# Things Fall Apart: Maritime Disputes and China’s Regional Diplomacy

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The MIT Faculty has made this article openly available. Please share how this access benefits you. Your story matters.
One central feature of China’s diplomacy since the end of the Cold War has been the steady engagement of its neighbors, improving ties with almost all these states. In some cases, the resolution of territorial disputes has created a foundation for improved ties, while in other cases, the significance of these disputes has been downplayed to allow for the development of deeper political and economic relations. Today, however, China’s successful engagement of its periphery has begun to unravel as China has affirmed and asserted its claims in maritime disputes in the East and South China Seas. As a stronger China seeks to defend what it views as its territorial and maritime interests, it threatens the security of its neighbors, who grow increasingly wary of China’s long-term intentions. As a result, China’s neighbors are balancing against Beijing, externally by improving ties with the United States and other major powers in the region and internally by strengthening their own military and especially naval capabilities. In turn, the influence of the United States in the region has grown, creating (from China’s perspective) the specter of balancing coalitions, at least in the security realm.

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Introduction

China is a geographically challenged state, with numerous neighbors on land and at sea. As Samuel Kim once noted, China is a “G-1,” a country without real or natural allies. Although it has security relationships with Pakistan and North Korea, these countries, on balance, are liabilities and do little to enhance China’s security. As a result, China’s relationships with neighboring states, especially those adjacent to its land and sea borders, have played a central role in China’s foreign policy during the Mao era and after. When relations with these states have been poor, China has been more prone to encirclement, as great powers can gain additional sources of leverage over China by improving ties with China’s neighbors. By contrast, when relations with these states have been good, China has increased its autonomy, which limits the ability other great powers to constrain China’s behavior and allows China to concentrate on domestic issues such as economic growth.

One central feature of China’s diplomacy since the end of the Cold War has been the steady engagement of its neighbors, improving ties with almost all these states. Under the rubric of “omni-directional diplomacy,” China normalized ties with estranged neighbors, engaged newly independent states, and improved ties with major states like India and Japan. Such diplomatic success was achieved despite the presence of contentious issues between China and many of its neighbors, especially over disputed territory. In some cases, the resolution of territorial disputes has created a foundation for

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improved ties. In other cases, the significance of these disputes has been downplayed to allow for the development of deeper political and economic relations.

Today, however, China’s successful engagement of its periphery has begun to unravel as China has affirmed and asserted its claims in maritime disputes in the East and South China Seas. These actions have revealed the limits of China’s “good neighborly policy” of the 1990s and most of the 2000s. As a stronger China seeks to defend what it views as its territorial and maritime interests, it threatens the security of its neighbors, who grow increasingly wary of China’s long-term intentions. As a result, China’s neighbors are balancing against Beijing, externally by improving ties with the United States and other major powers in the region and internally by strengthening their own military and especially naval capabilities. In turn, the influence of the United States in the region has grown, creating (from China’s perspective) the specter of balancing coalitions, at least in the security realm.

China has responded in several different ways to this new situation. To repair ties with its neighbors and improve its position in the region, China has pursued periods of moderation in its maritime disputes, worked to immunize broader bilateral relations with neighbors from these disputes, and has moved to improve ties with the United States to decrease Washington’s role in these disputes. Nevertheless, none of the responses appear to be working because they fail to address concerns about Chinese intentions that these disputes generate – concerns exacerbated by perceptions of growth Chinese power,

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especially its military capabilities.

This chapter will proceed as follows. The first section will review the importance of China’s periphery in Chinese grand strategy and foreign policy. The second section examines how China’s defense of its maritime claims have harmed ties with many of its East Asian neighbors, who are now taking actions to enhance their ability to resist China in these disputes, by both strengthening ties with the United States and by investing in greater military capabilities. The third section discusses how China has sought to respond to the worsening of ties with its maritime neighbors in the region.

The Centrality of Regional Diplomacy

Among great powers, past and present, China enjoys a uniquely complex regional security environment. China has fourteen neighbors on land and eight at sea. China’s land border runs more than 22,000 kilometers, while its coastline extends approximately 14,500 kilometers. The sheer number of neighbors, in culturally distinctive sub-regions, would pose a daunting diplomatic challenge for any country. But China’s situation is even more complicated, given the characteristics of its periphery: Four neighbors — Russia, India, Pakistan and North Korea — possess nuclear weapons, while others such as Japan, South Korea and Taiwan could easily develop the bomb if they chose to do so. Some of China’s neighbors could be described as potential failed states characterized by great uncertainty about their own domestic political stability, including North Korea and Afghanistan as well as other states in Central Asia. Two neighbors, India and Russia,
possess two of the largest ground forces in the world in addition to nuclear weapons. Others, including Japan and India, field modern and capable navies. Finally, the United States maintains formal alliances with five states in the region, including three of China’s maritime neighbors (South Korea, Japan and the Philippines). Through these alliances, the United States maintains a substantial military presence in East Asia, including 180 ships and approximately 2,500 aircraft part of U.S. Pacific Command (PACOM).4

As a result, managing ties with its immediate neighbors play a central role in China’s foreign policy. As a group and individually, these states can harm Chinese interests. First, the large number of neighbors on land and at sea means that China can easily face conflicts or challenges to its interests simultaneously along different vectors or what Chinese strategists describe as “strategic directions” (zhanlue fangxiang).5 As a result, China can face strategic pressure in different areas and, historically, has feared being encircled and contained by other powers.6 Second, the large number of neighbors suggests that China has to work even harder than other great powers to maximize its autonomy and freedom of maneuver in its own backyards. China’s geographic circumstances can facilitate the formation of balancing coalitions that can coalesce to limit Chinese autonomy and freedom of maneuver in the region. China’s neighbors also serve as sources of influence or leverage over China that powers from outside the region (or stronger powers within the region) can exploit to limit China’s autonomy. They can do this directly, by using China’s neighbors as bases for forward-deployed troops, or

indirectly, by supporting these countries in their own conflicts with China. Third, with many neighbors, many more opportunities for conflict exist on China’s periphery than for most other great powers. As result, China can be more easily dragged into regional entanglements that divert its national resources from other priorities, especially economic development.

