 (Summer 2019).
- Zhao, Suisheng, "Foreign Policy Implications of Chinese Nationalism Revisited: the strident turn," *Journal of Contemporary China*, Vol. 22, No. 8, 2013.
- _____, "The Ideological Campaign in Xi's china: Rebuilding Regime Legitimacy," *Asian Survey*, vol. 56, issue 6, 2016.
- Zheng, Bijian, *China's Peaceful Rise: Speeches of Zheng Bijian 1997-2005* (Washington D.C.: Brookings Institution Press, 2005).
- Zhou, Qi, *Organization, Structure and Image in the Making of Chinese Foreign Policy since the Early 1990s* (Baltimore, MD: Phd Diss. Johns Hopkins University, 2008).
- Zhu, Feng, "China's Trouble with the Neighbors," *Project Syndicate*, Oct. 31, 2011.

Chinese Language Sources

- _____, *Central Politburo Group Study Materials, Tsinghua University History Lectures, Peking University Chinese Studies Lecture* [中央政治局集体学习资料、清华大学历史讲座、北京大学国学讲座], September 2007, vol. 2, internal materials.
- Academy of Military Science (AMS) [军事科学院], *Strategic Review* [战略评估] (Beijing: Junshi kexue chubanshe), various years.
- Bai, Junfeng [白俊丰], "Vision for the Establishment of China's Marine Police" [中国海洋警察建设构想], *Ocean Development and Management* [海洋开发与管理], 2006 (3).
- Bureau of Fisheries, Ministry of Agriculture [农业部渔业局], *China Fisheries Yearbook* [中国渔业年鉴] (Beijing: Zhongguo nongye chubanshe), various years.

- _____, *China Fisheries Statistics Yearbook* [中国渔业统计年鉴], various years.
- Cao, Yunhua [曹云华] and Ju Hailong [鞠海龙], ed., *Report on the Situation in the South China Sea* [南海地区形势报告] (Beijing: Shishi chubanshe), various years.
- Chen, Xiangmiao [陈相秒], “Evaluation of Malaysia’s South China Sea policy in 2014” [2014 马来西亚南海政策评析], *Forum of World Economics & Politics* [世界经济与政治论坛], no. 3, May 2015.
- Chen, Zhiheng [陈志恒], et al., “The Trend of Northeast Asian Regional Cooperation Strategy and China’s Strategic Choice” [全球区域合作新动向与东北亚面临的新挑战], *Northeast Asia Forum* [东北亚论坛], no. 5, 2014.
- China (Hainan) Institute for Reform and Development [中国（海南）改革发展研究院], *Research and Recommendations on Hainan’s Reform and Development – Aspirations and Explorations* [策划天涯——立足海南的追求和探索] (Beijing: Renmin chubanshe, 2008).
- China Institute for Marine Affairs (CIMA) [海洋发展战略研究所], *Exclusive Economic Zone and Continental Shelf: Basic System, Method of Delimitation, and Exploration and Conservation* [专属经济区和大陆架: 基本制度、划界方法、开发保护] (Beijing: Haiyang Chubanshe, 2002), internal material.
- China Institute for Marine Affairs, *China Ocean Development Report* [中国海洋发展报告], various years.
- China Institutes of Contemporary International Relations (CICIR) [中国现代国际关系研究院], *Strategic and Security Review* [国际战略与安全形势评估], various years.
- China Institute of International Studies (CIIS) [中国国际问题研究所], “*International Situation and China’s Foreign Affairs* [国际形势和中国外交蓝皮书] (Beijing: Dangdai Shijie Chubanshe), various years.
- CICIR ASEAN Task Force [中国现代国际关系研究所东盟课题组], “Research report on China’s policy toward ASEAN” [中国对东盟政策研究报告], *Contemporary International Relations* [现代国际关系], issue 10, 2002.
- Dai, Bingguo [戴秉国], *Strategic Dialogue: Dai Bingguo Memoir* [战略对话: 戴秉国回忆录] (Beijing: Renmin Shubanshe, 2016),
- Dong, Jiawei [董加伟], “On the Protection of Traditional Fishing Rights under the Framework of China-Korea and China-Japan Fishing Agreements” [论中韩、中日渔业协定框架下的传统捕鱼权保障], *Northeast Asia Forum*, no. 4, 2014.
- Dong, Manyuan [董漫远] and Su Xiaohui [苏晓晖], *Assessment of China’s Peripheral Security Environment and Policy Options 2010-2020* [中国周边安全环境评估及政策选择 2010-2020] (Beijing: Shijie zhishi chubanshe, 2015).
- Feng, Zhaokui [冯昭奎], “On new thinking on relations with Japan” [论对日关系新思维], *Strategy and Management*, 2003, issue 4.
- _____, “A fourth discourse on new thinking toward Japan” [四论对日关系新思维], *Strategy and Management*, 2004, issue 1.
- Fu, Ying [傅莹], *See the World 2: Challenges and Choices in the Face of Changes Unseen in a Century* [看世界 2: 百年变局下的挑战和抉择] (Beijing: Citic Publishing House, 2021)

