

Calculating Bully – Explaining Chinese Coercion

by

Ketian Zhang

**B.A. Political Science and Sociology
University of Wisconsin-Madison, 2012**

**SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF**

DOCTOR OF PHILOSOPHY OF POLITICAL SCIENCE

AT THE

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

SEPTEMBER 2018

©2018 Ketian Zhang. All rights reserved.

**The author hereby grants to MIT permission to reproduce and to distribute publicly paper
and electronic copies of this thesis document in whole or in part in any medium now known
or hereafter created.**

Signature of Author
Department of Political Science
July 2, 2018

Certified by
M. Taylor Fravel
Arthur and Ruth Sloan Professor of Political Science
Thesis Supervisor

Accepted by.....
Ben Ross Schneider
Ford International Professor of Political Science
Chair, Graduate Program Committee

Calculating Bully – Explaining Chinese Coercion

by

Ketian Zhang

Submitted to the Department of Political Science on July 2, 2018 in partial fulfillment of the requirements for the Degree of Doctor of Philosophy of Political Science

ABSTRACT

Since 1990, China has used coercion for territorial disputes, foreign arms sales to Taiwan, and foreign leaders' meetings with the Dalai Lama, despite adverse implications for its international image. China is also curiously selective in the timing, target, and tools of coercion: most cases of Chinese coercion are not military coercion, nor does China use coercion against all states that pose the same threats to its national security. The question regarding China's coercion patterns – crucial for the prospect of peace and stability in the Asia-Pacific region and critical for understanding states' use of coercion – has not been systematically answered.

My dissertation therefore examines when, why and how China attempts to coerce states over perceived threats to its national security. This question entails two parts: 1) when and why does China choose coercion, and 2) if coercion is chosen, what tools does China utilize? I explain Chinese coercion with the cost balancing theory – and test it against China's diplomacy. I employ qualitative methods such as process tracing and congruence testing, leveraging on primary Chinese documents and interviews with officials, government policy analysts, and scholars. My dissertation project conducts congruence tests of the macro trends of Chinese coercion while employing process tracing on specific cases of Chinese coercion. For temporal variation, I examine cases in which for the same country that is a potential target for coercion, when China coerces that country and when it refrains from coercion. For cross-national variation, I analyze cases in which for the same period and among comparable countries, China coerces some but not others. Contrary to conventional wisdom and in contrast with historical rising powers, China is a cautious bully, does not coerce frequently, and uses military coercion less when it becomes stronger, resorting mostly to non-militarized tools. In short, states' decision to coerce and choices over coercive tools cannot be simply explained by the power variable. I identify the centrality of the reputation for resolve and economic vulnerability in states' calculation of coercion. States coerce one target to deter others – “killing the chicken to scare the monkey.”

Thesis Supervisor: M. Taylor Fravel

Title: Arthur and Ruth Sloan Professor of Political Science

Table of Contents

Abstract	3
List of Tables	5
List of Figures	6
List of Abbreviations	8
Acknowledgments	10
Chapter 1: Introduction	12
Chapter 2: The Cost Balancing Theory	27
Chapter 3: Methodology and Research Design	84
Chapter 4: Chinese Coercion in the South China Sea – Macro Trends	106
Chapter 5: Chinese Coercion in the South China Sea – Cases and Choices of Tools	177
Chapter 6: Chinese Coercion in the East China Sea – Trends and Cases	244
Chapter 7: Chinese Coercion in Cross-Strait Relations	301
Chapter 8: Chinese Coercion Regarding the Dalai Lama Visits	362
Chapter 9: The Sino-Indian Border Disputes	405
Chapter 10: Conclusion	426
Appendices	454
Bibliography	545

List of Tables

1.1 Chinese Coercion 1990-2017	14
2.1 Cost Balancing Theory	66
2.2 Cost Balancing Theory	67
4.1 Observable Implications for the Cost Balancing Theory	108
4.2 Chinese Coercion in the South China Sea 1990-2015	113
4.3 Official Assessments	140
4.4 Speeches of Chinese Leaders in the Post-Cold War Period	148
4.5 Cost Balancing and China's Use of Coercion	150
5.1 Cost Balancing and China's Use of Coercion	177
5.2 Cost Balancing and China's Use of Coercion	226
6.1 Observable Implications for the Cost Balancing Theory	246
6.2 Active Chinese Coercion in the East China Sea (2006-2015)	249
6.3 Cost Balancing and China's Use of Coercion	267
6.4 Cost Balancing and China's Use of Coercion	299
7.1. Observable Implications for the Cost Balancing Theory	305
7.2. U.S. Arms Sales to Taiwan Since 1990	308
7.3. Cost Balancing and China's Use of Coercion in 1992	343
8.1. Observable Implications for the Cost Balancing Theory	367
8.2. Cost Balancing and China's Coercion	379
8.3. Cost Balancing and China's Coercion	398

List of Figures and Maps

2.1 Full Range of States' Choices on an Escalation Ladder	52
3.1 The Foreign Policy Decision-making Structure in China	92
3.2 Interviews	101
4.1 Chinese Coercion Regarding Maritime Disputes In the South China Sea 1990-2015	110
4.2 Number of Incidents in the South China Sea 1990-2015	120
4.3 Factiva Search of "South China Sea" and "Spratly" in Reuters, AP, and AFP 1990-2016	123
4.4 Frequency of "South China Sea" in People's Daily 1990-2016	124
4.5 China's Exports to and Imports from ASEAN 1992-2014	133
4.6 Exports to Japan, EU, US, and ASEAN as Total Share of China's Exports 1992-2014	133
4.7 ASEAN Exports to and Imports from China as a Share of ASEAN Exports and Imports 1997-2014	134
4.8 Oil Blocks and Areas of Oil Production and Exploration of South China Sea Claimants By 2004	154
4.9 Oil Fields of Other Countries	155
4.10 Factiva Search of English Language Reports on the South China Sea from Malaysian, Vietnamese, and Philippine Newspapers 1990-2016	157
4.11 Active Coercion — Chinese Island Reclamation 1990-2016	163
4.12 Active Chinese Coercion in the South China Sea — Foreign Fishing 2001-2016	171
4.13 Maritime Fishery by Vietnam, Philippines, Malaysia	172
5.1 The Mischief Reef	178
5.2 The Scarborough Shoal	180
5.3 The "Haiyang Shiyou 981" Oilrig Incident	181
5.4 Sino-Philippine Trade as Share of China's Foreign Trade 1993-2014	191
5.5 China's Trade Relations with the Philippines 1993-2014	206

5.6 China's and Philippines' Dependence on Each Other's Market 1992-2011	207
5.7 China's and Vietnam's Dependence on Each Other's Market 1992-2011	221
6.1 Sino-Japan Disputes in the East China Sea	244
6.2 Chinese Coercion Regarding Maritime Disputes In the East China Sea 1990-2012	248
6.3 Number of Incidents in the East China Sea 1990-2015	252
6.4 Factiva Search of "East China Sea" and "Senkaku" in Reuters, AP, and AFP 1990-2016	253
6.5 Exports to Japan, EU, US, and ASEAN as Total Share of China's Exports 1992-2014	260
6.6 EU, Japanese, and US FDI as Share of Total FDI in China 1997-2015	261
7.1 Chinese Coercion Regarding Foreign Arms Sales to Taiwan	302
7.2 China's Wheat Imports 1990-2010	330
8.1 Chinese Coercion Regarding Foreign Heads of State/Government Receiving the Dalai Lama 1990-2015	365
8.2 The Dalai Lama's Reception by Head of State/Government 1990-2015	371
8.3 Factiva Search of English Language Reports on the Dalai Lama Visits in Reuters, AP, and AFP 1990-2015	372
8.4 EU, Japanese, and U.S. FDI as Share of Total FDI in China 1997-2015	374
8.5 Hong Kong's FDI as Share of Total FDI in China 1997-2015	375
8.6 French and German Aircraft Export to China 2004-2010	384
8.7 Percent of Chinese LNG Import from AUS 2006-2011	396
9.1 The Sino-Indian Border Dispute	405
9.2 Chinese Transgressions into the Indian Side of LAC 2006-2017	408
9.3 Chinese and Indian Exports as a Share of Their Total Exports	414
9.4 Chinese and Indian Imports as a Share of Their Total Exports	416
9.5 Map of the Doklam Standoff	422
10.1 Ratio of Coercion to Incidents 1990-2015	432

Abbreviations

AFP Agence France Presse

AP The Associated Press

AMS Academy of Military Science

ASEAN Association of Southeast Asian Nations

CASS Chinese Academy of Social Sciences

CICIR China Institute of Contemporary International Relations

CIIS China Institute of International Studies

CC Central Committee

CCP Chinese Communist Party

CMC Central Military Commission

CNOOC China National Offshore Oil Corporation

EEZ exclusive economic zone

FALSG Foreign Affairs Leading Small Group

FAO Foreign Affairs Office

FDI foreign direct investment

FTZ free trade zone

GSD General Staff Department (PLA)

ILD International Liaison Department

LAC line of actual control

MFA Ministry of Foreign Affairs

MSF Maritime Surveillance Forces

MSS Ministry of State Security

NDRC National Development and Reform Commission

NISCSS National Institute of South China Sea Studies

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
PSC production sharing contract
Sinopec China Petroleum & Chemical Corporation
SOA State Oceanic Administration
SOE state owned enterprise
TAO Taiwan Affairs Office
UN United Nations
UNCLOS UN Convention on the Law of the Sea
U.S. United States

ACKNOWLEDGMENTS

The first group of people that I would like to thank is my dissertation committee. Taylor Fravel has been an excellent advisor and chair, providing detailed feedback, advice on both work and life, the much-needed encouragement, and funding throughout my time in graduate school. Coming to MIT directly from undergrad, I was anxious about whether I could keep up with my more experienced colleagues. It was Taylor who helped me build my confidence and act as a role model for my academic journey. Taylor is not only a great mentor but also an incredibly kind human being. I hope to follow his example. I am also indebted to Dick Samuels for both his input into my dissertation and moral support. Dick's rich empirical knowledge about Japan and international political economy is beyond helpful. His detailed attention to sources and strict requirement on qualitative methodology make me a better scholar when it comes to qualitative work. Steve Van Evera reminded me to ask big and policy-relevant questions. Vipin Narang's insistence on the clarity, falsifiability, and generalizability of the theoretical aspect of the dissertation brings me back to the big picture when I am too bogged down to the empirics.

I am also particularly thankful for several other faculty members. Edward Friedman, my undergraduate mentor at the University of Wisconsin-Madison, opened my eyes with his rich knowledge of China and Asia, a strong sense of justice, and devotion to teaching. I would not have the confidence to pursue graduate school were it not for his mentoring and encouragement. Charles Franklin and Scott Gehlbach at Wisconsin provided me with the very first introduction to rigorous political science research. Elizabeth Perry at Harvard taught me how to be a good China scholar, regardless of whether one studies international relations or comparative politics. Jeffrey Frieden at Harvard helped me learn how to bridge the gap between international political economy and security and guided me through the project that formed the prototype of my dissertation. The faculty outside of my dissertation committee at MIT also provided me with more support that I could ever ask for. Barry Posen introduced me to the fascinating world of security studies. Chap Lawson, Ken Oye, Lily Tsai, Roger Petersen, Fotini Christia, Rick Nielsen, and many others have also helped me during my journey at MIT.

Numerous institutions provided essential financial support along the way. At MIT, I am grateful for support from the Department of Political Science, the Center for International Studies, and the Security Studies Program. I would also like to thank the Chiang Ching-kuo Foundation, the Belfer Center for Science and International Affairs, the Smith Richardson Foundation, the Tobin Project, and the Institute for Security and Conflict Studies at George Washington University, for their fellowships. In particular, I am thankful for both the Belfer Center and the Institute for Security and Conflict Studies for hosting me as a predoctoral fellow. I began writing the empirical chapters of my dissertation while at ISCS and finished my dissertation when I am at the Belfer Center. I greatly benefited from the stimulating intellectual community of ISCS and the Belfer Center. I cannot thank Charlie Glaser, Caitlin Talmadge, Alex Downes, Steve Miller, Steve Walt, and Sean Lynn-Jones enough for their help and kindness. I also benefited from valuable comments on my work in various workshops at Harvard University, the Notre Dame University International Security Center, the Center for the Study of Contemporary China at the University of Pennsylvania, and the Institute for Qualitative and Multi-Method Research at Syracuse University.

For helpful comments and suggestions on various chapters, I thank my current and former colleagues at MIT, Fiona Cunningham, Marika Landau-Wells, Mark Bell, Lena Andrews, Reid Pauly, Mayumi Fukushima, Cullen Nutt, Tim McDonnell, Ben Chang, Martin Liby Troein, Sean Liu, Phil Martin, Andrew Miller, Aidan Milliff, Alec Worsnop, Yue Hou, Yiqing Xu, John Minnich, Kacie Miura,

Rachel Esplin Odell, Sara Plana, Mina Pollmann, Erik Sand, Rachel Tecott, Weihuang Wong, Nasir Almasri, Marsin Alshamary, Nick Miller, Chris Clary, Kelly Greenhill, Joseph Torigian, Josh Shifrinson, and Dan Altman. Outside of MIT, I also receive numerous help and comments along the way. I thank, in particular, Dani Nedal, Sara Moller, Rachel Whitlark, Nina Silove, Tyler Jost, Jany Gao, Jingkai He, Josh Kertzner, Anne Sartori, Austin Carson, Ben Denison, Jen Spindel, Andrew Chuub, Andrea Gilli, Brad Potter, Payam Ghalehdar, Alex Evans, Mathias Friendem, Kate Cronin-Furman, Nadiya Kostyuk, Michal Ben-Josef Hirsch, Marina Duque, Peter White, Sebastian Rosato, Victoria Hui, John-Michael Arnold, Mike Mochizuki, Michael Desch, Dan Lindley, Daisuke Minami, Dan Jacobs, Xiaoyu Pu, George Yin, Meredith Blank, Andrew Bell, Ryan Baker, Michael Joseph, Jamie Gruffydd-Jones, and Binn Cho. I also thank participants at the Boston International Security Graduate Conference, MIT International Relations Work In Progress Working Group, Harvard International Security Conference, Research in Progress Workshop at the Institute for Security and Conflict Studies, China and International Relations Graduate Research Workshop at the University of Pennsylvania, the MIT Strategic Use of Force Working Group, and the Harvard-MIT-BU Chinese Politics Workshop.

Colleagues from China and Washington D.C. significantly helped my research and fieldwork. I would like to thank all of my interviewees, even though they have to remain anonymous for security reasons. In Washington D.C., I am particularly grateful for colleagues at the Center for International and Strategic Studies, the Carnegie Endowment for International Peace, the Brookings Institution, and the Stimson Center. The wonderful staff at MIT also significantly reduced my stress for my research and fieldwork. I would like to thank Susan Twarog, Diana Gallagher, Paula Kreutzer, Casey Johnson, Lynne Levine, Elina Hamilton, Joli Divon Saraf, Harlene Miller, Phiona Lovett, Janine Sazinsky, Scott Schnyer, and Laurie Scheffler. At the Belfer Center, Susan Lynch has been most helpful and kind.

Finally, I owe my deepest debts to my family. Long before I started this dissertation, my family supported my intellectual pursuits, sometimes against their wish for their only child and granddaughter to be close to home. It was because of my “revolutionary” grandparents and my father that I became interested in studying politics and foreign policy when I was a teenager. I thank all of them, especially my parents, Li Ma and Meishun Zhang, for their unconditional love, sacrifice, forgiveness, and encouragement. I am forever grateful for my grandparents, Xiaosi Zuo and Yuan Ma, for raising me, educating me, and for making me believe that a little girl can also “dream big.” I can still vividly remember my grandfather teaching me Chinese characters when I was little. My grandfather has always wanted to come to MIT to attend my graduation ceremony. He passed away two years ago when I was in the field. I wish he could live to read my dissertation. I dedicate this dissertation to him.