Perhaps unsurprisingly, maintaining good ties with its immediate neighbors advances important Chinese interests. The first is the prevention of encirclement by potentially hostile states, including preventing the formation of coalitions that can form to balance Chinese power. The second is maximizing strategic autonomy and freedom of maneuver, both with its immediate neighbors and with great powers that might otherwise try to use their own ties with China’s neighbors to constraint China. Third, good ties with neighboring states are a prerequisite for maintaining a “peaceful and stable external environment” and the absence of armed conflict on China’s borders within which to pursue economic growth. Conflicts along China’s borders can not only increase the presence and thus potential influence of other great powers, creating a strategic challenge, but may also directly involve China.

Although maintaining good ties with neighboring states played a role in China’s “Bandung” era foreign policy in the 1950s, they have become even more important after the demonstrations and massacre in Tiananmen Square in June 1989. Since then, China has pursued an “omni-directional diplomacy” (quanfangwei waijiao) premised on maintaining good relations with the largest number of states, both to compensate for its lack of natural allies and to hedge against America’s dominant position in the
international system.\textsuperscript{7}

China’s post-Tiananmen engagement of the Asian region began with the rapid normalization of diplomatic relations with the neighboring and other regional states. Between 1989 and 1992, China established diplomatic relations or normalized ties with Laos, Vietnam, South Korea, Indonesia and Singapore. China also quickly established formal diplomatic relations with all the successor states of the collapsed Soviet Union on its land border (Russia, Kazakhstan, Kyrgyzstan, and Tajikistan). As a part of this process, China resolved outstanding territorial disputes with Russia, Laos, Vietnam, Kazakhstan, Kyrgyzstan, and Tajikistan and entered into military confidence-building measures with India and the Soviet successor states in Central Asia.\textsuperscript{8}

A rise in tensions over the disputed Spratly Islands in the South China Sea in the early to mid-1990s, however, limited the pace of China’s regional engagement after Tiananmen. Along with the rapid growth of China’s economy toward the end of the 1990s, fears arose among China’s smaller neighbors and other states in the region about China’s ambitions.\textsuperscript{9} China addressed these concerns in several ways. First, it moderated its approach to the Spratly Islands and ultimately signed a code of conduct declaration with ASEAN in 2002.\textsuperscript{10} Second, it turned to multilateral institutions to re-assure states in the region about China’s intentions. This process started with a deepening of China’s substantive engagement with ASEAN, culminating in the establishment of a number of

\textsuperscript{7} Zhang Baijia, "Cong 'yi bian dao' dao 'quan fang wei': dui 50 nianlai zhongguo waijiao geju yanjin de sikao [From 'Lean to One Side' to 'Omnidirection': Reflections on the Evolution of China's Foreign Policy Structure over the Past 50 Years]," \textit{Zhonggong dangshi yanjiu}, No. 1 (2000), pp. 21-28.


\textsuperscript{10} Leszek Buszynski, "ASEAN, the Declaration on Conduct, and the South China Sea," \textit{Contemporary Southeast Asia}, Vol. 25, No. 3 (December 2003), pp. 343-362.
formal dialogue mechanisms in the late 1990s and a free-trade agreement in 2002.\textsuperscript{11} China also played a leading role in the establishment of the Shanghai Cooperation Organization, a grouping focused on Central Asia that now includes six members, five observer states, and three dialogue partners. Third, China increased its economic interactions with these states and sometimes signed attractive free-trade agreements to demonstrate how China’s rise would benefit the region as a whole economically.\textsuperscript{12} Fourth, China has actively pursued strategic partnerships with states in the region, especially the most powerful ones including Russia, India and Japan.\textsuperscript{13}

China developed several slogans to underpin this diplomatic engagement of its neighbors. Overall, it has been described as the “good neighbor policy” \textit{(mulin zhengce)}. The goals have been described as “becoming friends and partners with neighbors” \textit{(yulinweishan, yilinweiban)} and building an “amicable, tranquil, and prosperous neighborhood” \textit{(mulin, anlin, fulin)}. By the middle of the 2000s, China’s ties with most of its neighbors were viewed as an unparalleled success. Economic and political ties deepened while contentious disputes over territory were either resolved or sidelined. Many observers trumpeted China’s “charm offensive” and the rise of China’s “soft power.”\textsuperscript{14} All of this occurred under the rubric of “peaceful rise” and “peaceful development” or the claim that China’s rise could be different than past great powers.

\begin{footnotesize}
\textsuperscript{11} Glosny, "Heading toward a Win–Win Future?"
\textsuperscript{12} Glosny, “Heading toward a Win–Win Future?”
\textsuperscript{13} Evan S. Medeiros, \textit{China’s International Behavior: Activism, Opportunism, and Diversification} (Santa Monica, CA: RAND, 2009).
\end{footnotesize}
Maritime Disputes and the End of Good Neighborliness

China’s “win-win” approach toward its neighbors, however, has begun to unravel. In East Asia, China’s ties with many (but not all) of its neighbors have deteriorated since roughly 2008. The proximate cause has been China’s assertion of its territorial claims, which brings it into direct conflict with its neighbors. The structural cause has been the continued growth of the Chinese economy and continued success of China’s military modernization efforts, which casts a long shadow over China’s actions in its territorial disputes. As a result, China’s neighbors have sought to improve ties with the United States, creating a powerful rationale for Washington to remain engaged and enmeshed in the region.