- Gao, Lan [高兰], “An assessment of a U.S. intervention in Sino-Japanese disputes over the Diaoyu Islands” [美国对中日钓鱼岛争端的介入浅析], *Japan Studies* [日本学刊], issue 2, Mar. 10, 2012.
- Gao, Zhiguo [高之国] and Zhang Haiwen [张海文], ed., *Essays on China's Ocean Policy* [海洋国策研究文集] (Beijing: Haiyang chubanshe, 2007).
- Gong, Xiaohui [龚晓辉], “An Analysis about Malaysia's Security Policy in South China Sea” [马来西亚南海安全政策初探], *Southeast Asian Affairs* [南洋问题研究], no. 3, 2012.
- Guangxi Academy of Social Sciences, *Annual Report of Vietnam's Conditions* [越南国情报告] (Beijing: Social Sciences Academic Press), various years.
- Guofa Yanlian Ziliao zu Guofa yan lian ziliao zu [国发研联资料组], *Zhongnanhai Lectures: The Historical Experience of Great Powers' Rise and China's Path of Development* [中南海讲座: 大国崛起的历史经验与中国发展道路], 2007, vol. 2, internal circulation.
- Guo, Ming [郭明], Zhang Xue [张雪] and Wei Shuxian [韦树先], ed., *New Era of China Vietnam Relationship* [中越关系新时期] (Beijing: Shishi chubanshe, 2007).
- Guo, Rui [郭锐] and Wang Xiaoke [王箫轲], “Issues in China-ROK maritime disputes and China's solutions” [中韩海洋权益纠纷问题与我国的应对之策], *Journal of International Relations* [国际关系研究], issue 2, 2013.
- Hainan South China Sea Research Center [海南南海研究中心], *Papers of the South China Sea Resources and Cross-Strait Cooperation Seminar* [南海资源与两岸合作研讨会论文集], 2004, internal material.
- He, Zhixiang [何志祥], “On the Four Integrations in Maritime Militia Construction” [谈海上民兵建设“四纳入”] *National Defense*, 2013, issue 4.
- He, Zhonglong [何忠龙], Ren Xingping [任兴平], Feng Yongli [冯永利], Luo Xianfen [罗宪芬] and Liu Jinghong [刘景鸿], *A Study on Establishing China's Coast Guard* [中国海岸警卫队组建研究], (Beijing: Haiyang Chubanshe, 2007).
- Hu, Bo [胡波], *China's Maritime Power by 2049: The Road to the Rise of a Maritime Great Power* [2049年的中国海上权力: 海洋强国崛起之路] (Beijing: Zhongguo fazhan chubanshe, 2014).
- Huang, Dahui [黄大慧], “Japan's ‘value-oriented diplomacy’ and China in the post-Cold War era” [冷战后日本的“价值观外交”与中国], *Contemporary International Relations*, issue 5, 2007.
- Institute of Japanese Studies under the Chinese Academy of Social Sciences [中国社会科学院日本研究所], “The First Sino-Japanese Public Opinion Survey (September-October 2002)” [第一次中日舆论调查], *Japanese Studies* [日本学刊], 2002, issue. 6, pp.19-23.
- _____, “The Second Sino-Japanese Public Opinion Survey (September-October 2004)” [第二次中日舆论调查], *Japanese Studies* [日本学刊], 2004, issue 6, pp. 33-38.
- Institute of Strategic Studies of National Defense University [国防大学战略研究所], *International Strategic Situation and China's National Security* [国际战略形势与中国国家安全] (Beijing: Shishi chubanshe), various years.
- Jiang, Huai [江淮], “Beibu Gulf: a gulf for Sino-Vietnamese cooperation” [北部湾: 中越合作之湾], *World Affairs* [世界知识], issue 24, 2006.