Chapter 1

Introduction

Section I. Introduction

*"We will never bully smaller countries, yet we will never accept unreasonable demands from smaller countries. On issues of territory and sovereignty, China's position is firm and clear."*¹

*"There is no evidence that China does business on a basis any different from everyone else; it seeks the best product at the best price. The fact that it goes on hinting that friendship and compliance with Chinese positions can lead to big fat contracts is a tribute to Western (including American) gullibility."*²

Chinese and British officials above paint a rather benign picture of China as a status-quo power that will not use coercion – one important kind of statecraft. Students of international relations further specify statecraft as the “selection of means for the pursuit of foreign policy goals.”³ David Baldwin depicts statecraft as “governmental influence attempts directed at other

¹ Chinese Foreign Minister Wang Yi's speech during a Chinese Ministry of Foreign Affairs (MFA) press conference on March 8, 2014, http://www.fmprc.gov.cn/eng/zxxx/t1135385.shtml?utm_content=buffera4dd4&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer, accessed March 9, 2014.

² Chris Patten, *Cousins and Strangers, America, Britain, and Europe in a New Century* (New York: Times Books, 2006), p. 262-263. Patten was the last British governor of Hong Kong.

³ David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985), p. 8.

actors in the international system.”⁴ States, major powers, in particular, have utilized both rewards and punishments to achieve their ends. Coercion is the use or threats of negative means of statecraft to force the target state to change behavior. As a major power, the People’s Republic of China (here after China) is no exception, and utilized coercion especially during the Cold War.

With its growing economy and ascension to rising power status, the past 25 years have witnessed China’s increasing use of “economic carrots,” such as investment and foreign economic aid in Africa and Southeast Asia. More recently, China’s “one belt, one road” (*yidai yilu*) initiative aims at using economic attraction to improve relations with China’s maritime and central-Asian neighbors.⁵ This positive Chinese inducement – the so-called charm offensive – has come under the spotlight. As a rising power trying to grow its economy in a unipolar world, it seems fairly understandable that China would woo other states with its economic power, which in turn helps develop its economy. However, when faced with issues of national security, China has used sticks – coercion – since the 1990s. China has utilized the full spectrum of coercive tools, ranging from diplomatic sanctions, economic sanctions, gray-zone coercion, and military coercion. Examples of these cases of coercion include cutting off senior-level diplomatic meetings as well as communications (diplomatic sanctions), imposing a rare-earth embargo on Japan (economic sanctions), using government law enforcement ships to ram foreign vessels (gray-zone coercion), and naval blockades through missile tests (military coercion).

⁴ See also Chas Freeman’s description. According to Freeman, statecraft applies the power of the state to other states and peoples to achieve the goals and strategies of the state. Freeman uses political strength, cultural strength, economic strength, and military strength to denote a state’s power. Charles W. Freeman, *Arts of Power: Statecraft and Diplomacy* (Washington D.C.: United States Institute of Peace Press, 1997), p. 3, 16-18.

⁵ Charles Hutzler, “China Lays Out Path to Silk Road,” *The Wall Street Journal*, March 28, 2015, <http://blogs.wsj.com/chinarealtime/2015/03/28/china-lays-out-path-to-one-belt-one-road/tab/print/?mg=blogs-wsj&url=http%253A%252F%252Fblogs.wsj.com%252>, accessed December 25, 2015.

When it comes to the use of coercion, China is behaving in an increasingly assertive manner, which resembles nothing like a benign power. Since 1990, China has engaged in coercion for national security issues such as territorial disputes, foreign arms sales to Taiwan, and foreign leaders' reception of the Dalai Lama, despite adverse implications for its international image. Both scholars and policymakers have been increasingly worried that a more powerful China will become more assertive.⁶ Table 1.1 below shows an overall pattern of Chinese coercion from 1990-2015 when China is facing critical national security issues including territorial disputes, foreign arms sales to Taiwan and the Taiwan Strait Crisis, and foreign leaders' reception of the Dalai Lama.⁷

Table 1.1 Chinese Coercion 1990-2017

	1990-1999	2000-2009	2010-2017
Non-military coercion	5	12	23
Military coercion	4	0	1

As shown above, China engaged in coercion nine times in the 1990s, and almost half of them were militarized coercion. Some of the prominent military coercion includes Chinese missile tests during the Taiwan Strait Crisis, militarized seizure of the Mischief Reef in the South China Sea, and the use of the navy to threaten Vietnam regarding contested sovereignty claims in the South China Sea. China coerced other states 12 times between 2000 and 2009, none of which militarized. The issues involve foreign leaders' reception of the Dalai Lama, foreign arms sales to Taiwan, and disputes in the South and East China Seas. Beginning in 2010, Chinese coercion became more frequent, yet

⁶ Robert J. Art, "The United States and the Rise of China: Implications for the Long Haul," *Political Science Quarterly*, Vol. 125, No. 3 (Fall 2010), p. 359-391; Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W. W. Norton & Co, 2011); Sumit Ganguly and Manjeet S. Pardesi, "Can China and India Rise Peacefully?," *Orbis*, Vol. 56, No. 3 (2012), p. 470-485; National Intelligence Council, "Global Trends 2030: Alternate Worlds," December 2012, NIC 2012-001, https://www.dni.gov/files/documents/GlobalTrends_2030.pdf, accessed May 20, 2018; The White House, "Remarks by President Obama at the University of Queensland," November 15, 2014, <https://www.whitehouse.gov/the-press-office/2014/11/15/remarks-president-obama-university-queensland>, accessed May 20, 2018.

⁷ For data, see appendices II to VI. The cases of coercion here are reactive cases of Chinese coercion. I discuss the distinction between reactive and proactive Chinese coercion more in Chapter 2.

unlike the 1990s, none of the post-2010 cases of Chinese coercion were militarized (except for the border dispute involving India). At the same time, China does not coerce all states that post challenges to its national security. For instance, China coerced the Philippines and Vietnam for South China Sea disputes much more frequently and drastically than Malaysia; China also preferred to coerce major European countries such as Germany and France for their leaders' reception of the Dalai Lama, even though other foreign leaders including those of Australia and the United States have also met with the Dalai Lama. There is therefore both temporal variation and variation in the tools and targets of Chinese coercion.

China is therefore curiously selective in the timing, target, and tools of coercion. My dissertation thus examines when, why and how China attempts to coerce states over threats to its national security. This question entails two parts: 1) when and why does China choose coercion over inaction (defined as not coercing), and 2) if coercion is chosen, what tools does China utilize? I argue that states are more likely to use coercion when the need to establish a reputation for resolve is high and when economic vulnerability cost is low. I also argue that states prefer non-militarized coercive tools such as economic and diplomatic sanctions to military coercion when the geopolitical backlash cost is high. The need to establish a reputation for resolve is the need for other states to view the coercing state as strong and resolved in defending its national security interests. Economic vulnerability is the degree to which the coercing state depends on the target state for markets, supply, and capital, among other resources. Geopolitical backlash cost is the possibility of other states balancing against the coercing state and the immediate risk of militarized escalation involving a great power. The remaining sections of this chapter briefly review the literature, the theory, and the research design, while laying out a roadmap for the entire dissertation.

Section II. A Brief Literature Review and Contributions

China's coercive behavior as shown above, however, has not been systematically studied. China's use of coercion is puzzling in several aspects, because current theories of coercion, rising power behavior, and Chinese foreign policy are inadequate in explaining the variation over time and across space addressed above. First, the coercion literature focuses on evaluating the effectiveness of coercion. As such, it overlooks the question of when states decide to initiate coercion in the first place and therefore cannot answer the question of when China coerces and why it chooses certain coercive tools. This is the main theoretical gap this dissertation seeks to fill, and I will discuss the holes in the coercion literature further in detail in Chapter 2.

Second, the literature on rising powers overlooks the empirical question of how rising powers behave regarding coercion, focusing instead on the grand theorization of war and peace. One strand of the literature on rising power behavior is offensive realism, which predicts that rising powers bide their time and will become increasingly aggressive in pursuit of regional hegemony, as they become more capable. However, offensive realism does not discuss the specific foreign policy behavior when a state is rising, stating instead that its focus is not "on how China will behave in the immediate future, but on how it will act in the longer term when it is far more powerful than it is today."⁸ Similarly, theories of hegemonic wars do not concern the myriad behavior of rising powers in different stages of their rise but zoom in on the far end of statecraft: war. For example, Robert Gilpin argues that "as its relative power increases, a rising state attempts to change the rules governing the international system, the division of the spheres of influence, and, most important of all, the international distribution of territory."⁹ This increase, according to Gilpin, leads the dominant power to counter the challenges from the rising power, resulting in conflicts and

⁸ John J. Mearsheimer, "Can China Rise Peacefully?," *The National Interest*, October 25, 2014, <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>, accessed April 17, 2018.

⁹ Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981), p. 187.

hegemonic wars. Although grand theories of hegemonic wars and rising powers are useful, they cannot explain the specific foreign policy conduct of a rising power.

Moreover, even though the increase in power resources of a rising China would be an intuitive explanation for its use of coercion, the empirical patterns of Chinese coercion do not cleanly accord with the linear prediction of the power variable. That is, the power explanation is incomplete and indeterminate. For one, China coerced both in the 1990s and the late 2000s, and China used military coercion in the 1990s when it was weaker, yet generally refrained from military coercion in the late 2000s when it became stronger. For another, China did not coerce every target state but instead coerced targets selectively, some of which are stronger powers and some of which smaller powers. The power variable is therefore indeterminate in explaining Chinese coercive behavior — it does not explain the kinds of tools that China uses, nor does it explain the selectivity in terms of the targets that China chooses to coerce. In short, many specific foreign policy behaviors while a great power is in the process of rising are left unexplained, including a rising China's coercive behavior.

Third, current theories of Chinese foreign policy behavior do not tackle the issue of non-military and gray-zone coercion, despite China's growing use of such coercive measures. This dissertation draws much inspiration from Taylor Fravel's theory of when China cooperates or escalates into the use of force in territorial disputes.¹⁰ Yet Fravel's theory focuses on two kinds of statecraft – diplomacy and use of force – stating that China tends to escalate in territorial disputes when its claim strength on a particular territory declines (measured by control of territory and power projection capability) and cooperates mostly when faced with internal security threats. There is, however, a rich space between cooperation and escalation to the use of force, i.e., the use of different coercive measures. Fravel's theory does not tackle the question of when China uses

¹⁰ M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton: Princeton University Press, 2008).

coercion, why it chooses one form of coercive tool over another, and only explains one kind of issue, territorial disputes.

Shifting gear to an idealist view on Chinese foreign policy, Manjari Miller argues that a post-imperial ideology drives China's international behavior. China, which has a post-imperial ideology, will first adopt the position of victim and cast those with which it is interacting as victimizers, then justify their actions or international stances by invoking a discourse of oppression and discrimination, and finally adhere to strict concepts of the inviolability of their borders, often related to a desire to regain "lost" territories that they believe were intruded upon by colonialism.¹¹ China may well have or instrumentally use a victim mentality, but this mentality, a constant, does not explain the horizontal and temporal variations in regard to its use of non-military coercion.

Discussions on Chinese grand strategy do not explain Chinese coercion. Structural and domestic factors seem to dictate that China should continue its policy of hiding strength and abiding time (*taoguang yanghui*) instead of engaging in non-military coercion. First, China is rising under the unipolar international structure, which increases the freedom of action of the hegemon as well as the costs of others to balance the hegemon.¹² Following this logic, to continue to rise under unipolarity, China should keep a low profile. In fact, even offensive realist John Mearsheimer believes that China should do whatever it can to signal to the outside world that it has benign intentions because it is currently "constrained by the global balance of power, which is clearly

¹¹ Manjari Chatterjee Miller, *Wronged by Empire: Post-Imperial Ideology and Foreign Policy in India and China* (Stanford: Stanford University Press, 2013), p. 2, 25.

¹² Zhou Fangyin, "Zhongguo jueqi, yatai geju yanbian yu daguo zhanlue de tiaozheng [China's rise, changes in East Asian balance of power and the Asia-Pacific strategies of great powers]," in Zhou Fangyin ed., *Daguo de yatai zhanlue [Asia-Pacific Strategies of Great Powers]* (Beijing: Social Sciences Academic Press, 2013), p. 12; Interview with a Chinese scholar, Beijing, January 7, 2015; their reasoning is similar to Wohlforth: "[n]o other major power is in a position to follow any policy that depends for its success on prevailing against the United States in a war or an extended rivalry." See William Wohlforth, "The Stability of a Unipolar World," *International Security*, Vol. 2, No. 1 (Summer 1999), p. 7-8.

stacked in America's favor."¹³ Second, China seeks to tailor its foreign policies towards domestic reform and development, and because of this internal focus, China tries to "reduce the ability or willingness of other nations, singularly or collectively, to contain or constrain China's revitalization."¹⁴ This domestic focus, according to Michael Glosny, indicates that China should adopt a reassurance strategy to show benign intentions.¹⁵ Yet we still see a growing trend of Chinese use of non-military coercion, which is not exactly reassuring. Chinese behavior therefore seems to be caught in the middle: unlike the imperative of reassurance under unipolarity, China uses coercion over some issues; yet China does prefer non-military or gray-zone ones to militarized coercion. The above theories cannot explain when and why China uses coercion. This dissertation would thus like to answer this question of when, why, and how China coerces. The following paragraphs briefly discuss the theoretical and empirical contributions of this dissertation.

Contribution to the coercion literature: First, the current coercion literature in international relations under-theorizes the cost-benefit calculus of the coercer (i.e., the state that initiates coercion) and, by extension, the conditions under which states choose coercion over inaction.¹⁶ I will therefore zoom in on the specific cost-benefit calculus of the coercer, and tease out what kinds of costs and benefits are associated with coercion. Moreover, I seek to explain states' choices of coercive tools, with particular attention to non-militarized coercion. I focus on China because for

¹³ John J. Mearsheimer's new concluding chapter of the book *The Tragedy of the Great Power Politics*. This version appears on the website of *National Interest* on October 25th, 2014, http://nationalinterest.org/commentary/can-china-rise-peacefully-10204?utm_source=The+Sinocism+China+Newsletter&utm_campaign=652cda5466-Sinocism11, accessed February 21, 2015.

¹⁴ Evan S. Medeiros, "China's International Behavior. Activism, Opportunism, and Diversification," *Rand Project Air Force*, 2009, p. xviii, http://www.rand.org/content/dam/rand/pubs/monographs/2009/RAND_MG850.pdf, accessed April 17, 2014.

¹⁵ Michael A. Glosny, "Grand Strategies of Rising Powers: Reassurance, Coercion, and Balancing Responses" (Ph.D. Dissertation, Cambridge: Massachusetts Institute of Technology, 2012); Reinhard Wolf, "Rising Powers, Status Ambitions, and the Need to Reassure: What China Could Learn from Imperial Germany's Failures," in *The Chinese Journal of International Politics*, Vol. 7, 1-4 [Reader] (2014).

¹⁶ In the theory chapter – Chapter 2 – I will have a thorough discussion of the literature and my contribution to the coercion literature.

one, its foreign policy behavior is significantly relevant for the prospect of peace and stability in the Asia-Pacific region; for another, China provides an excellent opportunity for studying contemporary rising powers.