The deterioration of China’s ties with many neighbors was not the product of a new policy or strategy toward the region. Instead, it has occurred because a stronger and more capable China has acted to defend what it believed to be important or vital interests being challenged by other states. The dynamics of the security dilemma illuminates why China’s “good neighbor policy” has begun to unravel. According to this concept, the dilemma exists because one state’s efforts to increase its own security usually decrease the security of other states.\(^1\) Given the uncertainty created by anarchy in the international system, even if one state enhances its military power for what that country sees as defensive reasons, other states are likely to view the same actions as offensive and threatening, resulting in security competition characterized by mistrust, suspicion, and spirals of tension. In this view, security is zero-sum, where one side’s gain can only

come at the expense of another. Such spirals are especially likely when a state increases its defense spending significantly and acquires force projection capabilities, two features of China’s current military modernization effort.¹⁶

The dynamics of the security dilemma are especially pernicious in territorial disputes, which are zero-sum conflicts over the ownership of land or exclusive jurisdiction over maritime space. Territorial disputes by definition are unstable and prone to negative spirals of instability associated with the security dilemma. States in such disputes are especially sensitive to perceived challenges to their claims by other states. Any action by one state to strengthen its own claim creates strong incentives for other states to respond. Such incentives are especially powerful because of the public nature of claims in territorial disputes and because international law requires states to actively assert and defend their claims.¹⁷

As territorial disputes escalate, states that feel threatened will act to protect their interests. Most states in disputes with China have adopted different types of balancing responses designed to check or counter China’s growing capabilities. As described by Kenneth Waltz, a state can undertake internal balancing measures to increase its own capabilities, especially its military capabilities.¹⁸ In addition, a state can seek to aggregate its capabilities with other states facing a similar threat. Historically, such external balancing has involved formation of alliances, but can also include the strengthening of existing alliances and the establishment of other types of security

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cooperation.

The South China Sea

In the South China Sea, China’s pursuit and defense of its maritime claims has worsened ties with many states in Southeast Asia. China’s behavior has created opportunities for the United States to deepen its ties with states in the region and sparked efforts by regional states to strengthen their own naval capabilities. Japan and India have likewise become more engaged in Southeast Asia, expressing support in various forms and ways for states opposing China in the South China Sea.

Background

Conflict in the South China Sea revolves around competing claims to territorial sovereignty and maritime jurisdiction. Claims over maritime jurisdiction include not just the scope of claims but also their content, including the navigation rights of military vessels.

In the South China Sea, the territorial sovereignty of two groups of islands and reefs is contested. The first is the Paracel Islands, which are claimed by China and Vietnam (along with Taiwan). China has controlled the Amphitrite Group since the mid-1950s and consolidated control over the entire archipelago after a brief clash with South Vietnam over the Crescent Group in 1974.19 The second is the Spratly Islands, which

consists of roughly 230 features, including several small islands, coral reefs, and shoals. Vietnam, China, and Taiwan claim sovereignty over all these land features. The Philippines claims fifty-three of these features, while Malaysia claims twelve. All of the claimant states occupy some of the islands and features that they claim.\footnote{Vietnam occupies twenty-seven of the land features in the Spratlys, more than all the other claimants combined. The Philippines occupies eight features, China seven, Malaysia five, and Taiwan one. Taiwan was the first claimant to occupy a contested feature, when Nationalist troops in 1956 landed on Taiping (Itu Aba) Island, the largest of the islands. See M. Taylor Fravel, "Maritime Security in the South China Sea and Competition over Maritime Rights," in Patrick M. Cronin, ed., \textit{Cooperation from Strength: The United States, China and the South China Sea}, (Washington, DC: Center for New American Security, 2012), pp. 34-35.}

Claims to maritime jurisdiction involve exclusive rights to water space. In particular, they involve whether states have the exclusive right to exploit resources that are contained in the water column or seabed with a 200 nautical mile Exclusive Economic Zone (EEZ) or an extended continental shelf. Vietnam, the Philippines, Malaysia, and Brunei, base their claims to maritime rights in the South China Sea from their coasts. Indonesia asserts maritime rights from Natuna Island. China, however, bases its claims to maritime rights on sovereignty over the Paracels and Spratlys. Yet most (but not all) of the features in the Spratlys would not qualify as islands under article 121(3) of the United Nations Convention on the Law of the Sea (UNCLOS), and thus cannot serve as the basis for a claim to an EEZ, much less an extended continental shelf. In addition, ambiguity surrounds China’s claims to maritime jurisdiction for other reasons. For many decades, Chinese maps have shown a “nine-dashed line” enclosing most of the waters in the region. Yet the Chinese government has never defined what the line does — or does not — mean.\footnote{Fravel, "Maritime Security in the South China Sea and Competition over Maritime Rights; Fravel, "China's Strategy in the South China Sea."} Commentary by Chinese scholars and analysts
suggest that may seek to claim some sort of historic rights to the resources contained within the line.  

Growing Tensions

In the South China Sea, tensions in maritime disputes between China and other claimants, especially Vietnam and the Philippines, have increased substantially in the past few years. One key turning point was a deadline set by a UN body tasked with assessing claims to extended continental shelves. Diplomatic tensions over maritime rights increased in the weeks before the May 2009 deadline for submissions to the U.N. Commission on the Limits of the Continental Shelf (CLCS). If a territorial or maritime dispute exists, however, then the commission’s rules dictate that it “shall not consider and qualify a submission made by any of the States concerned in the dispute.” As a result, all claimants in the South China Sea had strong incentives to challenge the continental shelf submissions where sovereignty or maritime rights claims overlapped. Accordingly, China and the Philippines both objected to Vietnam’s submission and to the joint Vietnamese-Malaysian submission. All the claimants then issued claims and counter-claims.

Even though the May 2009 deadline for submissions had been established ten

23 Under the treaty, a state can only exercise rights to the continental shelf if the CLCS certifies the claim.
years earlier, its impending arrival significantly increased the competition over maritime rights in the South China Sea. By submitting claims to the commission, many regional states formally expanded the exclusive maritime jurisdiction that they claimed beyond a 200 nautical mile EEZ from their coastlines, thereby increasing the intensity of competition over maritime rights. Previously, these states had either not stated that they would claim extended continental shelf rights or had not clearly delineated the size of the continental shelf that they claimed. In addition, in the letters submitted to the CLCS, states not only contested each other’s claims to maritime rights but also their claims to territorial sovereignty over Paracel and the Spratly Islands. Finally, China’s first diplomatic letter challenging Vietnam and Malaysia’s submissions included a map of the region that depicted the Paracel and Spratly Islands along with the now infamous nine-dashed line.  

Although the Chinese note did not mention the line, Vietnam and other claimants viewed the map as an expansion of China’s claims.