- Jiang, Li [姜丽], Fan Xiaoting [范晓婷], et al., “Analysis of Malaysia’s Strategic Interests in the South China Sea” [马来西亚在南海的战略利益分析], *Journal of Guangdong Ocean University* [广东海洋大学学报], vol. 34, no. 2, Apr. 2014.
- Jiang, Lifeng [蒋立峰], “Chinese People Lacking Affinity for Japan Increased Prominently” [中国民众对日本的不亲近感显著增强], *Japanese Studies* [日本学刊], 2004, issue 6.
- Jin, Xide, “The orientation, adjustment and short-term trend of the ROK-Japan relations” [韩日关系的定位、调整和近期走向], *Contemporary Korea* [当代韩国], issue 3, 2001.
- Kou, Zhenyun [寇振云] and Feng Shi [冯时], “‘Four Musts’ in Strengthening Maritime Militia Construction” [加强海上民兵建设“四要”], *National Defense*, 2016, issue 5.
- Li, Gongshan [李公善], Chu Minsheng [褚民生] and Yang Youyi [杨友义], “Problems and solutions in the administration of fishing ships operating in foreign waters” [浅析涉外渔船管理中存在的问题与对策], *Shandong Fisheries*, vol. 22, no. 6, 2005
- Li, Guoqiang [李国强], “Policy adjustment to oil and natural gas exploration in the South China Sea” [南海油气资源勘探开发的政策调试], *China International Studies* [国际问题研究], issue 6, Nov. 20, 2014.
- Li, Jinming [李金明], “Issues and Trends of the South China Sea Dispute between China and the Philippines” [中菲南海争议的几个问题及其变化趋势], *Condemnatory International Relations* [现代国际关系], issue 6, 2014.
- Li, Peizhi [李培志], “The Stats of China’s Law Enforcement at Sea and Some Thoughts” [我国海上执法现状及思考], *Journal of the Chinese People’s Armed Police Force Academy* [武警学院学报], vol. 20, no. 1, Feb. 2004.
- Li, Shixiong [李世雄], “Study on China Coast Guard’s Push Tactic” [海警舰船挤推战术研究], *Journal of the Armed Police Academy* [武警学院学报], vol. 33, no. 9, Sept. 2017.
- Li, Yiping [李一平] and Zhuang Guotu [庄国土], ed., *Post-Cold War International Relations of Southeast Asia* [冷战以来的东南亚国际关系] (Xiamen: Xiamen University Press, 2005).
- Liao, Gangbin [廖刚斌], Wang Pai [王牌] and Xiong Rui [熊睿], “Problems and Solutions in Constructing Maritime Militia Units” [海上民兵分队建设存在的问题与对策], *National Defense*, 2014, issue 8.
- Lin, Yuejiao [林月娇] and Liu Haiying [刘海映], “Influence of implementing Fishery Agreement between China and Korea to Liaoning Province’s fishery” [《中韩渔业协定》的实施对辽宁省渔业的影响及对策], *Chinese Fisheries Economics* [中国渔业经济], no. 4, 2006.
- Liu, Fei [刘霏], Guo Zhen [郭真] and Zheng Fang [Zheng Fang], “The U.S. rebalancing strategy toward Asia and the Yellow Sea disputes” [美国亚太再平衡战略与黄海争端], *Social Science Reviews*, vol. 31, no. 2, February 2016.
- Liu, Huaqing [刘华清], *Memoirs of Liu Huaqing* [刘华清回忆录] (Beijing: Jiefangjun chubanshe, 2004).
- Liu, Jiangyong [刘江永], “The Dilemma for the U.S. Military Intervention in the Diaoyu Islands” [美国军事介入钓鱼岛将面临两难困境], *China International Studies* [国际问题研究], issue 3, 2011.
- Luo, Yongkun [骆永昆], “Developments and characteristics of Malaysia’s foreign policy strategy” [浅析马来西亚外交战略的发展及其特点], *Peace and Development*, issue 5, 2013.