Contribution to the study of Chinese Foreign Policy: This dissertation also seeks to fill the empirical gap in the study of Chinese foreign policy in the following respects. First, it attempts to provide a comprehensive empirical coding of Chinese coercive behavior since 1990. Second, my dissertation taps into the unresolved debate regarding whether China is a revisionist and assertive power. Iain Johnston, for example, wrote in 2003 that China is by and large a status quo power, as seen by its growing participation rate in international organizations and adherence to international norms such as the free trade regime.¹⁷ In terms of Chinese behavior in the South China Sea, Johnston stated that China in the last five years or so (ending in 2003) was more moderate than it was in the early 1990s, concluding that “the analytical problem needs to be recognized that the scope of China’s revisionist claims is not obvious and that the current empirical evidence about these claims is, at best, ambiguous.”¹⁸ Following this line of reasoning, Johnston maintained in 2013 again that “the new assertiveness meme underestimates the degree of assertiveness in certain policies in the past, and overestimates the amount of change in China’s diplomacy in 2010 and after.”¹⁹ From Johnston’s perspective, much of China’s diplomacy in 2010 exhibits continuity. This debate of assertiveness versus status quo orientation and continuity versus change continues into 2014, with Chinese and foreign experts on Chinese foreign policy discussing whether Chinese foreign policy in recent years experiences transformation.²⁰

¹⁷ Alastair Iain Johnston, “Is China a Status Quo Power?,” *International Security*, Vol. 27, No. 4 (Spring 2003), p. 5–56.

¹⁸ *Ibid.*

¹⁹ Alastair Iain Johnston, “How New and Assertive Is China's New Assertiveness?,” *International Security*, Vol. 37, No. 4 (2013 Spring), p. 7-48.

²⁰ *The Chinese Journal of International Politics*, Vol. 7, 2014, 1–4 [Reader].

However, neither side of the debate – those arguing for assertiveness and change and those arguing for status quo and continuity – provide a concrete coding of assertiveness or lack thereof. Johnston is right in calling for a clear definition and indicators of assertiveness.²¹ Yet Johnston himself is vague as to what constitutes assertiveness.²² Chinese behavior in its core national security interests may as well parallel Wuthnow et al.'s characterization of its behavior in multilateral policy.²³ That is, just as China is assertive in some multilateral arrangements but status quo and passive in others, China may be assertive to some states but not to others, in some periods but not in other periods. Without a clear coding of Chinese coercive behavior, it is difficult to engage in a meaningful debate regarding assertiveness and changes in Chinese foreign policy. No one has yet cataloged Chinese non-military or gray-zone coercion yet: Reilly did catalog Chinese economic sanctions, but it is not comprehensive and does not cover the full spectrum of Chinese coercive diplomacy.²⁴ As such, this dissertation attempts to answer this empirical question by analyzing one

²¹ Johnston, "How New and Assertive Is China's New Assertiveness?;" for those who argue that China is becoming more assertive, see Christopher Hughes, "Reclassifying Chinese Nationalism: the geopolitik turn," *Journal of Contemporary China*, Vol. 20, Issue 71 (2011), p. 601-620; William A. Callahan, "China's Strategic Futures," *Asian Survey*, Vol. 52, Issue 4 (2012), p. 617-642; Michael Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China*, Vol. 22, Issue 81 (2013), p. 446-459; Suisheng Zhao and Xiong Qi, "Hedging and Geostrategic Balance of East Asian Countries toward China," *Journal of Contemporary China*, Vol. 25, Issue 100 (2016), p. 485-499.

²² Chen and Pu's new definition of assertiveness is equally vague. They define three kinds of assertiveness: (1) offensive assertiveness, or a great power's use of coercion to expand its interest and influence without provocation from other countries; (2) defensive assertiveness, in which a great power's capability and willingness to defend its current interests are growing, yet it seeks only to defend – not expand – those interests; and (3) constructive assertiveness, according to which a great power assumes a leadership role to solve regional and global problems. See Dingding Chen and Xiaoyu Pu and Alastair Iain Johnston, "Correspondence: Debating China's Assertiveness," *International Security*, Vol. 38, No. 3 (Winter 2013/14), p. 177.

²³ See Wuthnow et al., "Diverse Multilateralism: Four Strategies in China's Multilateral Diplomacy," *Journal of Chinese Political Science*, Vol. 17, Issue 3 (September 2012), p. 269-290.

²⁴ James Reilly, "China's Unilateral Sanctions," *The Washington Quarterly*, Vol. 35, Issue 4 (2012), p. 121-133. There are a few scholars who have studied Chinese economic sanctions, yet they tend to focus on the evaluation of the effectiveness and effects of Chinese sanctions. See Tong Zhao, "Sanction Experience and Sanction Behavior: an Analysis of Chinese Perception and Behavior on Economic Sanctions," *Contemporary Politics*, Vol. 16, No. 3 (September 2010), p. 263-278; Andreas Fuchs and Nils-Hendrik Klann, "Paying a Visit, the Dalai Lama Effect on International Trade," Number 113-Oct 2010, Center for European, Governance and Economic Development Research, Discussion papers; James Reilly's analysis for the Lowy Institute for International Policy, November 23, 2013, at <http://lowyinstitute.org/publications/chinas-economic-statecraft-0>, accessed February 11, 2014.

slice of Chinese foreign policy behavior – its use of coercion – so as to provide a comprehensive coding of Chinese coercion, as a form of assertiveness, since the 1990s.²⁵

Section III. Theory and Research Design

Drawing on insights from literatures regarding credibility and reputation, economic statecraft, and coercion, my dissertation offers the cost balancing theory to explain coercion decisions. I first discuss issue importance and then conceptualize the benefits and costs of coercion. I code each of the costs and benefits as either high or low. The core benefit of coercion is the need to establish a reputation for resolve, which is the need to be viewed as strong and credible by other states, that is, to have a reputation for resolve. States fear that if they do not coerce, they might be viewed as weak and unwilling to deter future transgressions. Consequently, states might not be considered as credible by other states, which could lead such states to encroach upon their national security in the future. Thus, one potential benefit of coercion is for states to establish a reputation for resolve in defending national security interests. Of course, hoping coercion can help establish a reputation for resolve does not necessarily mean coercing states will automatically gain a reputation for resolve. My dissertation focuses on when, why, and how states coerce, not evaluating the effectiveness of coercion.

The major cost of coercion is economic vulnerability cost, which is the cost of negative disruption to bilateral economic relations, such as losing markets or supply. A secondary cost is geopolitical backlash cost, which is the cost of other states balancing against the coercing state if

²⁵ Johnston states that the assertiveness concept is not useful and is more of a meme in the popular media. Nevertheless, given that the assertiveness concept features in the foreign policy debate of U.S. policymakers, there is still purchase in clarifying and specifying the concept.

coercion is used. Balancing is the creation or aggregation of military power through internal mobilization or the forging of alliances to prevent the political and military domination of the state by a foreign power or coalition. By geopolitical backlash, I mean concerns about balancing as expressed by Stephen Walt, who argues that states tend to balance against threats instead of bandwagoning.²⁶ If coercion is applied, the target state or its neighbors might interpret coercion as threats. So if the coercer is aware of this logic, it will be concerned about geopolitical backlash when deciding whether to use coercion – the target might side with other states against the coercer, especially by drawing in external great powers with whom the target has military alliances. This could lead a conflict to escalate into military confrontation. As such, states might not want to use military coercive tools for fear that the target state would bring in its great-power ally.

The cost balancing theory thus predicts the following. For issues of the same stake, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if issue importance is high. Third, states are much more likely to choose non-militarized coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion because of the geopolitical backlash cost. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns about the geopolitical backlash cost. Fifth, all else equal, states are more likely to use military coercion when issue importance is high. In short, the need to establish a reputation for resolve and economic vulnerability cost matter for when and why states use coercion, whereas geopolitical backlash cost is relevant for the selectivity of targets and tools of coercion.

²⁶ Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1983).

Regarding research methods, I first created a qualitative database for all cases in three issue areas – territorial disputes, Taiwan, and Tibet. I then conduct congruence tests to explain the general patterns of Chinese coercion and use process tracing to analyze case studies. To identify causal mechanisms and rule out alternative explanations, I will use Mill’s most similar-case selection method, combined with congruence testing and process tracing. For a country that is a potential target for China’s coercion, I analyze why China initiates coercion in one period but not in other periods. For comparable countries, I examine why China coerces one but not the other. Through process tracing, I can control for cross-national and temporal differences, which helps me determine what explains when, why, and how China uses coercion.

Section IV. Overview of the Dissertation

Following this introductory chapter, Chapter 2 is the theory chapter and discusses in depth the literature, the theory that I am proposing, coding and observable implications, and alternative explanations. Chapter 3 is the methodology chapter where I discuss the research design, methodology, the data, and coding rules.

Chapters 4-5 are the empirical chapters that cover Chinese coercion in the South China Sea. Chapter 4 examines overall trends of Chinese coercion in the South China Sea. In Chapter 4, I find that China used coercion in the 1990s because of the high need to establish a reputation for resolve and low economic vulnerability cost. China especially used militarized coercion in this period, because the U.S. withdrawal from the Subic Bay in Southeast Asia and focus on Europe reduced China’s geopolitical backlash cost of using coercion. China refrained from coercion in the 2000-2006 period because of the high economic vulnerability cost and low need to establish a reputation

for resolve. China began to use coercion again after 2007, but because of the increasing geopolitical backlash cost since the post-2000 period, Chinese coercion remains non-militarized. Chapter 5 process traces three cases – the Sino-Philippine Mischief Reef incident in 1995, the Sino-Philippine Scarborough Shoal incident in 2012, and the Sino-Vietnamese oilrig incident in 2014 – and demonstrate that the mechanisms of the cost balancing theory are present in case studies.

Chapter 6 focuses on Chinese coercion in the East China Sea, where China has maritime territorial and jurisdictional disputes with Japan. I explain the trend of Chinese coercion in the East China Sea while conducting three in-depth case studies: the first Chinese entry into the territorial waters of the disputed Senkaku Islands in 2008, the Sino-Japan boat clash incident of 2010, and the incident of the Senkaku nationalization in 2012. I show that except for the 2008 case, the cost-balancing behavior explains Chinese coercion in the East China Sea.

Chapter 7 looks at Chinese coercion regarding Taiwan, involving the foreign arms sales to Taiwan and the Taiwan Strait Crisis of 1995 and 1996. This chapter demonstrates the centrality of the issue importance variable in incidents involving Taiwan and shows that the cost-balancing theory travels beyond territorial disputes.

Chapter 8 turns to Chinese coercion regarding foreign leaders' reception of the Dalai Lama, the Tibetan spiritual leader. This chapter indicates that the cost-balancing theory does not apply only to territorial disputes or Taiwan, but also can generalize to more political issues such as the Dalai Lama visits.

Chapter 9, the last empirical chapter, examines the Sino-Indian land border disputes. I show that the cost balancing theory holds in the Sino-Indian disputes and contrast Chinese coercion regarding Sino-Indian border disputes with Chinese coercion in South China Sea cases.

Chapter 10 concludes. I briefly recap the theory and arguments, extend the theory to other issue areas in Chinese foreign policy and the behavior of other states, and finally discuss the implications of my dissertation for the study of international relations and Chinese foreign policy.

Chapter 2

The Cost Balancing Theory

Section I. Introduction

As stated in Chapter 1, my dissertation examines when, why and how China attempts to coerce states over threats to its national security. This question entails two parts: 1) when and why does China choose coercion over inaction (defined as not coercing), and 2) if coercion is chosen, what tools does China utilize and why? Both the “when” and “how” questions are equally important when it comes to explaining coercion decisions. Coercion, which I will define in detail in section III, is the use or threats of negative actions to force a behavioral change in the target. I explain coercion decisions with the cost balancing theory. For the same issue, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if the importance of the issue is highest. Third, states are much more likely to choose non-militarized coercive tools when the geopolitical backlash cost is high. In short, the need to establish a reputation for resolve and economic vulnerability cost matter for when and why states use coercion, whereas geopolitical backlash cost is crucial for explaining choices over coercive tools.

The structure of this chapter is as follows. Section II conducts a brief literature review and lays out the potential contributions this dissertation seeks to make. Section III discusses the conceptualization of the dependent variable. Section IV introduces the theory and alternative explanations. Section V discusses the measurement of the dependent variable, the independent

variable, and the observable implications. Section VI concludes and provides a roadmap to the remaining chapters of this dissertation.

Section II. Literature Review and Potential Contributions

This section addresses the gaps in the coercion literature and the potential contributions this dissertation seeks to make, in regard to the empirical study of Chinese foreign policy and the policy relevance of understanding specific Chinese foreign policy behavior.

The Literature on Coercion

The coercion literature under-theorizes the conditions under which states choose coercion over inaction. The coercion literature also fails to provide a theory of why states choose certain coercive tools over others, zeroing in on individual tools of coercion without noticing that states face myriad choices. Further, the literature has leaned heavily towards understanding military coercion, thus leaving an empirical gap regarding non-military coercion as well as the full spectrum of coercion choices. In short, the central puzzle — when states decide to coerce and what means states use when employing coercion — has not been adequately studied. This section elaborates on these three points and identifies the potential contributions of this dissertation.

Lack of focus on decisions to coerce: First, the literature focuses on the effectiveness of coercion, under-theorizing when states choose to engage in coercion over inaction. For Thomas

Schelling, coercive diplomacy is based on the power to hurt and exploits enemy's fears.¹ In this sense, Schelling focuses on understanding the credibility of the power to hurt, which in turn has to do with the pain or potential pain inflicted upon the target state. That is, Schelling mainly analyzes the effectiveness of coercive diplomacy, with attention to the actual or potential cost to the target state. Following Schelling's steps, Alexander George states that the central task of coercive diplomacy is to "create in the opponent the expectation of costs of sufficient magnitude to erode his motivation to continue what he is doing."² George's goal, therefore, is to systemize the instrument of coercive diplomacy so as to articulate a policy-relevant theory of coercive diplomacy.³ In this vein, George is similar to Schelling regarding the focus on the effectiveness of coercive diplomacy, presumably for policymakers in the United States. As such, George develops the theory of coercive diplomacy in which policymakers must make decisions regarding the four variables: demand, sense of urgency, credible punishment, and positive inducement.⁴

Unsurprisingly, this fixation on identifying costs to the target state has led scholars analyzing different forms of coercion to further dissect the kinds of costs to the target state. Pape, for example, uses the cost-benefit calculus on the part of the target state to explain the success or failure of military coercion.⁵ Robert Pape maintains that coercion, at least in conventional wars, succeeds when force is used to exploit the opponent's military vulnerabilities, thereby making it

¹ Thomas C. Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966).

² Alexander L. George, *Forceful Persuasion: Coercive Diplomacy as an Alternative to War* (Washington D.C.: United States Institute of Peace, 1991), p. 11. Similarly, Daniel Byman and Matthew Waxman make the point that the mechanism for coercion is the process by which the threat of infliction of costs generates adversary responses, and the outcome is the overall goals the coercer seeks. See Daniel Byman, Matthew Waxman, *The Dynamics of Coercion: American Foreign Policy and the Limits of Military Might* (Cambridge: Cambridge University Press, 2002), p. 28.

³ Jack S. Levy, "Deterrence and Coercive Diplomacy: The Contributions of Alexander George," *Political Psychology*, Vol. 29, No. 4, 2008, p. 537-552.

⁴ Alexander L. George, "Coercive Diplomacy: Definition and Characteristics," in Alexander L. George and William E. Simons eds., *The Limits of Coercive Diplomacy* (Boulder: Westview Press, 1994), p. 16.