In the eyes of other claimants, Chinese actions reinforced the view that China seeks control over the entire South China Sea. In 2009, China detained over 400 Vietnamese fishermen who had ventured into the waters around the Paracel Islands, which China controls. In 2011, China harassed seismic survey vessels contracted by Vietnam and by the Philippines. In one incident, a ship from the China Marine Surveillance force, a maritime law enforcement agency under the State Oceanic Administration, severed the towed sonar cable on a Vietnamese-contracted seismic survey vessel operating roughly 100 miles from the Vietnamese coast. In 2012, the China National Offshore Oil invited foreign oil companies to bid on exploration blocks.

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that overlapped with existing Vietnamese blocks within the 200 nautical mile EEZ from its coast.\textsuperscript{28}

In April 2012, China’s approach became more pronounced. In early April, a Philippine naval ship was dispatched to investigate reports of fishing boats inside Scarborough Shoal, a coral reef approximately 135 miles from the Philippines and 543 miles from China. Although Philippine personnel searched the boats, which were harvesting giant clams and other marine animals in violation of Philippine law, two patrol ships from the China Marine Surveillance force under the State Oceanic Administration arrived on the scene and blocked the entrance to the shoal, thus preventing the arrest of the fishermen.\textsuperscript{29} A standoff ensued, as both sides used government ships to demonstrate their sovereignty over the shoal and jurisdiction over the adjacent waters. When the standoff ended in mid June 2012, China had achieved effective control over the shoal and adjacent waters. In addition to blocking access to the shoal, China also tried to coerce the Philippines by quarantining imported bananas, a Philippine key export, and halting Chinese tour groups.

Although China’s engagement with ASEAN has been on hallmark of its regional diplomacy in the 2000s, China’s active defense of its territorial claims has damaged China’s ties with this organization and the region more generally. In keeping with its goal of pursuing bilateral and not multilateral talks over the territorial and maritime jurisdiction disputes, China has tried (and mostly failed) to keep the South China Sea and the broader issue of maritime security from the agenda of meetings of the ASEAN

\textsuperscript{29} The vessels from the China Marine Surveillance have been incorporated into the newly established China Coast Guard, which is under the jurisdiction of the State Oceanic Administration.
Regional Forum (ARF) and from the East Asian Summit (EAS). In 2010, more than half of the members of the ARF, including most of the claimants in the South China Sea, publicly expressed concern about the disputes, breaking many years of silence on the issue in the forum. In response, Foreign Minister Yang Jiechi responded harshly, stating at one point “China is a big country and other countries are small countries and that is just a fact.” In July 2012, China used its influence over Cambodia, then holding the ASEAN chair, to references to specific disputes in the South China Sea from being included in an ASEAN joint communiqué. When agreement could not be reached about how to characterize the disputes in the South China Sea, Cambodia exercised its power has chair and decided that for the first time in forty-five years no communiqué would be issued. In other words, China’s meddling posed a threat to ASEAN unity as a whole. Finally, during a China-ASEAN meeting in October 2012, Vice Foreign Minister Fu Ying chastised ASEAN states for “internationalizing” the dispute by raising the issue with non-claimant states. Fu also outlined how China expected these states to behave in the future: that there should not multilateral talks, no discussion with other major powers like the United States, no media interviews to bring publicity to the dispute and no action at the United Nations.

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Regional Responses

From the perspective of China’s regional diplomacy from the mid-1990s to the mid-2000s, China’s hard-nosed actions in the South China Sea have been counterproductive, worsening ties with its neighbors. First, China’s image has been harmed by what a Philippine official described as its “dictatorial” approach in the South China Sea. In the Philippines, a public opinion survey taken in May 2012 during the Scarborough standoff indicated that “net trust” in China had dropped by forty-six percent, to negative thirty-six percent. Following the cable cutting in incident in May 2011, Vietnamese held anti-Chinese protests over the South China Sea for 12 weeks until finally halted by the government. Even Singapore, normally a state China counts as a friend in the region, publicly called on China in 2011 to clarify its claims in the South China Sea because of its concern about growing tensions in the region. Indonesia, a state reluctant to openly confront China diplomatically, submitted a note verbale to the United Nations to protest the behavior of Chinese ships in Indonesian waters. As discussed in the following section, Vietnam and the Philippines have also taken steps to improve maritime cooperation with Japan.

Second, regional states have engaged in external balancing by seeking to improve security ties with other states, especially the United States. Perhaps the most noteworthy has been the improvement in Vietnamese-United States relations. In the past few years,

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35 For Indonesia’s letter to China, see http://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/idn_2010re_mys_vnm_e.pdf
the two countries have been moving towards the formal establishment of a “strategic partnership.” Defense ties have blossomed, to include annual port calls, exercises and, in 2011, an MOU for advancing bilateral defense cooperation. Similarly, the United States and the Philippines further deepened their security relations. In November 2011, the two countries signed the Manila Declaration to re-affirm the alliance on its 60th anniversary. In April 2012, the two countries held for a “2+2” ministerial including foreign affairs and defense chiefs for the first time. The meeting outlined a series of strategic objectives and included a detailed action plan, parts of which focused on maritime security (including strengthening its maritime security capabilities and maritime domain awareness).

Regional states have also engaged India and Japan (discussed in the next section). Again, Vietnam has been the most active in this regard. As India has invested in Vietnam’s offshore oil and gas fields, it is a natural partner for Hanoi. Although India announced its “look east” policy in the early 1990s, military and maritime cooperation with Vietnam has increased in the last five years. In addition to dialogues and exchanges, the two countries now conduct joint military exercises. In June 2013, for example, four Indian navy ships visited Vietnam and conducted joint exercises with the Vietnamese navy in the South China Sea.

Third, states in the region have also begun to increase their spending on defense

to enhance their own maritime capabilities, or internal balancing. Vietnam has been the most active in this regard. In addition to increasing its defense budget from roughly 2 percent of GDP in 2004 to 2.5 percent of in 2010.\textsuperscript{40} Vietnam has also purchased advanced equipment, primarily from Russia, including 20 Su-30MMK Flanker fighter aircraft, 6 Kilo-class submarines equipped with anti-ship missiles and four \textit{Gepard}-class frigates also armed with advanced Russian anti-ship missiles.\textsuperscript{41}

\textit{The East China Sea}

In the East China Sea, China’s pursuit and defense of its maritime claims has worsened ties with Japan. China’s behavior has created opportunities for the United States to strengthen its alliance with Japan and sparked efforts by Japan to enhance its own military capabilities.