- Ma, Licheng [马立诚], “New thinking on relations with Japan” [对日关系新思维], *Strategy and Management* [战略与管理], 2002, issue 6.
- Meng, Qingfeng [孟庆丰] and Jiang Ming [蒋明], “Thoughts about the impacts of the China-ROK fishery agreement on island public security” [中韩渔业协定对海岛公安工作影响之思考], *Journal of Zhejiang Police College* [浙江公安高等专科学校学报], no. 5, Oct. 2001.
- Ministry of Foreign Affairs, *China's Foreign Affairs* [中国外交] (Beijing: Shijie Zhishi Chubanshe), various years.
- Ministry of National Defense, *China Defense White Paper*, various years.
- National Institute of International Strategy, Chinese Academy of Social Sciences (NIIS CASS) [中国社会科学院亚太与全球战略研究院], *Annual Report on Development of Asia-Pacific* [亚太地区发展报告] (Beijing: Social Sciences Academic Press), various years.
- National Institute of South China Sea Studies (NISCSS) [南海研究院], *Assessment Report on the Situation in the South China Sea* [南海地区形势评估报告], various years.
- Ning, Qingtong [宁青同], “The demand, supply and innovation of China's fishery rights system in the face of foreign states' infringement on Chinese fishery rights in the South China Sea” [南海涉外侵权中我国渔业权制度的需求、供给和创新], *Science of Law* (Journal of Northwest University of Political Science and Law) [法律科学 (西北政法大学学报)], issue 2, 2015.
- Qin, Jinghao [秦景号], “Study on the Issues in Militia's Participation in Maritime Rights Protection Operations” [民兵参加海上维权斗争行动问题研究], *National Defense*, 2017, issue 4.
- Qu, Xing [曲星], “Whenever provoked, strengthen our countermeasures to weaken Japan's effective control” [每挑衅一次, 反制就加强一次, 让日本的“实际控制”力度更弱], *World Affairs*, 2012, issue. 19.
- Shi, Yinhong [时殷鸿], “Sino-Japanese engagement and diplomatic revolution” [中日接近与外交革命], *Strategy and Management*, 2003, issue 2, pp.
- _____, “Strategic thinking on Sino-Japanese relations” [关于中日关系的理性思考], *World Economics and Politics*, 2003, issue 9
- Song, Zhiyong [宋志勇], “Analysis of the Impact of Sino-ROK FTA on the Regional Pattern of East Asia” [中韩 FTA 对东亚区域格局的影响分析], *Northeast Asia Forum*, no. 1, 2015.
- Tang, Jiaxuan [唐家璇], *Heavy Storm and Gentle Breeze* [劲雨煦风] (Beijing: Shijie zhishi chubanshe, 2009).
- Wang, Cheng [王承] and Chen Daofan [陈道凡], “Hainan Announced Guideline on Strengthening the Building of Maritime Militia” [海南省出台加强海上民兵建设的意见], *National Defense*, 2014, issue 3.
- Wang, Jisi [王缉思], ed., *China International Strategy Review* [中国国际战略评论] (Beijing: Shijie zhishi chubanshe), various years.
- Wang, Longhu [王龙虎], “Remarkable Progress for U.S.-Vietnamese Relations” [美越关系进展令人瞩目], *All-round Southeast Asia* [东南亚纵横], issue 8, 2005.
- Wang, Shan [王珊], “Japan's diplomacy toward South Korea and Japan-ROK relations” [日本对韩外交及日韩关系], *Contemporary International Relations* [现代国际关系], issue 8, 2004.