⁵ Robert A. Pape, *Bombing to Win: Air Power and Coercion in War* (Ithaca: Cornell University Press, 1996).

infeasible for the opponent to achieve its political goals by continued military efforts.⁶ Even Kelly Greenhill, who identifies a new form of non-conventional coercion, coercive engineered migration, emphasizes the costs to the target. For Greenhill, coercive engineered migration is a form of punishment strategy, in which challengers on the international level seek to influence the behavior of their targets by exploiting the existence of competing domestic interests within the target state(s) and by manipulating the costs or risks imposed on the civilian populations.⁷ One particular cost that Greenhill identifies is the "hypocrisy cost" – international moral censure if the target does not take in the displaced population – imposed on the target state. This kind of hypocrisy cost is intangible and thus differs from Pape's cost of military defeat. Nevertheless, hypocrisy cost could still adversely affect the target state's international image and thus change its behavior. Similarly, Daniel Drezner, who focuses on economic sanctions, states that economic sanctions imposed on one's adversary rarely succeed, because the cost of the target backing down is too high.⁸ Although Allison Carnegie makes the general claim that states are more willing to exercise coercive diplomacy towards their partners when they experience political tensions, Carnegie focuses her analysis on the effects of coercive diplomacy.⁹

As such, starting from Schelling, the coercion literature privileges the analysis of the costs to the target state, which in turn leads to a rich sub-literature in evaluating the effectiveness of economic sanctions, one form of coercion. The first wave of studies in the 1960s and 1970s concludes that economic sanctions are ineffective: they fail to induce policy changes in the target.¹⁰

⁶ *Ibid.*, p. 1.

⁷ Kelly M. Greenhill, *Weapons of Mass Migration: Forced Displacement, Coercion, and Foreign Policy* (Ithaca: Cornell University Press, 2010).

⁸ Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge: Cambridge University Press, 1999), p. 41.

⁹ Allison Carnegie, *Power Plays: How International Institutions Reshape Coercive Diplomacy* (Cambridge: Cambridge University Press, 2015).

¹⁰ See, for example, Margaret Doxey, "International Sanctions: A Framework for Analysis with Special Reference to the UN and Southern Africa," *International Organization*, Vol. 26, No. 3, (Summer 1972), p. 527-550; Peter Wallenstein, "Characteristics of Economic Sanctions," *Journal of Peace Research*, Vol. 5, No. 3

Subsequent scholars argue that sanctions send signals to both the target and the coercer's allies and may therefore achieve goals other than inducing behavioral changes.¹¹ Recent scholars specify the conditions under which economic sanctions are effective.¹² Looking at terrorism as an alternative, Max Abrahms argues that escalatory acts that add credibility to the threat of coercion paradoxically subtract credibility of the coercer's promise, thereby reducing the political utility violent coercion.¹³

This overemphasis on the effectiveness of different kinds of coercion and the costs to the target state, however, has resulted in less effort to explain the cost-benefit calculus of the coercer in choosing to coerce as well as the conditions leading to coercion. The literature studies the costs and benefits of coercion from the perspective of when coercion becomes more or less effective, yet the literature overlooks when and why states make decisions to coerce in the first place. Even though

(1968), p. 248-267; Johan Galtung, "On the Effects of International Economic Sanctions, with Examples for the Case of Rhodesia," *World Politics*, Vol. 19, No. 3 (1967), p. 378-416.

¹¹ See Baldwin, *Economic Statecraft*. Kim Richard Nossal argues that sanctions also serve irrational and expressive purposes. See Kim Richard Nossal, "International Sanctions as International Punishment," *International Organization*, Vol. 43, No. 2 (Spring 1989), p. 301-322.

¹² Pape (1997) and Morgan and Schwebach (1997) argue that sanctions do not work and even if the target changed behavior after sanctions, it may not be caused by economic sanctions. See Robert A. Pape, "Why Economic Sanctions Do not Work," *International Security*, Vol. 22, No. 2 (Autumn 1997), p. 90-136; T. Clifton Morgan and Valerie L. Schwebach, "Fools Suffer Gladly: the Use of Economic Sanctions in International Crises," *International Studies Quarterly*, Vol. 41, No. 1, (March 1997), p. 27-50. Drezner (1999) argues that sanctions are rarely effective because they tend to involve adversaries. See Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations*. See Gene Gerzhoy, "Alliance Coercion and Nuclear Restraint: How the United States Thwarted West Germany's Nuclear Ambitions," *International Security*, Vol. 39, No. 4 (Spring 2015), p. 91-129. Gerzhoy argues that the effectiveness of alliance coercion as a nonproliferation tool depends on two factors: first, the client must be militarily dependent on the patron, and second, the patron must provide assurances that threats of abandonment are conditional on the client's nuclear choices. For more recent works regarding when economic sanctions are likely to be effective in particular, see Taehee Whang et al., "Coercion, Information, and the Success of Sanction Threats," *American Journal of Political Science*, Vol. 57, No. 1 (January 2013), p. 65-81; Navin A. Bapat and Bo Ram Kwon, "When Are Sanctions Effective? A Bargaining and Enforcement Framework," *International Organization*, Vol. 69, Issue 1 (Winter 2015), p. 131-162; Kenneth A. Rodman, *Sanctions Beyond Border: Multinational Corporations and U.S. Economic Statecraft* (Lanham: Rowman & Littlefield, 2001); and O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism* (Washington D.C.: Brookings Institution Press, 2003).

¹³ Max Abrahms, "The Credibility Paradox: Violence as a Double-Edged Sword in International Politics," *International Studies Quarterly*, Vol. 57, Issue 4 (2013), p. 660-671. Other more recent articles explaining the ineffectiveness of militarized coercion include Alexander B. Downes and Todd S. Sechser, "The Illusion of Democratic Credibility," *International Organization*, Vol. 66, Issue 3 (July 2012), p. 457-489; Graeme A. M. Davies, "Coercive Diplomacy Meets Diversionary Incentives: The Impact of US and Iranian Domestic Politics during the Bush and Obama Presidencies," *Foreign Policy Analysis*, Vol. 8, Issue 3 (2012), p. 313-331.

coercion works via costly signals created by the coercer, one cannot assume that coercion takes place automatically when the coercer is faced with national security threats. After all, the costs associated with using coercion may be too high for the state to decide to use coercion in the first place. It is true that the literature discusses also costs to the coercer, including audience costs. Yet such costs are discussed in a scenario *after* a decision or announcement to use coercion has been made – in other words, audience costs are related to whether one backs down from a threat or not in the crisis bargaining literature. The literature does not analyze in detail the conditions leading states to use coercion, nor does it examine why the coercer target particular states but not others. As Michael Hiscox rightly notes, one issue that the literature does not address is the question of why or when policymakers decide to use sanctions.¹⁴

Within the coercion literature, some scholars do explicitly or implicitly tackle the question of sanctions decisions and are divided into two camps. The first camp adopts a cost-benefit framework with unitary actor assumption. Baldwin, for example, stresses the cost-benefit analysis of sanctions vis-à-vis diplomatic and military measures. He theorizes that states choose economic sanctions over military actions because economic statecraft is an "appealing combination of costs that are high enough to be effective yet low enough to be bearable."¹⁵ Similarly, Drezner utilizes the cost-benefit framework to compare the costs imposed on the coercer vis-à-vis the target. According to Drezner's theory of conflict expectations, states are more likely to impose sanctions on adversaries. The coercer will rationally impose sanctions if and only if there are concerns about relative gains and reputation, which are greatest when the two states anticipate political conflicts and view their relations as zero-sum (i.e., adversarial). Therefore, as conflict expectations increase, so do concerns for relative gains, making sanctions more likely.¹⁶ Also looking at economic

¹⁴ Michael J. Hiscox, "Balancing Act: The Political Economy of U.S. Trade Sanctions," *SSRN Abstract* (June 2009).

¹⁵ Baldwin, *Economic Statecraft*, p. 108.

¹⁶ Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations*, p. 41.

sanctions, Valentin Krustev concludes that senders demand more substantial policy changes from targets in weaker bargaining positions, because of lower costs of imposing sanctions and higher costs of bracing sanctions.¹⁷ Writing on the effectiveness of military coercion, Branislav Slantchev argues that states balance between the utility of military coercion and the high costs of using military coercion, implying that states make a rational cost-benefit calculation when considering military coercion.¹⁸

The second camp of scholars focuses on domestic factors. This line of reasoning holds that sanctions are disruptions of international trade and therefore have domestic distributional consequences. Hiscox argues that sanctions are influenced by lobby groups: the U.S. Congress and presidents are more likely to impose trade sanctions when domestic producers face more competition from imports from the target and when these producers depend less on exports to the target.¹⁹ Alternatively, M.S. Daoudi and Dajani view sanctions as safety valves: leaders impose sanctions to appease the public when the target violates values the domestic audience holds dear, which speaks to "democratizing" sanctions.²⁰

These scholars provide a good start for analyzing coercion initiation, yet more can be done. First, the actual costs and benefits of the coercer are underspecified.²¹ Slantchev, Krustev, Drezner,

¹⁷ Valentin L. Krustev, "Strategic Demands, Credible Threats, and Economic Coercion Outcomes," *International Studies Quarterly*, Vol. 54, Issue 1(2010), p. 148.

¹⁸ Branislav L. Slantchev, *Military Threats: The Costs of Coercion and the Price of Peace* (Cambridge: Cambridge University Press, 2011), p. 148.

¹⁹ Michael J. Hiscox, "Balancing Act: The Political Economy of U.S. Trade Sanctions." See also A. Cooper Drury, "Sanctions as Coercive Diplomacy: The U. S. President's Decision to Initiate Economic Sanctions," *Political Research Quarterly*, Vol. 54, No. 3 (September 2001), p. 485-508; Jonathan Markowitz, "Prices or Power Politics: When and Why States Coercively Compete over Resources," in Kelly Greenhill and Peter Krause eds., *Coercion, Continuity and Change in International Politics* (Oxford: Oxford University Press, 2018).

²⁰ M.S. Daoudi and M.S. Dajani, *Economic Sanctions, Ideals and Experience* (London: Routledge & Kegan Paul, 1983).

²¹ In a similar vein, in the expected utility theory of international conflict, Bruce Bueno de Mesquita only states that the more states they believe they stand to gain, the more likely they are to use force in pursuit of their objective. Yet he does not specify what gains and loss are involved. See Bruce Bueno de Mesquita, "The Contribution of Expected Utility Theory to the Study of International Conflict," *The Journal of Interdisciplinary History*, Vol. 18, No. 4, The Origin and Prevention of Major Wars (Spring 1988), p. 635.

and Baldwin do not clearly define or specify the concept of costs. For Drezner, the coercer has to believe that sanctions cost its adversary more than they do itself, but when applying his model, he finds that states impose sanctions when the model predicts that they should not. For example, U.S. sanctions on the Soviet Union for invading Afghanistan and sanctions on its ally, Western Europe, for non-compliance with sanctions on the Soviet Union. He explains this divergence with the coercer's "misperceptions" regarding the costs: it is a mistake to sanction the Soviet Union and Western Europe, but *after* that mistake, states follow his model. It is surprising that Drezner uses irrationality to square his rationalist model with the reality. One reason why his model fails to predict sanctions decisions may be that he does not specify the coercer's cost calculus in his theoretical discussion. In his empirical cases, Drezner calculates the *economic costs* to the coercer, but leaders may also consider other costs such as domestic audience cost. U.S. sanctions decisions might not be irrational mistakes, but a result of a differential emphasis on the specific costs involved. That is, there may also be specific benefits of coercion.²²

Slantchev and Baldwin are similarly vague as to the *content* of costs. Although Baldwin states that geography, image, and history matter and that sanctions are less costly than military action, it is unclear what costs sanctions generate or what matters more to states in reality. Moreover, these scholars seem to take a static view of costs, yet there might be changing dynamics of costs to the coercer over time, i.e., the costs of coercion versus the benefits of coercion may shift as the state rises. Finally, neither Baldwin nor Drezner spells out the benefits of coercion compared to inaction. Similar to a dynamic view of costs, rising powers' interests might expand in accordance with economic growth, thereby changing the benefit calculus of coercion.

²² In addition, Drezner's conflict expectations approach focuses on the dichotomy of adversaries and allies. His theory is in essence about cost calculus, yet he uses alignment and "enduring rivalry" to measure conflict expectations and makes clear that whether two states are allies or adversaries is critical for his argument. In the post-Cold War era, however, one rarely sees strictly adversarial relationships. Moreover, Drezner's conflict expectations model, applied to the post-Cold War period, explains neither the pattern of growing Chinese coercion nor China's selective targeting: after all, China never applies coercion against the United States, with whom it probably expects the most conflicts in the future.

Second, for scholars focusing on domestic politics, they do pay keen attention to specific internal costs of coercion or inaction. Yet they tend to focus on the United States as the case or Western democracies writ large. Their cases tend to be either the hegemon – the United States – or the OECD countries. The domestic dynamics of these countries, however, can be quite different from countries such as China, an authoritarian state rising in what it perceives to be an adverse unipolar international system. As such, while domestic costs matter, the kinds of domestic costs that China faces could be drastically different from those of the Western democracies. For example, in contrast to Daoudi and Dajani’s coercion for value concerns, China is highly unlikely to impose sanctions for purposes of advancing universal values. More importantly, there is a curious disconnect between Drezner and the domestic-focused scholars in that Drezner focuses on the strategic calculation of the coercer whereas scholars such as Hiscox argue for the importance of domestic interest groups. Yet from a neo-classical realist point of view, it is logical to assume that coercion carries with it *both* domestic and strategic calculations.

Thirdly, the literature does not explicitly identify what is the core benefit of coercion. It is true that states use coercion to force the target to change behavior, yet as I will argue below in the theory section, one crucial perceived benefit of coercion – in addition to enforcing behavior changes – is the possibility of establishing a reputation for resolve. That is, using coercion helps establish the coercer’s reputation for resolve in defending its security interests. In particular, past actions of coercion constitute a critical aspect to maintaining the coercer’s reputation for resolve.

As such, the coercion literature under theorizes states’ decisions to employ coercion in the first place. The literature especially pays inadequate attention to dissecting the particular costs and benefits that coercion brings to the coercer, without which it is difficult to gauge when and why coercion takes place at all. This dissertation therefore intends to fill this gap by specifying the costs

and benefits of the coercer when it is making coercion decisions, especially weaker coercers faced with a constrained international environment.

Lack of examination of the full range of coercive tools: second, related to the abovementioned gap, the literature focuses on particular tools of coercion. Yet in reality, when state leaders make decisions about what actions to take, they take into account a range of policy choices, including whether to take action or not and what tools of coercion to choose if action should be taken. Benjamin Most and Harvey Starr initiate the discussion on foreign policy substitutability, that is, the possibility of states substituting one foreign policy means for another.²³ Although arguing that similar factors may lead to distinct foreign policy responses, they do not identify why different means are employed for the same issue. Similarly, Baldwin correctly indicates that from the standpoint of the decision maker, information about the costs and benefits of one kind of statecraft is useless without implicit or explicit assumptions about the pros and cons of alternatives – the concepts of costs and benefit imply the existence of alternative options.²⁴ The statements of Most, Starr, and Baldwin are pioneering, yet they do not provide a theory of state's choices when faced with different kinds of choices of statecraft. The subsequent literature on foreign policy substitutability is inadequate, only pointing out general hypotheses such as “an increase in the state's relative capabilities will increase resources to all foreign policies” and “when the efficiency of one policy increases, resources given to other policies should decline.”²⁵ David Lektzian and Christopher Sprecher tackle the question of substitutability and argue that economic sanctions

²³ Benjamin A. Most and Harvey Starr, "International Relations Theory, Foreign Policy Substitutability, and 'Nice' Laws," *World Politics*, Vol. 36, Issue 3 (1984), p. 383-406.

²⁴ Baldwin, *Economic Statecraft*, p. 15; see also, David Baldwin, "Success and failure in foreign policy," *Annual Review of Political Science*, Vol. 3 (2000), p. 167-182.