\textbf{Background}

Management of China’s claims in the East China Sea have posed similar problems for China’s relations with a key neighbor in Northeast Asia, Japan. China and Japan contest the sovereignty of the Senkaku / Diaoyu Islands. They also disagree about where to delimit maritime jurisdiction in the East China Sea, primarily in waters north of the disputed islands. Japan maintains that a median line should be drawn between the

\textsuperscript{40} The SIPRI Military Expenditure Database, http://milexdata.sipri.org/
\textsuperscript{41} SIPRI Arms Transfers Database, http://www.sipri.org/research/armaments/transfers/databases/armstransfers
coasts of the two states, while China claims that its maritime jurisdiction extends beyond 200nm to where its continental shelf ends at the Okinawa trough.

**Growing Tensions**

Tensions over the both disputes simmered on a low boil during the mid-2000s. At the time, the China National Offshore Oil Company was developing a series of gas fields in the Xihu Trough. Wells for one of the fields were drilled only several miles away from the median line claimed by Japan, prompting concerns in Japan that China would siphon natural resources that Japan claimed as its own. To address these concerns, the two countries reached an informal agreement on natural gas development in the East China Sea in June 2008.\(^{42}\) In December 2008, however, two vessels from the China Marine Surveillance force crossed into the territorial waters around the islands in an apparent bid to scuttle the gas field agreement. This marked the first time that Chinese government ships had entered what Japan views as its sovereign territorial waters around the islands.

The situation deteriorated in September 2010, when a Chinese fishing vessel entered the territorial waters around the islands and rammed Japanese Coast Guard vessels to evade capture. After the boat and crew were detained, Japan decided to indict the captain for violating a number of domestic laws. China objected to this move, which was seen as an exercise of Japan’s sovereignty over the islands and an escalation of the dispute. Over the following two weeks, China’s reaction was harsh. The Ministry of

Foreign Affairs in Beijing summoned the Japanese ambassador multiple times, often in the middle of the night. Official delegations and visits to Japan were postponed. While in New York for a meeting at the United Nations, Premier Wen Jiabao offered strong and pointed remarks against Japan, stating that China would take “further measures” and Japan would bear “all the responsibility for consequences” if the captain was not released immediately and unconditionally.\footnote{“Chinese Premier Wen urges Japan to release jailed captain,” Xinhua, September 23, 2010.} Finally, the shipment of rare earth metals used to manufacture a variety of electronics to Japan was postponed, indicating that China would punish Japan economically until the captain was released.\footnote{Recent research by Iain Johnston suggests that China did not halt rare earth shipments during this period. See Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?" \textit{International Security}, Vol. 37, No. 4 (Spring 2013), pp. 23-24. Nevertheless, many observers, including Japanese government officials, believe that China did take such action.}

After the September 2010 incident, China increased the presence of its civilian maritime law enforcement agencies in the waters around the islands. Vessels from the Bureau of Fisheries Administration sailed to the islands approximately once a month. Most of the time, they loitered in waters beyond Japan’s 12 nautical mile territorial waters around the islands. On three occasions, however, Chinese government ships did enter into these waters: August 2011 (two vessels from the Bureau of Fisheries Administration), March 2012 (one CMS vessel) and July 2012 (three vessels from the Bureau of Fisheries Administration).

China’s harsh reaction to the detention of the fishing captain and the increased presence of Chinese government ships near the disputed islands had two negative consequences. First, it worsened China’s image in Japan. According to an annual survey conducted by the Japanese government, the percentage of respondents who reported feeling an affinity toward China dropped from 38.5 percent in 2009 to 20 percent in
Second, events in the East China Sea underscored the value of the alliance with the United States to Japanese who had been questioning its utility. In the late 2000s, Japanese politicians had called on the United States to re-affirm publicly that Article 5 of the defense treaty covered the islands. In October 2010, Hillary Clinton became the first secretary of state in several decades to publicly re-affirm the U.S. commitment.46

In April 2012, the conservative governor of Tokyo, Shintaro Ishihara, launched a public campaign to purchase three of the disputed islands owned by a private Japanese citizen. Ishihara claimed that the central government was not doing enough to protect the islands, an argument which resonated easily because of the increased presence of Chinese government ships near the islands after the 2010 ramming incident. After millions of dollars were raised, Prime Minister Yoshihiko Noda faced a tough decision: whether to let the islands fall into the hands of an unpredictable and nationalist politician or by the islands to control their use and development. Noda announced his decision to purchase the islands on July 7, 2012, which, unfortunately, was the anniversary of the 1937 Marco Polo Bridge incident that commemorates Japan’s bid to conquer China in World War II. Even though Noda argued that central government ownership would be stabilizing, China opposed the move, which was seen as not only an exercise of the sovereignty over the islands but also as strengthening Japan’s claim by bringing more of the islands under the direct control of the Japanese government.

In early September, the sale of the islands was completed. China reacted with even greater vigor than in 2010 to register its opposition and to demonstrate that it

45 The survey in 2010 was taken in October, after the fishing captain incident. See http://www8.cao.go.jp/survey/h25/h25-gaiko/zh/z10.html
contested Japan’s sovereignty over the islands. First, China issued a government statement announcing the drawing of baselines for demarcating territorial waters around the islands, a legal act that affirmed its claim. Second, China began to dispatch patrols of China Marine Surveillance vessels within 12 nautical miles of the islands, an act undertaken to challenge Japan’s sovereignty and administrative control not just on maps but also on the water. Between September 2012 and December 2013, Chinese vessels have entered the territorial waters around the islands seventy-four times and maintained a near continuous presence in the contiguous zone just beyond the territorial waters.47 Third, anti-Japanese protests were permitted to occur for several days throughout the country. These were probably the largest anti-foreign protests since 1989, with demonstrations reportedly in eighty-five cities.48 Fourth, foreign ministry officials began to use increasingly harsh language. At one point, a senior member of the ministry described Japan’s purchase of the three islands “like an atomic bomb dropped on China.”49 Fifth, during the protests, some Japanese factories and companies were vandalized. Moreover, sales of Japanese cars in Japan (which protestors had targeted) plummeted by more than 50 percent.50