- Wang, Sheng [王生], “The Achievements and Problems after 20 Years Diplomatic Ties between China and Korea” [中韩建交 20 年：取得的成果与面临的课题], *Northeast Asia Forum* [东北亚论坛], no. 5, 2012.
- Wang, Zhiping [王治平] and Wang Yongjian [汪勇健], “Some Thoughts on Militia’s Participation in Maritime Rights Protection Struggle” [民兵参加海上维权斗争的几点思考], *National Defense*, 2013, issue 6.
- Wu Jianhong [吴建红], Huang Chunyu [黄春宇] and Liu Changlong [刘昌龙], “Thoughts on Advancing Coastal Defense Construction Work under the New Circumstances” [新形势下推进海防建设工作的思考], *National Defense*, 2015, issue 12.
- Xia, Zhangying [夏章英], *A History of Fisheries in the Nansha Islands* [南沙群岛渔业史] (Beijing: Haiyang chubanshe, 2011).
- Xiao, Zhuoneng, Yang Jinsen and Di Xisheng [肖卓能、杨金森、邸希盛], “A Preliminary Discussion on Our Country’s Ocean Exploration and Development Strategy” [我国海洋开发战略初探], *Ocean Development and Management*, 1985 (3).
- Xu, Chunxiang [徐春祥], “Pushing Forward China-Japan-Korea FTA is the Sole Regional Strategic Choice of China” [推进中日韩自贸区建设是中国在亚洲唯一区域战略选择], *Northeast Asia Forum*, no. 3, 2014.
- Xu, Haifeng [徐海峰], “Adapt to the New Situation, Comprehensively Standardize Maritime Militia Construction” [适应新形势，全面规范海上民兵建设], *National Defense*, 2014, issue 2.
- Xu, Kuanyou [徐宽宥], “Consolidation and Construction China’s Maritime Law Enforcement Forces” [论我国海上执法力量的整合与构建], *Journal of the Chinese People’s Armed Police Force Academy*, vol. 21, no. 1, Feb. 2005.
- Xu, Ying [徐荧], “Rules on China Coast Guard’s Procedure of Using Force in Law Enforcement” [我国海警执法武力使用的程序规制], *Journal of China Maritime Police Academy* [公安海警学院学报], vol. 16, no. 5, Oct. 2017.
- Xue, Guifang [薛桂芳], ed., *Law of the Sea Review* [海洋法学研究], issue 3, 2018.
- Yang, Jianbo [杨建波], “Closely Base on the Reality in South China Sea Rights and Interests Struggle, Improve Maritime Militia’s Political Work” [紧贴南海权益斗争实际，做好海上民兵整治工作], *Journal of Political Work* [政工学刊], 2015, issue 3.
- Yang, Jinsen [杨金森], “Basic Problems in Ocean Administration II” [海洋管理的基本问题(二)], *Ocean Development and Management*, 1987 (1).
- Yi, Shi [伊始], Yao Zhongcai [姚中才] and Chen Zhen’guo [陈贞国], *South China Sea! South China Sea!* [南海! 南海!] (Guangzhou: Guangdong renmin chubanshe, 2009).
- Yu, Zhirong [郁志荣], *Rights Protection in the East China Sea — Sino-Japanese Disputes in the East China Sea and over the Diaoyu Islands* [东海维权——中日东海·钓鱼岛之争] (Shanghai: Wenhui Press, 2012).
- Yu, Zhirong [郁志荣], Dong Xiji [董奚戟] and Zhang Ying [张颖], “Soul in the East China Sea: maritime law enforcement activities of the China Marine Surveillance East China Sea Corps” [魂系东海，再铸蓝色辉煌——记中国海监东海总队海洋维权执法], *Ocean Development and Management*, issue 4, 2005.