²⁵ See T. Clifton Morgan and Glenn Palmer, "A Model of Foreign Policy Substitutability: Selecting the Right Tools for the Job(s)," *The Journal of Conflict Resolution*, Vol. 44, No. 1 (2000), p. 11-32; also, Charles F. Hermann, "Changing Course: When Governments Choose to Redirect Foreign Policy," *International Studies Quarterly*, Vol. 34, No. 1 (1990), p. 3-21.

increase the probability that an ensuing militarized conflict will occur.²⁶ Nevertheless, because their study is a large N statistical test, it is unclear what the specific rationale of the coercing state is, nor does their study explain the circumstances when economic sanctions do not proceed military use of force. Other studies on foreign policy substitution similarly focus on the foreign policy behavior of OECD countries such as the United States and the UK, for example, explaining U.S. intervention strategies and the British government's choices between cooperation and belligerence, and do not tackle the question of why states choose different coercive tools.²⁷

Drezner acknowledges policy alternatives to economic sanctions, but mainly deals with the dichotomous choices between economic sanctions and economic inducement, stating that “carrots are not feasible because of the high transaction costs involved in making political exchanges in an anarchic world.”²⁸ However, Drezner does not take seriously other kinds of policy choices, such as inaction, military coercion, and other forms of coercion, i.e., diplomatic sanctions, economic sanctions, and gray-zone coercion (defined as the use of civilian law enforcement to force the target to change behavior). Scholars such as Slantchev, Pape, Greenhill, and Tara Maller, while innovative by analyzing specific military and non-conventional forms of coercion, respectively, are limited precisely because they zoom in on the particular kinds of coercive measures, thereby failing to paint a complete picture of why the coercer resorts to one particular or several kinds of coercion in

²⁶ David J. Lektzian and Christopher M. Sprecher, “Sanctions, Signals, and Militarized Conflict,” *American Journal of Political Science*, Vol. 51, No. 2 (2007), p. 415-431.

²⁷ Patrick M. Regan, “Substituting policies during US interventions in internal conflicts - A little of this, a little of that,” *Journal of Conflict Resolution*, Vol. 44, Issue 1, p. 90-106; Graeme A.M. Davies and Robert Johns, “The domestic consequences of international over-cooperation: An experimental study of microfoundations,” *Conflict Management and Peace Science*, Vol. 33, Issue 4 (2016), p. 343-360. See also, David H. Clark, “Trading Butter for Guns: Domestic Imperatives for Foreign Policy Substitution,” *The Journal of Conflict Resolution*, Vol. 45, No. 5 (2001), p. 636-660; David H. Clark and William Reed, “The strategic sources of foreign policy substitution,” *American Journal of Political Science*, Vol. 49, Issue 3 (2005), p. 609-624.

²⁸ Daniel Drezner, “The trouble with carrots: Transaction costs, conflict expectations, and economic inducements,” *Security Studies*, Vol. 9, Issue 1-2 (1999), p. 188-218. For similar topics, see David Cortright, ed., *The Price of Peace: Incentives and International Conflict Prevention* (Lanham: Rowman and Littlefield, 1997); Richard Haass and Meghan O’Sullivan eds., *Honey and Vinegar: Incentives, Sanctions, and Foreign Policy* (Washington, DC: Brookings Institution Press, 2000).

the first place.²⁹ A more recent book by Kai He considers Chinese crisis behavior, yet He's definition of coercion only includes diplomatic and military coercion.³⁰ Therefore, this dissertation plans to follow Baldwin's lead by explaining a state's choices when faced with a full spectrum of policy choices to deal with perceived threats of national security, i.e., the decisions of whether to use coercion or remain passive, what coercive tools to use, and which state to target.

The empirical gap of overlooking non-military coercion: third, the coercion literature leaves a relatively blank space concerning non-military coercion. Starting from Schelling, the literature emphasizes military coercion, which manifests itself in definitions scholars give to coercion. Schelling, for example, explicitly states that "military potential is used to influence other countries, their government or their people, by the harm it could do to them" and that "it is the expectation of more violence that gets the wanted behavior."³¹ More recent scholars such as Byman and Waxman also privilege military coercion, defining coercion as "the use of threatened force, and at times the limited use of actual force to back up the threat, to induce an adversary to change its behavior."³² These two scholars intentionally emphasize the military aspect of coercion, claiming that "sanctions, political pressure, and other tools for influencing states have proven neither reliable nor efficient in stopping aggression or changing the behavior of committed adversaries," which elevates the importance of military force.³³ Similarly, Patrick Morgan views coercive diplomacy as "the use of

²⁹ Pape, *Bombing to Win*; Greenhill, *Weapons of Mass Migration*; Tara J. Maller, "Diplomacy Derailed: The Consequences Of U.S. Diplomatic Disengagement," Ph.D. Dissertation, Massachusetts Institute of Technology, 2011.

³⁰ In addition, He only considers coercion during crises, yet states also use coercion for situations other than crises. See Kai He, *China's Crisis Behavior: Political Survival and Foreign Policy after the Cold War* (Cambridge: Cambridge University Press, 2016).

³¹ Schelling, *Arms and Influence*, p. 3; see also Robert Art's defense of the utility of force, who treats coercion as military coercion. Robert J. Art, "American foreign policy and the fungibility of force," *Security Studies*, Vol. 5, Issue 4 (1996), p. 7-42.

³² Byman and Waxman, *The Dynamics of Coercion: American Foreign Policy and the Limits of Military Might*, p.1.

³³ *Ibid.*, p. 2.

force or threat of force by a state (or other actors) to get its own way.”³⁴ Maria Sperandei states that the coercive policies of deterrence as well as of compellence rely on the threat of future military force and that limited use of actual force help compellence work.³⁵ Avery Goldstein’s definition of compellence focuses on the use of conventional and nuclear forces as well.³⁶ Slantchev also privileges military coercion, believing military coercion can be very effective tools of coercion as they are physical measures and can thus send credible signals of commitment. For Slantchev, “[s]hooting flies with an elephant gun may well be the prudent thing for [states] to do.”³⁷ More recent scholars such as Phil Haun who researches coercion failure implicitly equate coercion with military coercion threatening or using limited force, while Todd Sechser and Matthew Fuhrmann examine the effectiveness of nuclear weapons for compellence.³⁸ While not discrediting non-military coercion completely, the above scholars consider non-military coercion as the suboptimal option.

These scholars, however, may privilege military coercion precisely because of the states that they are analyzing. Schelling wrote his book during the Cold War, with the two superpowers – the United States and the Soviet Union – in mind. Subsequent scholars focus on the United States, which has the luxury of using force – being the unipole with the end of the Cold War. For weaker powers such as the ones in Greenhill’s analysis and constrained rising power such as China, the story is different – they may not have the political or material advantage to use military coercion. In addition, it is not the case that *only* military coercion is physical and thus constitutes as credible signals. Diplomatic sanctions, economic sanctions, and gray-zone coercion can all have physical

³⁴ Patrick M. Morgan, *Deterrence Now* (Cambridge: Cambridge University Press, 2003), p. 3.

³⁵ Maria Sperandei, “Bridging Deterrence and Compellence: An Alternative Approach to the Study of Coercive Diplomacy,” *International Studies Review*, Issue 8 (2006), p. 259.

³⁶ Avery Goldstein, *Deterrence and Security in the 21st Century: China, Britain, France, and the Enduring Legacy of the Nuclear Revolution* (Palo Alto: Stanford University Press, 2000), p. 27.

³⁷ Slantchev, *Military Threats: The Costs of Coercion and the Price of Peace*, p. 5.

³⁸ Phil M. Haun, *Coercion, Survival, and War: Why Weak States Resist the United States* (Palo Alto: Stanford University Press, 2015); Todd S. Sechser and Matthew Fuhrmann, *Nuclear Weapons and Coercive Diplomacy* (Cambridge: Cambridge University Press, 2017).

implications. As such, there is greater room in the analysis of non-military coercion as a holistic category. That is, except for literature on economic and diplomatic sanctions as well as coercive engineered migration, much of the emphasis has been on the dichotomy of inaction and military action.³⁹ Yet states do not automatically escalate to the use of force when they decide to take action – there is an entire category of non-military coercive measures at hand. Also, states such as China are creating new forms of coercive measures, including gray-zone measures and “small-dose” economic sanctions. States’ use of these non-military coercive measures calls for the importance of taking the full spectrum of coercion seriously in a state’s toolkit of statecraft.

Enriching the literature on rising powers: the literature on rising powers overlooks the empirical question of how rising powers coerce, focusing instead on the grand theorization of war and peace. Offensive realism, for example, predicts that rising powers abide their time and will become increasingly aggressive in pursuit of regional hegemony, as they become more capable. However, offensive realism does not discuss the specific foreign policy behavior when a power is rising, stating instead that its focus is not “on how China will behave in the immediate future, but on how it will act in the longer term when it is far more powerful than it is today.”⁴⁰ Similarly, the power transition literature does not concern the myriad behavior of rising powers in different stages of their rise and zoom in on the end of the statecraft spectrum: war.⁴¹ In this sense, the power transition literature empirically overlooks specific foreign policy behavior such as coercion. Moreover, even though the increase in power of a rising China would be an intuitive explanation for

³⁹ There is an emerging emphasis on non-militarized coercive tools. See Kelly Greenhill and Peter Krause eds., *Coercion, Continuity and Change in International Politics*.

⁴⁰ John J. Mearsheimer, “Can China Rise Peacefully?,” *The National Interest*, October 25, 2014, <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>, accessed May 20, 2018. See also, John J. Mearsheimer, “The Gathering Storm: China’s Challenge to US Power in Asia,” *The Chinese Journal of International Politics*, Vol. 3, Issue 4 (December 2010), p. 381–396.

⁴¹ Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981). See also Dale C. Copeland, *The Origins of Major War* (Ithaca: Cornell University Press, 2001); Jeffrey W. Legro, “What China Will Want: The Future Intentions of a Rising Power,” *Perspectives on Politics*, Vol. 5, Issue 3 (September 2007), p. 515–534.

its use of coercion, the empirical patterns of Chinese coercion as shown in Chapter 1 do not accord with the linear prediction of the power variable: China used coercion both in the 1990s and late 2000s, and coerced militarily in the 1990s when it was weaker, yet refrained from military coercion when it became stronger. The power variable does not explain when China coerces, nor the kinds of tools China utilizes.

Contributing to the literature on Chinese Foreign Policy: as stated in Chapter 1, current theories of Chinese foreign policy behavior do not tackle the issue of non-military and gray-zone coercion, despite China's growing use of such measures. I draw much inspiration from Taylor Fravel's theory of when China cooperates or escalates into the use of force in territorial disputes.⁴² Yet Fravel's theory focuses on two kinds of statecraft – diplomacy and use of force. There is, however, a rich space between cooperation and the use of force, i.e., different coercive measures.

To briefly summarize, rich as the coercion literature is, it under theorizes conditions leading states to employ coercion, does not address the logic of choosing particular forms of coercion and overlooks tools of coercion other than military coercion. This dissertation thus tries to fill these gaps by attempting to theorize when states decide to use coercion to deal with perceived threats to its national security and why states choose particular forms of coercion over others.

Section III. Conceptualizing the Dependent Variable (DV)

The dependent variable of this dissertation is the decision to coerce and the choices of coercive tools. It is therefore necessary to provide the definitions of key terms, i.e., coercion and

⁴² Fravel, *Strong Borders*.

forms of coercion. The classical definition of coercion comes from Schelling, who uses the term "compellence." For Schelling, compellence is an "active strategy to make an adversary act in a desired way and usually involves the use of punishment until the enemy acts."⁴³ Robert Art and Patrick Cronin further specify that in coercive diplomacy, the change in behavior sought by compellence can manifest itself in two ways: either the adversary starts doing something it has not previously done, or the adversary stops doing something it is undertaking.⁴⁴ Strictly speaking, the concept of interest here is compellence, but because the term coercive diplomacy has become the convention.⁴⁵ Todd Sechser and Matthew Fuhrmann's new book on coercive diplomacy similarly uses coercion to describe compellence, making the same justification.⁴⁶ Following this convention, I therefore use the term coercion, not compellence.

Following this tradition, I define coercion as the use (or threats of) negative action of statecraft to demand a change in the behavior of the target state, which works through inflicting pain on the target state. I take into consideration both physical action as well as threats of action, yet maintain that all else equal, physical actions should be a more credible signal to demonstrate resolve than threats of action. There are five distinctive characteristics of coercion. First, it is state action. Second, there should be clear targets, most of which are other states.

Third, behavior-wise, coercion involves clear threats or tools that inflict pain (especially tangible damage) on the target state, i.e., the use or credible threats of negative statecraft in the form of economic, diplomatic sanctions, administrative action, or military action. Both credible

⁴³ Thomas C. Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966), p. 70; similarly, Phil Haun defines coercion as threats of force or employment of limited force to convince a target to comply with the challenger's demands. See Haun, *Coercion, Survival, and War*, p. 2.

⁴⁴ Robert J. Art and Patrick M. Cronin eds., *The United States and Coercive Diplomacy* (Washington D.C.: U.S. Institute of Peace Press, 2003), p. 8.

⁴⁵ Alexander L. George first coined the term "coercive diplomacy." See Alexander L. George, David K. Hall, and William E. Simons, *The Limits of Coercive Diplomacy: Laos, Cuba, Vietnam* (Boston: Little, Brown, 1971). Other important earlier books on coercion and coercive diplomacy include George, *Forceful Persuasion*; George and Simons, *The Limits of Coercive Diplomacy*.

⁴⁶ Sechser and Fuhrmann, *Nuclear Weapons and Coercive Diplomacy*.

threats and the actual action constitute as coercion.⁴⁷ Nevertheless, credible threats must be distinguished from bluffing: for example, threatening economic sanctions on wheat import from the target state but actually buying them and publicly promising the target to continue to import its wheat is bluffing and therefore not coercion. Positive inducements, though equally aimed at changing behavior, are not instances of coercion.

Fourth, coercion should entail clear goals, i.e., political demands. The goals of coercion are two-fold. Coercion is not brute force in that brute force is akin to “taking what you want,” whereas coercion is “making someone give it to you.”⁴⁸ For example, states may take coercive actions to ram foreign naval vessels or threaten such actions, the result of which may be taking control of an island. Yet the goal – political demand – of such coercive actions or threats go beyond controlling a particular island; rather, for ramming or blockading to be coercive, the goal has to be making the target state stop actions elsewhere or adopting new policies. Thus, intentions – larger political demands – are crucial in differentiating coercion and brute force. Coercion can aim at making the target *stop action* it has undertaken or is currently taking, which is more reactive. Coercion can also aim at forcing the target to *take action*, such as acknowledging a new foreign policy position. In order for an action to be deemed as coercion, it has to meet either of these two goals, that is, it has to be clear what kind of action of the target the coercer wants to shape. Of course, these goals do not necessarily have to be made public. In this sense, coercion can be either reactive or proactive: reactive if coercion is a reaction to stop the target state’s behavior and proactive if coercion aims at forcing a new action or targeted at changing the behavior of the people in the target state. Relatedly, following the concept of immediate and extended deterrence, coercion can be either immediate or

⁴⁷ Although, according to Schelling, “unhappily, the power to hurt is often communicated by some performance of it.” See Schelling, *Arms and Influence*, p. 3.