Japan Responds

47 Data on Chinese patrols around the Senkakus as reported by the Japanese Coast Guard. See http://www.kaiho.mlit.go.jp/senkaku/index.html.
China’s actions in the East China Sea have been counterproductive, harming ties with a key neighbor. First, as mentioned above, China’s actions harmed its image in Japanese eyes. Although affinity for China improved in 2011 to 26.3 percent, it plummeted to the lowest level in several decades, 18 percent.\(^{51}\) As slogans used by the Chinese protestors called for the annihilation of Japan (jianmie riben), such low levels of affinity are understandable. Nevertheless, Chinese leaders have sought to maintain a stable, non-hostile relationship with Japan, a position that is now untenable. At the same time, Japanese affinity for the United States rose to 84.5 percent, the highest levels on record, up from 78.9 percent in 2009.\(^{52}\)

Second, Japan has engaged in external balancing against China in two ways. To start, Japan has moved to further strengthen its alliance with the United States. Towards this end, on several occasions in 2010 and 2012, Japan sought and received public and high-level affirmations from American officials that Article 5 of the US-Japan Mutual Defense Treaty covered the islands. In addition, the islands appear to be playing a greater role in defense planning. In January 2013, working level talks on revising the U.S.-Japan defense guidelines, the operational core of the alliance, began in response to China’s increased activities in the East China Sea.\(^{53}\) In March 2013, the United States and Japan updated plans to defend the islands from attack.\(^{54}\) In June 2013, the two countries held unprecedented amphibious exercises, “Dawn Blitz,” off the coast of California.

In addition, Japan has strengthened ties with other states in an effort to balance China’s growing maritime capabilities. In June 2012, Japan and India held their first

\(^{52}\) http://www8.cao.go.jp/survey/h25/h25-gaiko/zh/z02.html  
bilateral naval exercise in waters near Tokyo.\textsuperscript{55} In January 2013, Japan and India held their first maritime affairs dialogue, which included diplomatic and military officials. Japan has also engaged the Philippines, holding maritime dialogues in 2011 and 2013.\textsuperscript{56} Japan has also agreed to donate 10 patrol boats to the Philippine Coast Guard in order to strengthen its maritime capacity. In June 2013, Tokyo pledged even greater support for Manila. Japanese Defense Minister Itsunori Onodera stated that the two countries “agreed that we will further co-operate in terms of the defense of remote islands.”\textsuperscript{57} Finally, in April 2013, Japan and Vietnam announced that they would hold maritime security talks in May 2013 focused on China’s assertiveness and Japan’s possible support for strengthening Vietnam’s maritime capacity.\textsuperscript{58}

Third, Japan has also engaged in limited internal balancing. The new Abe government, elected December 2012, pledged to increase Japan’s defense budget for the first time in eleven years. In December 2013, Japan announced that defense spending would increase by 2.2 percent in the 2014 fiscal year, the largest increase in two decades.\textsuperscript{59} The Maritime Self Defense Forces has moved to expand the size of its submarine fleet by extending the service life of existing boats and building new Soryu-class submarines and new destroyers. The Ground Self Defense Forces have also sought to bolster its presence in the southern tip of the Ryukyus, on Yonaguni Island and may


\textsuperscript{57} “Japan vows to help Philippines amid China sea row,” AFP, June 27, 2013

\textsuperscript{58} “Japan, Vietnam to hold maritime security talks in May,” Kyodo, April 15, 2013

create a new amphibious force to focus on seizing and controlling islands.\textsuperscript{60}

\textbf{China’s Response to Its Regional Challenge}

Whether China has formulated a response to the worsening of ties with its neighbors remains unclear. Several trends in Chinese policy can be identified, but none appears as if they will be able to reverse the decline in bilateral relations with many of its maritime neighbors.

First, especially in the South China Sea, China has sought — at times — to moderate how it defends its claims. The first phase of moderation occurred from roughly mid 2011 until the standoff over Scarborough Shoal in April 2012. First, in the summer of 2011, China’s top leaders, including President Hu Jintao and Premier Wen Jiabao, re-affirmed the late Deng Xiaoping’s guiding principle for dealing with China’s maritime conflicts of “setting aside disputes and pursuing common development.” Second, China reached agreements with other claimant states with the aim of managing tensions, promoting dialogue, and facilitating eventual dispute resolution. In addition to a July 2011 agreement with ASEAN on guidelines for implementing the code of conduct declaration, China reached a much more substantial agreement with Vietnam in October 2011 over basic principles for resolving maritime disputes that stress using international law. Third, China’s top leaders have held high-level meetings with their counterparts to improve broader bilateral relationships. Philippine President Benigno Acquino and

\textsuperscript{60} Toko Sekiguchi, “Japan to Protect Islands with Drones and Amphibious Units,” \textit{Wall Street Journal}, December 17, 2013
Vietnamese communist party general secretary Nguyen Phu Trong visited Beijing in August and October 2011, respectively. Likewise, Vice President Xi Jinping traveled to Vietnam in December 2011 as part of a Southeast Asian tour. Fourth, authoritative Chinese-language media such as the People’s Daily in mid-2011 began to underscore the importance of a cooperative approach in the South China Sea. Such articles are written largely to explain policy decisions to domestic readers, especially those working within party and state bureaucracies. Fifth, China engaged other claimants by establishing a 3B yuan (476 million US dollar) China-ASEAN Maritime Cooperation Fund (November 2011), hosting several workshops on oceanography and freedom of navigation in the South China Sea (December 2011), and hosting a meeting with senior ASEAN officials to discuss implementing the 2002 code of conduct declaration (January 2012). Finally, China halted the more assertive behavior that attracted so much adverse attention between 2009 and 2011. Vessels from the Bureau of Fisheries Administration have detained and held only two Vietnamese fishing vessels since late 2010 (with the last detention occurring in March 2012).\textsuperscript{61} Patrol ships from China Marine Surveillance (or the newly established China Coast Guard) have not interfered in Vietnamese or Philippine hydrocarbon exploration activities since May 2011. More generally, China has not obstructed related exploration activities, such as Exxon’s successful drilling of an exploratory well in Vietnamese waters claimed by China in October 2011.\textsuperscript{62}

After the standoff at Scarborough Shoal, however, China returned to a more assertive approach. In addition to acquiring effective control over the reef and

\textsuperscript{61} Ben Blanchard, “China detains Vietnamese fishermen in disputed water,” Reuters, March 22, 2012

\textsuperscript{62} This paragraph draws on M. Taylor Fravel, "All Quiet in the South China Sea: Why China is Playing Nice (For Now)," \textit{Foreign Affairs}, March 22, 2012
surrounding waters, China adopted other unilateral actions designed to strengthen its position in the South China Sea. Most importantly, China announced in June 2012 that the administrative status of the Paracel and Spratly Islands would be upgraded from a county-level office to one of three prefectural-level cities (*dishiji*) in Hainan Province. In July 2012, as discussed above, China used its influence over Cambodia to prevent Vietnam and the Philippines from inserting references to their specific disputes with China in the ASEAN joint communiqué.