- Zha, Daojiong [查道炯], “Changes in Japan’s China policy in the post-Cold War era and China’s response” [冷战后日本对华政策的变化与中国的对策], *Journal of Contemporary Asia-Pacific Studies* [当代亚太], issue 11, 2004.
- Zhai, Kun [翟崑], “Psychological adjustment in peripheral diplomacy” [周边外交的心理调节], *World Affairs*, issue 22, 2004.
- _____, “Vietnam: between China and the US” [越南: 在中美之间], *World Affairs*, issue 14, 2005.
- _____, “Analysis of the “China threat theory” in Southeast Asian region” [试析东南亚地区的“中国威胁论”], *Asia & Africa Review* [亚非纵横], issue 5, 2006.
- Zhang, Guobao [张国宝], *Starting from Scratch: Recounting the Decision Making and Construction of China’s Centennial Projects* [筚路蓝缕世纪工程决策建设记述] (Beijing: Renmin Chubanshe, 2018).
- Zhang, Haifeng and Yang Jinsen [张海峰、杨金森], “Build China into a Marine Economic Power by 2020” [到 2020 年把我国建成海洋经济强国], *Pacific Journal* [太平洋学报], 1997 (4).
- Zhang, Huirong [张惠荣], “Demonstrate law enforcement power, safeguard maritime rights and interests” [体现执法威力, 维护海上权益], *Ocean Development and Management*, issue 3, 2005.
- Zhang, Jie [张洁], “Huangyan Model and the Shift of China’s Maritime Strategy” [黄岩岛模式与中国海洋维权政策的转向], *Southeast Asian Studies* [东南亚研究], issue 4, 2013.
- _____, ed, *China’s Regional Security Environment Review* [中国周边安全形势评估] (Beijing: Social Science Academic Press China), various years.
- Zhang, Jie [张洁] and Zhu Bing [朱滨], “The South China Sea factor in China-ASEAN relations” [中国-东盟关系中的南海因素], *Contemporary World* [当代世界], issue 8, 2013.
- Zhang, Liangfu [张良福], *Story on South China Sea: Cruise in the Nansha Islands* [南海万里行——在南沙群岛巡航的日子] (Beijing: Haiyang chubanshe, 2006).
- Zhang, Mingliang [张明亮], *Breaking the Deadlock in the South China Sea – What Should China Do* [超越僵局——中国在南海的选择] (Hong Kong: Hong Kong Press for Social Sciences Ltd., 2011).
- Zhang Nianhong [张念宏], “Analysis of the Collision Type Law Enforcement of the China Coast Guard” [中国海警船冲撞方式执法问题探析], *Chinese Journal of Maritime Law* [中国海商法研究], vol. 28, no. 2, Jun. 2017.
- Zhang, Qihong [张齐红], “The Primary Dimensions that should be Controlled when Strengthening Maritime Militia Construction” [加强海上民兵建设应把握的主要环节], *National Defense*, 2003, issue 10.
- Zhang, Ruizhuang [张睿壮], “Reshaping Chinese national characteristics and diplomatic philosophy by critically reviewing the ‘new thinking’ toward Sino-Japanese relations” [从对日新思维看中国的国民性和外交哲学], *World Economics and Politics*, 2003, issue 12.
- Zhang, Wenjie [张文杰] and Chen Minhang [谌民航], “Scientifically understand Deng Xiaoping’s strategic thinking on resolving maritime rights disputes” [科学理解邓小平解决海洋权益争端的战略思想], *China Social Sciences* [中国社会科学报], Dec. 10, 2010.
- Zhang, Yaowu [张耀武] and Sun Wenxue [孙文选], *Sino-Japanese Relations from the Koizumi Cabinet to the Kan Cabinet* [从小泉内阁到菅内阁时期的中日关系] (Beijing: Xinhua chubanshe, 2014).

Zhu, Feng [朱鋒], “New Trend in the South China Sea Disputes: Strategic Competition among Great Powers and Interests Game of Small Countries – A Case Study of the Oil Rig 981 Friction in South China Sea” [南海主权争议的新态势：大国战略竞争与小国利益博弈——以南海“981”钻井平台冲突为例], *Northeast Asia Forum*, no. 2, 2015.

_____, “China’s peripheral security situation: what new changes are we facing?” [中国周边安全局势——我们正在面临什么样的变化?], *Contemporary World* [当代世界], issue 4, 2016.

Japanese Language Sources

Cabinet Office, Government of Japan, “Foreign Policy Public Opinion Survey (survey conducted in 2010 October)” [外交に関する世論調査（平成 22 年 10 月調査）], Dec. 20, 2010.

Japan Coast Guard [海上保安庁], *Japan Coast Guard Annual Report* [海上保安レポート], various years.

Japan Fisheries Agency [水産庁], “Results of crackdown on foreign fishing ships” [平成 25 年の外国漁船取締実績について], Jan. 31, 2014.

_____, “Results of crackdown on foreign fishing ships in 2018” [平成 30 年の外国漁船取締実績について], Jan. 30, 2020.

Ministry of Defense of Japan, *Defense of Japan* [平成 29 年版防衛白書], 2017.

Korean Language Sources

Korea Coast Guard, *Korea Coast Guard Annual Report* [년 해양경찰백서], various years.