⁴⁸ Schelling, *Arms and Influence*, p. 2.

general: immediate if it focuses on a discrete episode and general if the goal is more long-term, broader, yet less urgent.⁴⁹

The unit of analysis of this dissertation is the decision to coerce. When it is immediate coercion, the unit of analysis is each episode of coercion in response to each particular incident. When it comes to general coercion, the unit of analysis is the starting point of each instance of coercion. It is important to note that by using the word “reactive,” there is no value judgment about whether the coercer is revisionist or status quo oriented: I am not using the word “reactive” in the sense of whether the coercer is provocative or not; rather, I use the word “react” only to indicate that these are cases where the coercer uses coercion for immediate actions taken by the target *state*, which are perceived by the coercer as threats to its national security. It is entirely plausible that the coercing state uses actions of the target state as an opportunity to change the status quo. The coercer can be absolutely provocative and revisionist in a reactive case of coercion, yet to do so, it still needs to have an excuse – immediate action taken by the target state. When the target state itself does not engage in immediate actions that could give the coercer an excuse and opportunity, the coercer may still use coercion, and this kind of coercion is thus more proactive, that is, there is no immediate target state action to attribute to. In short, these are simply two forms of coercion, and the logic of the theory applies to both forms. There is no reactive bias in the theory.

Fifth, coercive instruments work through the communicative role.⁵⁰ Coercion can credibly reveal whether the coercer (i.e., the state which initiates coercion) is committed or not. In other words, it can serve as a signaling device of one’s commitment to defending its national security. In particular, according to Erik Gartzke and Quan Li, one important way in which states can enhance

⁴⁹ For a discussion on general or immediate extended deterrence, see Paul K. Huth, “Extended Deterrence and the Outbreak of War,” *The American Political Science Review*, Vol. 82, No. 2 (June 1988), p. 424.

⁵⁰ See Slantchev, *Military Threats*, p. 123.

their credibility is via costly signaling, which differs from audience costs.⁵¹ By making talk costly, leaders address the credibility problems associated with cheap talk.⁵² That is, coercing states can increase their credibility (especially a reputation for resolve) vis-à-vis the target state through taking costly, especially physical, actions.

Before further defining the specific tools of coercion, it is necessary to distinguish coercion from assertiveness and punishment. The dictionary definition of assertiveness is “having or showing a confident and forceful personality,” and assertiveness thus can indicate both positive and negative forms of statecraft, for example, a state’s sudden active efforts in establishing international organizations can be a form of assertiveness). Assertiveness is different from coercion in that assertive behavior may or may not have a clear target, assertiveness does not necessarily have to be aimed at changing others’ behavior, and assertive behavior does not always employ negative tools of statecraft. As for punishment, as Pape points out, punishment can be one form of coercion.⁵³ Yet punishment, “the infliction or imposition of a penalty as retribution for an offense,” does not have to have clear goals and demands of changing behavior. Punishment can serve as a pure expression of anger, yet coercion aims at forcing changes.

The bulk of the extant International Relations literature privileges the use of military force as coercive tools and defines coercion in military terms. States such as China, however, do engage in a range of coercive acts. Therefore, this dissertation broadens the scope of coercion, putting coercion – the dependent variable – on a full spectrum.

⁵¹ See Erik Gartzke and Quan Li, “War, Peace, and the Invisible Hand: Positive Political Externalities of Economic Globalization,” *International Studies Quarterly*, Vol. 47 (2003), p. 566. Although Gartzke and Li focus on economic interdependence and globalization as potentials for costly signals, in theory, any kind of coercive action – as long as physical – can serve as costly signals. For audience costs, see James D. Fearon, “Domestic Political Audience and the Escalation of International Disputes,” *The American Political Science Review*, Vol. 88, Issue 3 (September 1994), p. 577-592.

⁵² *Ibid.*, p. 566.

⁵³ See Pape, *Bombing to Win*.

Inaction is the situation where coercion *is not* used. Inaction indicates the conscious choice of not taking physical action, even when the state has the ability to use coercion. It is important to note that by inaction, I do not mean cases of successful coercive threats or deterrence. Rather, this is the negative case of coercion decisions – one can conceive of it as “forbearance.” When faced with perceived threats to national security, states can resort to rhetorical protest (that are not coercive threats), simply remain silent, or even seek compromises, which is what constitutes inaction.

Diplomatic sanctions constitute one form of coercion. I define diplomatic sanctions as the coercer’s deliberate interruptions of bilateral relations to coerce the target state. According to Freeman, defiance from another government invites censure. The break in diplomatic relations, therefore, can be used as an instrument of statecraft to convey a symbolic rebuke to objectionable policies and practices. Maller, for example, codes diplomatic sanctions from 1) short and temporary recall of the ambassador, 2) downgrade in diplomatic status for less than a year, 3) downgrade in diplomatic status for more than a year, to 4) embassy closure, which ranges from the least severe to the most severe.⁵⁴ Extreme examples include the U.S. embassy closure in Libya in December 1979 to isolate Libya due to its involvement in terrorist activities and the Saudi Arabia cutting diplomatic ties with Qatar in 2017.⁵⁵ The complete break of overall bilateral diplomatic relations, however, leaves both sides without the unique intelligence and ease of communication that these relations provide.⁵⁶ As a result, states may choose to maintain some level of relations, which leads to less drastic measures such as closing consulates, canceling important meetings or all senior-level communications, postponing military-to-military exchanges, use of veto in the UN security council. More moderate examples of diplomatic sanctions include the U.S. drawdown of embassy staff in Rangoon and the de-facto downgrading of the relationship to the charge d’affaires level following

⁵⁴ Maller, *Diplomacy Derailed: The Consequences Of U.S. Diplomatic Disengagement*, p. 92.

⁵⁵ *Ibid.*, p. 273; “Gulf plunged into diplomatic crisis as countries cut ties with Qatar,” *The Guardian*, June 5, 2017, <https://www.theguardian.com/world/2017/jun/05/saudi-arabia-and-bahrain-break-diplomatic-ties-with-qatar-over-terrorism>, accessed May 9, 2018.

⁵⁶ Freeman, *Arts of Power*, p. 95-97.

the Burmese coup in 1988.⁵⁷ Diplomatic sanctions fulfill the roles coercion plays because they can serve as a signaling device, i.e., signaling to the target state that the coercing state is displeased and further downgrading of the relationship can take place. Moreover, unlike rhetorical protests, diplomatic sanctions can inflict pain on the target state and have real consequences. The coercing state expects diplomatic sanctions to be effective in forcing a change in the target state because of the pain and the potential pain that would be inflicted upon the target. For example, a pause in senior diplomatic exchanges may lead to a halt in negotiations of business contracts and projects, thereby reducing the economic profit of the target state. Diplomatic sanctions could also pose security costs to the target state if the target is a security protégée of the coercing state. Finally, diplomatic sanctions pose political costs to the target state by damaging desirable bilateral relations with the coercing state.

Economic sanctions constitute the second kind of coercion. I define economic sanctions as deliberate government-instructed withdrawal of customary trade or financial relations to coerce the target to change undesired foreign policies.⁵⁸ The specific contents of economic sanctions are as follows: trade sanctions include embargos, boycotts, tariff increase or discrimination, withdrawal of "most-favored-nation" (MFN) status, quotas, blacklist, license denial, and preclusive buying; financial sanctions include freezing assets, aid suspension, expropriation, unfavorable taxation, and controls on capital import or export.⁵⁹ Examples of economic sanctions include U.S. embargo on grain exports to the Soviet Union following the Soviet invasion of Afghanistan in 1979 and the ongoing U.S. economic sanctions on North Korea due to its nuclear program. As with diplomatic

⁵⁷ Maller, "Diplomacy Derailed: The Consequences Of U.S. Diplomatic Disengagement," p. 400.

⁵⁸ For a generic definition in the literature, see O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, p. 12. For specification of the goals, see Baldwin, *Economic Sanctions*, p. 32. This definition stresses first that since sanctions are means of statecraft, they should be imposed by the government, which excludes *popular* boycott. Secondly, it excludes trade retaliation, which is pure economic protection. Third, trade sanctions include embargos, boycotts, tariff increase or discrimination, withdrawal of "most-favored-nation" (MFN) status, quotas, blacklist, license denial, and preclusive buying. Financial sanctions include freezing assets, aid suspension, expropriation, unfavorable taxation, and controls on capital import or export.⁵⁸

⁵⁹ Baldwin, *Economic Statecraft*, p. 41.

sanctions, the coercing state expects economic sanctions to be effective in forcing a change in the target state because of the pain and the potential pain that would be inflicted upon the target. For one, economic sanctions service as a signaling device. By deliberately disrupting bilateral economic relations, economic sanctions signal to the target state the potential pain the coercer can further impose. For another, economic sanctions, by inflicting damage on the economic well-being of the target state (be it the general population or specific industries), could incentivize the target state to change behavior viewed as unfavorable by the coercing state.

Gray-zone coercion is the category that straddles between strictly non-military coercion and military coercion. The discussion regarding “gray-zone conflicts” gains greater traction in the policy world. This term appears in the 2010 Quadrennial Defense Review (QDR) and has also manifested itself in official Japanese government documents.⁶⁰ Michael J. Mazarr from RAND argues that gray-zone conflict “pursues political objectives through coercive, integrated campaigns” and employs mostly nonmilitary or non-kinetic tools.⁶¹ Mazarr adds that gray-zone campaigns are “the use of civilian instruments to achieve objectives sometimes reserved for military capabilities.”⁶² Mazarr’s characterization is insightful, yet just as others in the gray-zone literature, his conceptualization of gray-zone actions can be too expansive, because it includes the use of military force.⁶³ Non-kinetic some military actions – troop mobilization, for example – might be, they are still part of militarized coercive tools, not gray-zone. Theoretically, gray-zone actions should be carried out strictly by the civilian, however violent they might become. Similarly, economic sanctions – which analysts like

⁶⁰ See Frank G. Hoffman, “The Contemporary Spectrum of Conflict: Protracted, Gray-zone, Ambiguous, and Hybrid Modes of War,” The Heritage Foundation, <http://index.heritage.org/military/2016/essays/contemporary-spectrum-of-conflict/>, accessed April 17, 2018.

⁶¹ Michael J. Mazarr, *Master the Gray-zone: Understanding A Changing Era of Conflict* (Carlisle Barracks: United States Army War College Press, 2015), p. 58.

⁶² *Ibid.*, p. 62.

⁶³ For similarly expansive definitions of gray-zone actions, see Michael Green et al., “Countering Coercion in Maritime Asia: The Theory and Practice of Gray-zone Deterrence,” CSIS Report, <https://www.csis.org/analysis/countering-coercion-maritime-asia>, accessed April 17, 2018.

Mazarr include as gray-zone actions – are not gray-zone at all, because they are non-militarized and themselves constitute a distinct category of coercive tools both from the perspective of academics and policymakers.

As such, building on the burgeoning literature but emphasizing the civilian aspect of gray-zone actions, I define gray-zone coercion as the physical and violent use of government organizations and agencies to force the target state to change behavior. These agencies include but are not limited to the police, state public security agencies, border and customs agencies, coast guard agencies, and maritime surveillance agencies. The logic of gray-zone coercion is to utilize civilian administrative agencies to inflict physical pain on the civilians, military personnel, or military assets of the target state. Similar to military coercion, gray-zone coercion can cause tangible damage to the target, but such coercion is not employed by the military. For example, in maritime territorial disputes, Vietnamese Fisheries Resources Surveillance ships and Philippine Coast Guard Ships are civilian maritime law enforcement ships. Coercion by these law enforcement ships works through physically denying the target state access to the disputed territory, thereby forcing the target state to lose effective control of the disputed territory.⁶⁴

Gray-zone coercion can also apply to other issue areas. For example, a state may use its civilian maritime forces to engage in a naval blockade of the target state so as to force the target to change whatever policies the coercer desires. A state may also use its police or public security agency to inflict pain on citizens of the target state, or use its customs and border agency to detain (even use violence against) nationals of the target state, both of which aimed at forcing the target state to change its behavior. The interdiction efforts led by NATO border patrol forces against

⁶⁴ According to Pape, there are two broad strategies of military coercion. Punishment campaigns seek to raise the societal costs of continued resistance to levels that overwhelm the target state's territorial interest, causing it to concede to the coercer's demands. Denial strategies target the opponent military's ability to achieve its territorial or other potential political objectives, thereby compelling concessions in order to avoid futile expenditure of further resources. See Pape, *Bombing to Win*, p. 18-19.

Syrian refugees and the U.S. Drug Enforcement Agency's enforcement in Latin America are cases of gray-zone coercion.⁶⁵ Iran, for example, has also utilized gray-zone tools to bolster its influence in the Middle East and beyond, deploying quasi-military forces through its embassies and other locations.⁶⁶

Gray-zone coercion is analytically distinct from military coercion, because civilian personnel imposes gray-zone coercion, and the instruments involved – the Police, the Customs and Border agency, very lightly armed maritime surveillance ships – have much smaller capabilities to inflict pain compared with military weapons. Also, being non-militarized, gray-zone coercion is much less likely to invoke the target state's defense treaties with other powers. That is, gray-zone coercion reduces the likelihood of military escalation while threatening such escalation. The coercing state expects gray-zone coercion to be effective in forcing a change in the target state because of the pain and the potential pain that would be inflicted upon the target. For example, sinking government or fishing vessels inflicts physical damage on the target state. Further, such behavior may signal to the target state that further damage may come about if the target does not change its behavior.

Military coercion is the most escalatory level of coercion, which entails the display or show of force short of war. Freeman divides military coercion into two kinds: the first being the nonviolent use of military power and the second the use of force.⁶⁷ Following Freeman, I define that military coercion involves the displays, threats, and use of force short of war. Nonviolent military actions include shows of force, such as temporary deployments, military exercises, and naval

⁶⁵ Pointed out by Tyler Jost. For further discussion of gray-zone conflicts, see David Barno and Nora Bensahel, "Fighting and winning in the 'gray zone,'" *War on the Rocks*, May 19, 2015, <https://warontherocks.com/2015/05/fighting-and-winning-in-the-gray-zone/>, accessed April 17, 2018; my definition of gray-zone coercion differs from the article, because I conceive gray-zone coercion as carried out by government agencies.

⁶⁶ Michael J. Mazarr, *Master the Gray-zone: Understanding A Changing Era of Conflict*, p. 44.

⁶⁷ As for the use of force, there is a rich literature, for example, Pape, *Bombing to Win*.

visits.⁶⁸ Such shows of force could emphasize the possibility of escalated and intensified confrontation.⁶⁹ Military coercion carries with it both advantages and disadvantages. For advantages, military coercion – for example, putting forces on alert, recalling reservists, mobilizing, dispatching the navy, and deploying troops – is physical and so menacing that the threat of hostile intent is implicit in its use.⁷⁰ Military coercion therefore sends clear and strong signals of commitment on the part of the coercer. The coercing state expects military coercion to be effective in forcing a change in the target state because of the pain and the potential pain that would be inflicted upon the target. As for disadvantages, military coercion is expensive and risks escalation into militarized conflicts.

In this spectrum, *inaction* is least escalatory. *Military* coercion is the most escalatory. Diplomatic sanctions, economic sanctions, and gray-zone coercion lie in between. On theoretical grounds, these three categories do not themselves have a clear escalation hierarchy. Being strictly non-military tools of coercion, diplomatic and economic sanctions are advantageous in that they send signals of commitment to the target state while minimizing the risk of escalation because they are non-military by nature. Gray-zone coercion is also a useful tool for escalation control, as it is less escalatory than military action with plausible deniability. By plausible deniability, I mean states can deny that they are using military force, even though civilian law enforcement can equally inflict damage and pain on the target. For example, hard-power wise, white-hull ships such as coast guard ships might have the capability to ram the navy of the target state, yet since they are not armed nor military, the coercing state could reduce the potential of a military escalation, including military escalation via invoking defense alliance treaties. Also, if the coercing state could prevail with just gray-zone coercion, it reduces the incentive of the coercer to escalate to the use of military force, thus reducing escalation dominance. Figure 2.1 below is the full range of states' choices on an

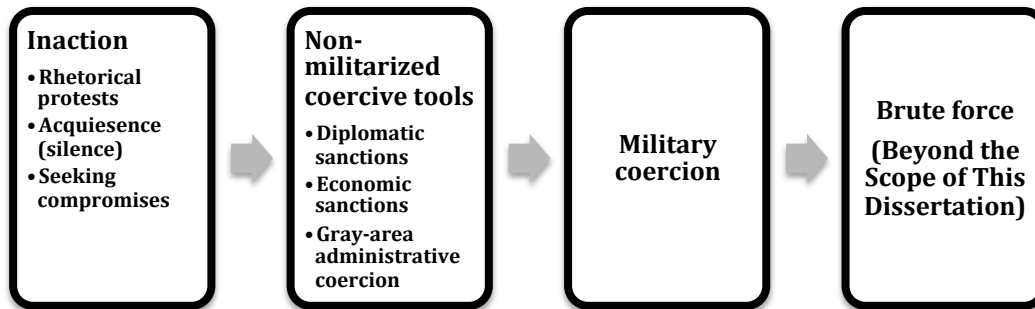
⁶⁸ See Freeman, *Arts of Power: Statecraft and Diplomacy*, p. 53.