By the end of 2013, China appears to have begun another period of moderation in the South China Sea. In April 2013, China announced that it wanted to re-start stalled talks with ASEAN over a binding code of conduct.\(^{63}\) In June 2013, China and ASEAN announced that “consultations” on a code of conduct would be held in September.\(^{64}\) Talks were held in September, as planned, and further talks have been scheduled for Spring 2014.\(^{65}\) Earlier, China had avoided such talks, stating “conditions were not ripe.” At the same time, China has sought to pursue a more balanced approach with Vietnam. In early June 2013, defense ministries in each country agreed to establish a hotline between their navies.\(^{66}\) In mid June, during President Sang’s visit to China, Vietnam and China agreed to establish a hotline between fisheries departments in addition to resuming talks on the demarcation of the mouth of the Tonkin (Beibu) Gulf and pursuing a political settlement in the South China Sea.\(^{67}\) In October 2013, Vietnam and China established a joint working group to explore development projects in disputed waters and the group

\(^{63}\) “ASEAN, China To Meet On Maritime Code Of Conduct,” AFP, April 11, 2013  
\(^{64}\) Daniel Ten Kate, “China Agrees to Asean Sea Talks Amid Philippines Warning,” Bloomberg, July 1, 2013  
\(^{65}\) “China, ASEAN ‘make progress’ on code of conduct in S. China Sea: official,” Kyodo, September 15, 2013  
\(^{67}\) “China, Vietnam agree to maintain maritime dialogues,” Xinhua, June 21, 2013
Consistent with a return to moderation in the South China Sea, China’s top leaders have signaled the importance of improving ties with Southeast Asia and limiting the potential for the territorial and maritime claims to harm ties with these countries. During a meeting on maritime affairs at the end of July 2013, Xi Jinping signaled that China might pursue a more moderate approach. Xi affirmed Deng Xiaoping’s guidance for managing offshore island disputes of “setting aside disputes and pursuing joint development” while also underscoring the need to coordinate “rights defense” in the maritime domain with the maintenance of stability. In September and October 2013, Xi Jinping and Li Keqiang both conducted tours of the region before attending APEC and the EAS, respectively. Taken together, they visited half of the members of ASEAN and four of the five claimants in the South China Sea: Indonesia, Malaysia, Thailand, Vietnam and Brunei. During these bilateral visits and at the APEC and EAS meetings, China sought to deepen relations with the region that had been harmed by the escalation of these disputes. Finally, in October, China’s top leaders held an unprecedented meeting on regional diplomacy, which was attended by all seven members of the Politburo Standing Committee and lasted for two days. The main theme of the speech was the importance of “maintaining a stable external environment,” which, by implication had been harmed by disputes that had arisen with many neighbors. Notwithstanding new fishing rules issued by the Hainan’s legislature, China appears poised as of this writing to

70 “Xi Jinping zai zhoubian waijiao gongzuohui shang fabiao zhongyao jianghua [Xi Jinping’s Important Speech at the Peripheral Diplomatic Work Meeting],” Renmin Ribao, October 25, 2013
maintain stability and prevent the further escalation of tension in the South China Sea.  

Nevertheless, both periods of moderation in the South China Sea have focused on managing how China pursues its claims and not efforts to settle or resolve the underlying disputes. As a result, tactical pauses that increase stability are possible, but other states in these disputes will likely remain fearful of Chinese intentions, unless actions are taken by which China might “tie its hands” by, for example, offering clear but limited definition of the nine-dashed line. Otherwise, these states will continue to have strong incentives to strengthen their security ties with the United States, thus undermining a key objective in China’s regional policy.

In the East China Sea, China has not adopted a more moderate approach toward Japan since September 2012. The most that could be said is that China has moderated the frequency of patrols within the territorial waters of the disputed Senkaku Islands. As demonstrated in Figure 1, Chinese government ships have entered the territorial waters around the islands between three and eight times per month. Nevertheless, the situation remains deadlocked, as Japan refuses to accede to China’s demand that Tokyo acknowledge the presence of a dispute over the islands. As a result, the situation remains brittle and prone to spikes in tension. In October 2013, for example, Japan stated that it would shoot unidentified drones over the islands following the flight of a Chinese drone in September roughly 100 kilometers north of the island. In November 2013, perhaps in response to Japan’s stance on drones as well as a desire to increase pressure on Japan, China announced the establishment of an East China Sea Air Defense Identification Zone.

The new fishing rules generated some concern because the repeated earlier rules requiring foreign ships to receive approval to fish in waters under Hainan’s administration. See M. Taylor Fravel, “Hainan’s New Fishing Rules: A Preliminary Analysis,” The Diplomat, January 10, 2014.
in November 2013. The People’s Daily described the difference between the East China Sea and South China Sea as “tension in the east, stability in the south” (dongjin nanwen).\footnote{“2014, Guoji anquan xingshi shida kandian [The 10 Main Aspects of International Security in 2014],” \textit{Renmin Ribao}, December 9, 2014, p. 23.}

**Figure 1**

![Chinese Government Patrols Within the Territorial Waters of the Senkaku/Diaoyu Islands](chart)

Second, China has tried to prevent the maritime disputes from harming overall relations with other countries. Although China has pursued this approach in the past in many disputes, including with India today, it has nevertheless become more challenging under the shadow of growing Chinese military capabilities and especially naval power. China perhaps has been most successful with Vietnam, where exchanges and interactions
between the two communist parties have continued at a rapid pace and at high levels despite the presence of these disputes. As discussed above, Vietnamese President Sang’s June 2013 trip to Beijing reflected a concerted effort to prevent the various maritime disputes between China and Vietnam from affecting overall political relations. Likewise, to commemorate two decades of engagement with ASEAN, China in November 2012 launched a campaign to underscore the importance of the China-ASEAN relationship, which was designed to demonstrate to all states in the region how they have — and can — gain from China’s rise, while also hinting at what they might lose if they continue to counter China. Whether efforts to separate economics from politics are successful, however, would depend on the degree to which China asserts and defends its claims in maritime disputes. Given the disparity in power between China and most ASEAN states and the asymmetric economic relationships, however, such arguments may fall on deaf ears.