⁶⁹ *Ibid.*, p. 54.

⁷⁰ Slantchev, *Military Threats*, p. 3.

escalation ladder, that is, the risk of escalation into a military conflict possibly involving great powers.

Figure 2.1 Full Range of States' Choices on an Escalation Ladder



As seen in Figure 2.1 above, inaction is the least escalatory, whereas brute force is the most escalatory. This dissertation explains when, why, and how states coerce, that is, the first three boxes on the left. Brute force – the use of force for the sheer purpose of aggression and land grab, for example – is beyond the scope of my dissertation. It is necessary to emphasize here that the escalation ladder is not a hierarchical ladder of pain or damage that a coercer can inflict on the target state. Indeed, economic embargo can be much more painful to the target state than a localized display of military force during a border dispute. I acknowledge that in terms of damage and destruction, the magnitude of large-scale economic sanctions can be much greater than cases of limited militarized coercion. Nevertheless, I maintain that militarized coercion is more likely to draw a third-party great power into a dispute between the coercer and the target if the latter has defense treaties with the external great power.

Section IV. Theory and Alternative Hypotheses

I have established that the literature needs to focus more on the cost-benefit calculus of the coercer. Towards this end, this section builds a theory that dissects the specific and dynamic costs and benefits of coercion, particularly for powers facing the dual challenges of domestic economic development and structural international constraints. This section first briefly introduces the theory, discusses the analytical framework, then unpacks the theory in detail, and finally lays out the alternative explanations.

The Theory

I explain coercion decisions with my cost balancing theory. I first lay out the issue importance of the issue at hand. I then conceptualize the benefits and costs of coercion, hypothesizing domestic and external factors that could affect states' calculus of coercion. The core benefit of coercion is the need to establish a reputation for resolve, which is the benefit of being viewed as strong and credible by other states. The major cost of coercion is economic vulnerability cost, which is the cost of negative disruption to bilateral economic relations with the coercer, such as losing markets or supply. A secondary cost is geopolitical backlash cost, which is the cost of other states balancing against the coercing state if coercion is used. I code each of the costs and benefits as either high or low.

The cost balancing theory thus predicts the following. For issues of the same importance, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if the issue importance is highest. Third, states are much more likely to choose non-

militarized coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion when the geopolitical backlash cost is high. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns about the geopolitical backlash cost. In short, the need to establish a reputation for resolve and economic vulnerability cost matter for when and why states use coercion, whereas geopolitical backlash cost is most relevant for the selectivity of targets and tools of coercion.

The Analytical Framework

I adopt a cost-benefit framework with a neoclassical realist view. That is, a neo-classical realist framework starts with systemic variables (such as polarity and one's relative material power vis-à-vis others) but also argues that these variables get filtered through domestic and unit level variables, such as domestic politics, leadership perception.⁷¹ Norrin Ripsman et al. lay out four coherent clusters of domestic-level variables neoclassical realism looks at: leader images, strategic culture, state-society relations, and domestic institutions.⁷² Regarding domestic variables, this dissertation focuses on the third category – state-society relations – which is relevant for the economic vulnerability cost. I leave out leader images and domestic institutions (and discuss them in alternative explanations) because high-stakes issues involving national security are related to a state's core interests and tend to involve decisions at the central level.⁷³ This is neither a neo-realist assumption nor conflicting with neo-classical realism. Rather, what I mean is that this dissertation

⁷¹ Rose lays out nicely the advantages of neo-classical realism and the disadvantages of privileging only one of the three images as explanations. See Gideon Rose, "Review: Neoclassical Realism and Theories of Foreign Policy," *World Politics*, Vol. 51, No. 1 (October 1998), p. 144-172.

⁷² Norrin M. Ripsman et al., *Neoclassical Realist Theory of International Politics* (New York: Oxford University Press, 2016), p. 10.

⁷³ Even scholars taking a domestic politics approach concede that for cases where concerns about national security are urgent and paramount, lobbying voices tend to be ignored. See Hiscox, "Balancing Act: The Political Economy of U.S. Trade Sanctions."

focuses on the cost-benefit calculus of the central decision-makers responsible for foreign policy making, and these central policymakers make coercion decisions based on the challenges (or their perceived challenges) from the international as well as domestic realms. In addition, although portrayed as the cost-benefit calculus of the coercer, interaction with the target state is incorporated and manifests itself in the specific costs and benefits of coercion. For example, the level of the need to establish a reputation for resolve and the potential of a geopolitical backlash both depend on the target state's action. Is the target internationalizing an issue (thus increasing the need for the coercer to establish credibility since other states will be watching the coercer's action) and is it strengthening alliances with a great power? In short, the theory is as much about domestic factors as interactions with the target state. The following passages lay out the theory – issue importance and the costs and benefits – to answer the question of when, why, and how states use coercion.

Issue Importance

To begin with, the importance of relevant issues is highly relevant. In studying the use of force and territorial disputes, Fravel notes that all types of states are more likely to escalate to the use force in disputes over land highly valued for its strategic importance, economic resources, or symbolic significance.⁷⁴ Similarly, Vesna Danilovic takes into account stakes — national interest — when analyzing the opponent's perception of the deterrer's resolve, stating that if there is an asymmetry of stakes to a potential attacker's advantage, the deterrer's persuasive power to

⁷⁴ Fravel, *Strong Border*, p. 14-16. For earlier studies centering on the importance of issues and issue importance, see Paul F. Diehl, "What Are They Fighting for? The Importance of Issues in International Conflict Research," *Journal of Peace Research*, Vol. 29, No. 3 (August 1992), p. 333-344; Hemda Ben-Yehuda, "Territoriality and War in International Crises: Theory and Findings, 1918–2001," *International Studies Review*, Issue 6 (2004), p. 85–105.

retaliate will diminish.⁷⁵ That is, it is more difficult to deter a potential attacker when the potential attacker attaches greater importance to a particular issue than the deterrer.

The logic for choosing coercion could be similar. Issues threatening national security are by definition high stakes issues that states may use coercion for. The costs and benefits as laid out below provide a framework of when states decide to use coercion and refrains from doing so, *given* the high stakes intrinsic to national security issues. Nevertheless, even high stakes issues vary in terms of their importance, because despite being high stakes issues, not every national security issue is weighted equally — some issues have *even* higher issue importance. As such, states use coercion for issues of high importance — core national security issues, for example — and they will not coerce others over things that they do not care about.⁷⁶ According to Bueno de Mesquita's revised expected utility theory of war and its development by James Morrow, a risk-averse state chooses policies that reduce others' incentives to attack it, which is in line here with concerns about geopolitical backlash cost and economic vulnerability cost, which I will discuss below.⁷⁷ This is true when the issue importance at hand is comparatively lower — states may still decide to coerce, but choose tools that reduce the likelihood of war, such as non-military coercion. Yet when the issue importance at hand is highest, states may become more risk-accepting, and resort to coercion with greater magnitude to ensure the effectiveness of coercion. Issue importance matters critically in the highest-stakes issues precisely because the need to establish a reputation for resolve – discussed below – may be enhanced. That is, the need to establish a reputation for resolve becomes so salient that it may trump the costs of coercion for issues with the highest issue importance. Thus, when the

⁷⁵ Vesna Danilovic, *When the Issue importance Are High: Deterrence and Conflict among Major Powers* (Ann Arbor: University of Michigan Press, 2002), p. 5.

⁷⁶ This is similar to the logic of states when they are engage in deterrence. That is, the factor of issue importance is also relevant in deterrence: according to Glenn Snyder, the risk calculus of a state trying to deter aggressors involves the state's valuation of the territorial objective and other intangible gains. See Glenn Herald Snyder, *Deterrence and Defense: Toward a Theory of National Security* (Princeton: Princeton University Press, 1961), p. 13.

⁷⁷ Qtd. in Barry O'Neill, "Risk Aversion in International Relations Theory," *International Studies Quarterly*, Issue (2001), p. 622.

need to establish a reputation for resolve and economic vulnerability cost are equally high, states use coercion only for issues with the highest issue importance. Nevertheless, issue importance is not the only factor influencing coercion decisions – there are still temporal and cross-national variations even for the same issue. That is, issue importance does not dictate when states decide to use coercion: issue importance is different across issues but remain constant in the same issue. In other words, when it comes to the same territorial dispute – the coercer chooses to coerce in certain periods and target certain countries, but not others. This is when the specific benefits and costs of coercion become critical, as discussed below.

Core Benefit of Coercion – The Need to Establish a Reputation for Resolve

The core benefit of coercion is external: the benefit of being viewed as strong and credibly resolved by other states. States fear that if they *do not* use coercion, they might be viewed as weak and unwilling to take actions to counter future transgressions. As a result, states might not be considered as resolved – having the willingness to defend national interests – by other states, which could lead such states to encroach upon their national security in the future. Therefore, one potential benefit of coercion is for states to establish a reputation for resolve: merely having the capacity is not enough, states need to demonstrate their willingness and resolve in committing to defend national security interests. According to Jonathan Mercer, a reputation is a “judgment of someone’s character (or disposition) that is then used to predict or explain future behavior” and a reputation forms when an observer uses “dispositional or character-based attributions” as well as past behavior to explain or predict another’s behavior.”⁷⁸

⁷⁸ Jonathan Mercer, *Reputation and International Politics* (Ithaca: Cornell University Press, 1996), p. 6.

This line of thinking that focuses on past behavior comes from Schelling and Robert Jervis. Schelling is among the first to view credibility as a bank, treating precedents – past actions – as important to maintain one's credibility. According to Schelling, to be convincing, commitments usually have to be qualitative rather than quantitative, with the backing of precedents.⁷⁹ Therefore, Schelling calls for the importance of communicating "evidence" of commitment, which requires more than the communication of words.⁸⁰ For example, Schelling uses an analogy that one can send a signed check by mail, but one cannot demonstrate over the telephone that a check bears an authentic signature. He further fleshes out his idea that *actions* are more credible and less ambiguous than verbal messages: actions prove something; significant actions usually incur some cost or risk and carry evidence of their own credibility.⁸¹ Writing roughly at the same time, Jervis discusses the logic of the deterrence model. The deterrence model indicates that the state fears that if it does not react to aggression, it will give the aggressor the impression that the state is weak, which would lead to further aggression. Therefore, to avoid further aggression, the state must respond and demonstrate resolve, which means that issues of little intrinsic value become highly significant as indices of resolve.⁸² In this sense, both Schelling and Jervis suggest that to credibly deter future aggression, states sometimes need to take physical action. As Mercer points out, in deterrence theory, a reputation for resolve — the extent to which a state will risk war to keep its promises and uphold its threats — is critical to credibility.⁸³

⁷⁹ Thomas C. Schelling, *The Strategy of Conflict* (Cambridge: Harvard University Press, 1980), p. 34. Similarly, in the realm of deterrence, Snyder indicates that "force demonstrations" have more deterrent potency in some situations than declaratory threats partially due to the accretion of custom and precedent. See Snyder, *Deterrence and Defense: Toward a Theory of National Security*, p. 254.

⁸⁰ Schelling, *The Strategy of Conflict*, p. 147.

⁸¹ Schelling, *Arms and Influence*, p. 150.

⁸² Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976), p. 58. Jervis made a similar point about the importance reputation – this time, in maintaining a good reputation for honesty. See Robert Jervis, *The Logic of Images in International Relations* (New York: Columbia University Press, 1989), p. 78-79.

⁸³ Mercer, *Reputation and International Politics*, p. 2, 15. For an overview of reputation, see Paul K. Huth, "Reputations and deterrence: A theoretical and empirical assessment," *Security Studies*, Vol. 7, Issue 1 (1997),

This logic of credibly establishing a reputation for resolve or reputation, in general, is in line with more recent scholarly works. Nicholas Miller finds that economic sanctions the United States imposed on some of its allies attempting to proliferate had the effect of deterring other potential perpetrators.⁸⁴ In explaining why states tend to use diplomacy honestly rather than engaging in bluffing, Anne Sartori argues that this is because the prospect of acquiring a reputation for bluffing – and reducing the credibility of its future deterrent threats – keeps a state from bluffing except when doing so is most tempting.⁸⁵ In an experiment, Dustin Tingley and Barbara Walter find that the majority of the experiment participants follow the prediction that “individuals invest more heavily in reputation building” if they believe a game will be repeated many times.⁸⁶ That is, “the shadow of the future” makes individuals more concerned about their reputation. Other scholars explain coercion effectiveness from the perspective of the target. Daryl Press, for example, argues that although states care about cumulative credibility and the reputation of being credible, their adversaries actually take more into account the current balance of power.⁸⁷ Roseanne McManus argues that in addition to military capabilities, adversaries also take into account the coercer’s political capacity to follow through on coercive threats.⁸⁸ Timothy Peterson, on the other hand, argues that the target of sanctions pays attention to the sender’s actions against prior resistant

p. 72. For recent works on reputation, see Alex Weisiger and Keren Yarhi-Milo, “Revisiting Reputation: How Past Actions Matter in International Politics,” *International Organization*, Vol. 69, Issue 2 (Spring 2015), p. 473–495; Jennifer L. Erickson, *Dangerous Trade: Arms Exports, Human Rights, and International Reputation* (New York: Columbia University Press, 2015); Joshua D. Kertzer, *Resolve in International Politics* (Princeton: Princeton University Press, 2016); Jonathan Renshon et al., “Leader Influence and Reputation Formation in World Politics,” *American Journal of Political Science*, Vol. 62, No. 2 (April 2018), p. 325–339.

⁸⁴ Nicholas L. Miller, “The Secret Success of Nonproliferation Sanctions,” *International Organization*, Vol. 68, Issue 4 (September 2014), p. 913–944.

⁸⁵ Anne E. Sartori, *Deterrence by Diplomacy* (Princeton: Princeton University Press, 2005), p. 14. Other forms of maintaining credibility and reputation include raising interest rates and repaying expensive loans. See David Leblang, “To Devalue or Defend? The Political Economy of Exchange Rate Policy,” *International Studies Quarterly*, Vol. 47, Issue 4 (2003), p. 533–60; Michael Tomz, *Reputation and International Cooperation: Sovereign Debt across Three Centuries* (Princeton: Princeton University Press, 2007).

⁸⁶ Dustin H. Tingley and Barbara F. Walter, “The Effect of Repeated Play on Reputation Building: An Experimental Approach,” *International Organization*, 65 (Spring 2011), p. 344.

⁸⁷ Daryl G. Press, *Calculating Credibility: How Leaders Assess Military Threats* (Ithaca: Cornell University Press, 2007).