The situation with Japan in the East China Sea is more difficult to assess. According to recent analysis, the Chinese-Japanese economic relationship has remained robust since the purchase of the islands in September 2012 and that trade has effectively been delinked from politics. However, following Prime Minister Abe’s visit to the Yasukuni shrine in December 2013, China may decide to increase economic pressure on Japan as well. As of this writing (January 2014), it remains too soon to tell.

Third, since early 2012, China has embarked on an effort to strengthen ties with the United States. A turning point may have occurred in February 2012, when then Vice President Xi Jinping called on the US and China to develop a “new type of great power

relationship,” a slogan that has since gathered steam over the following year.\(^7\) The most important driver is arguably the policy of rebalancing to Asia that senior U.S. officials and President Obama articulated in 2011. Nevertheless, improved ties with the United States would aid China’s regional policy by raising the costs for the United States of increasing its support for those states in maritime disputes with China (lest future ties with China be harmed) and reducing the potential of a counter-balancing coalition forming over maritime issues or perhaps more broadly. In this way, China seeks to drive a wedge between the United States and those states in the region with which it has direct maritime conflicts. Regional states may also be deterred by improved U.S.-China ties from seeking further security assistance from the United States.

Whether any of these efforts will be successful and allow China to repair frayed ties with its neighbors remains uncertain. Despite the periods of moderation discussed above, it remains unclear whether China recognizes that its policies have backfired, reducing its security and not improving it. Although territorial disputes are inherently interactive, and China has been at times reacting to the actions of others, China’s public rhetoric places all blame on opposing states. States in disputes with China are blamed for their provocations, while the United States is blamed for encouraging these states to resist China with provocative acts. Such rhetoric may not reflect the private views of Chinese policymakers. If such rhetoric does, however, it indicates what Luttwak describes as “great power autism” and low odds of China taking the steps needed to re-assure states in

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the region and decrease the value of strong ties with the United States.\textsuperscript{75} If China does not acknowledge that its policies have backfired, then relations with neighboring states will only continue to deteriorate.

In addition, the moment for China to re-assure its neighbors over maritime claims may have passed. The past few years have witnessed impressive displays of China’s growing maritime capabilities. In 2005 and 2006, Chinese government ships from the China Marine Surveillance Force began regular patrols in China’s claimed EEZ.\textsuperscript{76} In 2008, the People’s Liberation Army Navy began long-distance training exercises in the East and South China Seas, exercises whose frequency and scope only continue to increase.\textsuperscript{77} China’s navy now regularly conducts long-distance exercises in the Western Pacific, which require that PLAN vessels transit through the Japanese homelands. Although such actions are consistent with international norms, they underscore the change in Chinese capabilities that is occurring in the region. Under these conditions, and given China’s assertive actions, uncertainty about China’s intentions are likely to linger for a long time to come. Because these states have other interests at stake with China, especially in the economic realm, the opportunity for improved ties despite the presence of these disputes remains. Nevertheless, it requires a sustained engagement by Beijing and a tacit agreement by all claimants to decrease the assertion of their claims. In recent years, the episodes of moderation have been fleeting.

Why China has been unable to do more to prevent any further deterioration of ties with its maritime neighbors begs an important question. The intensification of...

\textsuperscript{76} Fravel, "China's Strategy in the South China Sea."
\textsuperscript{77} Fravel, "China's Strategy in the South China Sea."
China’s maritime disputes occurred during a once-in-a-decade leadership transition in which the majority of leaders on the Politburo were replaced. As a result, Chinese leaders face strong domestic incentives not to appear weak in their interactions with other states, especially in disputes concerning sovereignty. Relatedly, Chinese leaders may believe that it is important to stand firm when faced with what they view as challenges to China’s claims, especially during this period of political transition. In the case of Japan, historical memory further increases the need to be seen as not making concessions, especially when sovereignty is at stake.

**Conclusion**

China’s relations with its immediate neighbors play a central role in China’s foreign policy. Good relations with neighbors enhance China’s autonomy, while poor relations can restrict China’s freedom of maneuver by increasing the influence of major powers in China’s neighborhood. From the mid-2000s, and especially from 2010, the intensification of maritime disputes in East Asia involving China has raised serious questions about China’s position in the region. Intensification of these disputes create strong incentives for states opposing China to balance externally by seeking the support of other states (especially the United States) and to balance internally by increasing their own naval capabilities. Regional states seek to balance against China not just because of the immediate conflicts over territorial sovereignty and maritime jurisdiction but also

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78 On this dynamic in China’s territorial disputes, see Fravel, *Strong Borders, Secure Nation*. 

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because of fears about how a stronger China will behave in the region in the future.

To date, China’s active defense of its claims in maritime disputes in the East China Sea and the South China Sea have harmed ties with opposing states and increased the attractiveness of the United States for others in the region. The poses a clear challenge to China’s foreign policy, which from the early 1990s to the mid 2000s sought to improve ties with all of its neighbors, to create space for China’s development and to limit the role of major powers in the region. If current trends persist, and tensions in existing territorial dispute continue to spiral upwards, worsening ties with neighboring states will increase the value of strong U.S. presence for others in the region and for states to work together to balance against China in the maritime domain. Over time, this could accelerate polarization of the region and create a much more competitive environment that ultimately harm Chinese interests more than it advances them. As the more powerful state in these disputes, proactive action by China is needed to restore stability.
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