⁸⁸ Roseanne W. McManus, *Statements of Resolve: Achieving Coercive Credibility in International Conflict* (Cambridge: Cambridge University Press, 2017).

targets, and will be less likely to acquiesce when the sender has backed down recently.⁸⁹ Todd Sechser explains why compelling threats often fail by reputation building: that is, complying with a coercive threat entails reputation costs for the target, the possibility that the challenger will make additional demands in the future.⁹⁰ Sechser further argues that in coercive diplomacy, states are more likely to resist aggressors that pose a high risk of initiating future coercive challenges.⁹¹ Even though Sechser focuses on explaining conditions under which compelling threats are ineffective, one can also apply the logic of reputation cost to the coercer. Indeed, in the civil war setting, Barbara Walter finds that a government might fight a civil war against a secessionist group in order to look tough and discourage other rebel groups from making their own demands, that is, to credibly establish a reputation for resolve.⁹²

In short, coercion can build up the reputation that the coercer is resolved and willing to take action to defend its national security interests, which makes others believe that the coercer will act in a similarly resolved way in the future and thus increases the credibility of the coercer's resolve in the eyes of other states. This established reputation for resolve is beneficial to the coercer in two respects: first, it can force the target state to stop actions it is currently undertaking; second, it deters the target as well as other states in taking actions that threaten the coercer's national interests in the future. That is, the need to establish a reputation for resolve goes beyond a particular incident per se, it has implications for other issues and the state's reputation vis-à-vis other states in general. Also, it is important to note that just because states perceive the need to establish a reputation for resolve, it does not mean states will gain the reputation for resolve

⁸⁹ Timothy M. Peterson, "Sending a Message: The Reputation Effect of US Sanction Threat Behavior," *International Studies Quarterly*, Vol. 57, Issue 4 (2013), p. 672-682.

⁹⁰ Todd S. Sechser, "Goliath's Curse: Coercive Threats and Asymmetric Power," *International Organization*, Vol. 64, Issue 4 (October 2010), p. 627-660.

⁹¹ Todd S. Sechser, "Reputations and Signaling in Coercive Bargaining," *Journal of Conflict Resolution*, Vol. 62, Issue 2 (February 2018), p. 318-345.

⁹² Barbara F. Walter, *Reputation and Civil War: Why Separatist Conflicts Are So Violent* (Cambridge: Cambridge University Press, 2009).

automatically when they coerce. My dissertation project focuses on unraveling the rationale of states' coercion decisions, not evaluating the effectiveness of coercion. It is entirely possible that states might not be perceived as credibly resolved even after they coerce.

Major Cost of Coercion – Economic Vulnerability Cost

The major cost of coercion involves the domestic economic repercussion from economic interdependence, that is, the coercer's fear of economic vulnerability due to economic dependence. Coercion may generate economic costs for both the coercer and the target, affecting the trade or capital flow between the coercer and the target. Thus, their bilateral economic structure matters. Albert Hirschman argues that commerce can be an alternative to war only when the coercer creates a situation in which the target would do anything in order to retain the bilateral trade – i.e., it is "extremely difficult" for the target to dispense with trade with the coercer and to replace the coercer as a market and a source of supply with other countries.⁹³ Hirschman is thus essentially concerned with "exit options" – do states have alternatives that are less costly? If the coercer does and the target does not, then the coercer can use trade as a coercive tool. Building on this power dimension, Robert Keohane and Joseph Nye use vulnerability dependence to indicate the "costliness of making effective adjustments to a changed environment."⁹⁴ Unlike the geopolitical backlash cost, which is more strategic, this cost of economic vulnerability has much to do with the "second-image reversed" impact: the potential effect of bilateral foreign economic relations on the domestic economy of the coercer. That is, states are less likely to initiate coercion if the coercer is dependent on the target for markets or supply, but the target has exit options.

⁹³ See Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945), p. 17.

⁹⁴ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977), p. 13.

Secondary Cost of Coercion – Geopolitical Backlash Cost

As Jervis correctly points out when discussing the policy implications for the spiral model and the security dilemma, threats and negative sanctions can be self-defeating by eliciting counteraction from the other side, thereby setting in motion a costly and unstable cycle.⁹⁵ If states are aware of the implications of the spiral model, they should also take into consideration the costs of actually using coercion, even though they have an imperative to avoid appearing weak domestically and internationally.

As such, the secondary cost of coercion involves the cost of generating a balancing backlash geopolitically. By geopolitical backlash, I mean concerns about balancing as expressed in Walt's balance of threat theory. Here balancing is defined as "the creation or aggregation of military power through internal mobilization or the forging of alliances to prevent or the political and military domination of the state by a foreign power or coalition."⁹⁶ Walt argues that states tend to balance against threats instead of bandwagoning and that larger states balance more than smaller ones.⁹⁷ If coercion is applied, the target state or its neighbors might interpret coercion as threats. So if the coercer is aware of this logic, it will be concerned about geopolitical backlash when deciding whether to use coercion – the target might side with other states against the coercer. Specifically, the geopolitical backlash cost includes both a general balancing backlash and immediate risks of war escalation. The general balancing backlash is characterized by the target forming or strengthening alliances against the coercer, and the immediate war escalation risk is the deliberate or accidental escalation of the target state in response to coercion. For example, if coercion is used, the target state may escalate into military conflicts by invoking alliance treaties. A hypothetical

⁹⁵ Jervis, *Perception and Misperception in International Politics*, p. 58-60.

⁹⁶ See Randall L. Schweller, *Unanswered Threats: Political Constraints on the Balance of Power* (Princeton University Press, 2006), p. 9.

⁹⁷ For the balance of threat theory, see Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1983).

scenario would be China used military coercion on Japan over the Senkaku Islands in the East China Sea, Japan escalated the conflict in kind by invoking the U.S.-Japan defense treaty, thus getting the U.S. military involved. The target state might also choose to escalate unintentionally. A hypothetical scenario would be when China used military coercion on Japan over the Senkaku Islands, lower-rank Japanese maritime self-defense force soldiers responded with the use of force without authorization, escalating into a conflict that may involve U.S. military assistance. In short, escalation risk is subsumed in geopolitical backlash cost because it is related to alliance triggering.

Weighing the Costs and Benefits

The cost balancing theory identifies the need to establish a reputation for resolve and economic vulnerability cost as the core costs and benefit because of three reasons. First, external credibility is the core benefit of coercion, because, for authoritarian states, the pressure from the domestic public on foreign policymaking is not as strong as democratic states. That is, when authoritarian states are making coercion decisions, they should place more weight on the external benefit of coercion — the need to establish a reputation for resolve. I acknowledge that there is variation within authoritarian regimes, yet in general authoritarian regimes have tighter control over the society than democracies.⁹⁸

⁹⁸ China is obviously an example. Another example would be Syria. See Lisa Wedeen, *Ambiguities of Domination: Politics, Rhetoric, and Symbols in Contemporary Syria* (Chicago: University of Chicago Press, 1999). Of course, authoritarian countries vary in many dimensions among themselves including military effectiveness. See Caitlin Talmadge, *The Dictator's Army: Battlefield Effectiveness in Authoritarian Regimes* (Ithaca: Cornell University Press, 2015; Jessica L. Weeks, "Autocratic Audience Costs: Regime Type and Signaling Resolve," *International Organization*, Vol. 62, No. 1 (Winter, 2008), p. 35-64. Weeks argues that the institutions in some autocracies do hold leaders accountable—not to mass publics, but to other elites inside the regime. Weeks finds that these "accountable autocracies"—composed primarily of single party and military regimes—are just as effective as democracies at coercive diplomacy, whereas autocracies in which leaders cannot be held accountable—namely personalist dictatorships—are significantly worse at getting their way when they make threats. Weeks' argument, however, does not have any bearing on when states

Second, although it may well be beneficial for states to use coercion to increase their domestic legitimacy, domestic legitimacy concern is not an independent factor influencing when and why states use coercion. Rather, the potential domestic legitimacy benefit of coercion is only an addendum to the external need to establish a reputation for resolve. That is, the need to establish a reputation for resolve is prior to domestic legitimacy benefit — it is sometimes through excessive foreign media exposure (which first increases the coercer’s need to establish external reputation for resolve) that the domestic public begins to be informed about issues threatening national security. For example, if the foreign media does not expose or make salient the disputes China has with other states, the Chinese government could have easily refrained from reporting these disputes, which means that the public would not likely know about these disputes.

Third, in terms of the costs of coercion, economic vulnerability should assume more weight than geopolitical backlash cost. That is, economic vulnerability cost is the major factor influencing when states decide to use coercion in the first place, whereas geopolitical cost is secondary and affects when states escalate to militarized tools of coercion. This rationale is two-fold. For one, this prioritization over economic vulnerability cost applies to most states. After all, economic indicators are crucial for whether leaders will continue to stay in office, whether it be authoritarian or democratic states. This prioritization should be especially acute in developmental states with economic development being the most pressing concern, which seems to be the case for states such as China, Brazil, Philippines, and Vietnam. Because the core concern of these states is to develop their economy, they put economic factors as the number one concern when making foreign policy decisions. After all, concerns about geopolitical backlash exist precisely because such geopolitical backlash may thwart the momentum of domestic economic development — an important basis for continued economic development. In other words, this theory may be generalizable beyond rising

decide to use coercion or make coercive threats in the first place. It is beyond the scope of this dissertation to look in detail how authoritarian states may place different weights when making coercion decisions.

powers, as long as states care about economic development. That is, I deconstruct power and acknowledge that power growth is not necessarily a linear process: the varying levels of economic vulnerability indicates a state's various levels of power vis-à-vis others. The exceptions where this theory does not apply are ideologically driven states, for example, Maoist China and Islamist states, because these states may not care about economic development. For another, the reason why geopolitical backlash cost is more likely to affect the choices of coercive tools is that greater geopolitical pressure could potentially mean that a military alliance will be triggered, which might escalate to military confrontation. In this sense, geopolitical backlash cost is more relevant when states contemplate whether to escalate to military coercion. After all, a moderate use of economic sanctions is unlikely to trigger alliance obligations.

What I mean by economic vulnerability cost influencing coercion decisions and geopolitical backlash cost influencing coercive tools is that theoretically, economic vulnerability cost should be considered as the most crucial factor when it comes to whether a state uses coercion, if at all. Of course, in the real world, geopolitical factors are also relevant. The theory is more of a simplified model of reality, aimed at teasing out the most crucial factor when it comes to influencing coercion decisions. It is not that geopolitical backlash cost is unimportant, but rather that geopolitical cost is more critical for explaining the choices of coercive tools.

As such, one benefit and one cost are crucial — the need to establish a reputation for resolve and economic vulnerability cost. Although one might wonder why not treating the costs and benefits as low, medium, and high, I argue that a binary treatment is preferable, because decision makers do not operate in a mathematical world; rather, having many decisions to make on a daily basis, they operate in simplistic (sometimes impressionistic) terms. Of course, the empirical chapters will reflect more nuances.

Synthesis and Predictions – A Cost Balancing Theory

The following passages synthesize the aforementioned costs and benefits into the cost balancing theory and make predictions about two sets of questions: the decision to choose coercion over inaction, and the selection of coercive tools.

The decision to choose coercion over inaction: As discussed above, when states are faced with national security issues, there are both costs and benefits of coercion. I therefore theorize that for issues with the same stake, states initiate coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. States will refrain from using coercion when the economic vulnerability cost is high and the need to establish a reputation for resolve is low. In circumstances when both the need to establish a reputation for resolve and economic vulnerability costs are high, I argue that states will only use coercion when the issue importance of the issue at hand is high. The theory can be viewed in a two-by-two table, as shown below.

Table 2.1 Cost Balancing Theory

Economic Vulnerability \ Establish Reputation	Greater Need	Smaller Need
High	Issue Importance?	No coercion
Low	Coercion	Issue Importance?

The choice between military and non-military coercion: once a decision to coerce has been made, states will have to think about what kinds of coercive tools they will utilize. I discuss this choice because military coercion is theoretically more escalatory than other forms of coercion. I

hypothesize that states will be cost-conscious and optimizing: that is, maximizing the utility of coercion while minimizing the cost of using coercion. In particular, states tend to prefer non-militarized tools of coercion, especially when the geopolitical backlash cost is high. Just as interdependence makes it easier to substitute nonviolent contests for militarized disputes in signaling resolve,⁹⁹ tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion could be used by the coercer to send credible signals of its resolve and inflict pain on the target state, without escalating to military coercion. All else equal, diplomatic sanctions, economic sanctions, and gray-zone coercion should generate lower geopolitical backlash (including invoking alliance treaties for immediate war escalation), as they are less escalatory than military coercion while sending signals of resolve externally. I therefore theorize that: states are much more likely to choose coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion because they are conscious of the costs of geopolitical backlash. This prediction is shown in a table below.

Table 2.2 Cost Balancing Theory

Geopolitical Backlash Cost	High	Non-military coercion
	Low	Military coercion is possible

To summarize, states will choose coercion when the need to establish a reputation for resolve exceeds the economic vulnerability cost. States will mostly choose non-military or gray-zone coercion over military coercion because of the high geopolitical backlash cost.

⁹⁹ This argument is made by Erik Gartzke, Quan Li, and Charles Boehmer, "Investing in the Peace: Economic Interdependence and International Conflict," *International Organization*, Vol. 55, Issue 2 (Spring 2001), p. 400. According to them, states that possess a range of methods of conflict resolution have less need to resort to the most destructive (and costly) techniques. Liberal dyads can damage mutually valuable linkages to communicate credibly. States without linkages must choose between a very limited set of options, including – more often – war.

Alternative Hypotheses

There are, however, several alternative hypotheses pertaining to the cost balancing theory, as proposed above. They fall into two groups: 1) explanations regarding when and why states use coercion and 2) explanations regarding when states use military coercion.

Explanations regarding when and why states use coercion: The first concerns individual leadership. Samuels, for example, conceives of leaders as political actors who have a greater range of assets to stretch the constraints of geography and natural resources, institutional legacies, and international location, showing that under the same constraints, different leaders can choose and do choose differently.¹⁰⁰ Daniel Byman and Kenneth Pollack in their article present hypotheses indicating the centrality of individual leaders, for example, individuals set the ultimate and secondary intentions of a state; individuals can be an important component of a state's diplomatic influence and military power; individual leaders shape their state's strategies, states led by risk-tolerant leaders are more likely to cause war; and states led by delusional leaders start wars and prolong them unnecessarily.¹⁰¹ Margaret Hermann et al. believe that goal-driven predominant leaders come to foreign policy problems with a particular perspective or set of policy priorities, and they are not averse to using diversionary tactics (scapegoating, "bashing" the enemy) to "rally constituencies around the flag" thus reducing the effectiveness of domestic opposition that may disagree with a particular action or activity.¹⁰² The more recent book by Michael Horowitz et al. also indicates that leader attributes play a significant role in shaping how countries behave in the

¹⁰⁰ See Richard J. Samuels, *Machiavelli's Children: Leaders and Their Legacies in Italy and Japan* (Ithaca: Cornell University Press, 2005), p. 2. For other historical cases indicating the different leaders make different decisions under similar constraints, see Elizabeth Saunders, "Transformative Choices: Leaders and the Origins of Intervention Strategy," *International Security*, Vol. 34, No. 2 (Fall 2009), p. 119-161; Andrew Kennedy, *The International Ambitions of Mao and Nehru: National Efficacy Beliefs and the Making of Foreign Policy* (Cambridge: Cambridge University Press, 2011).

¹⁰¹ See Daniel L. Byman and Kenneth M. Pollack, "Let Us Now Praise Great Men: Bringing the Statesman Back In," *International Security*, Vol. 25, No. 4 (Spring, 2001), p. 107-146.

¹⁰² Margaret G. Hermann, Thomas Preston, Baghat Korany and Timothy M. Shaw, "Who Leads Matters: The Effects of Powerful Individuals," *International Studies Review*, Vol. 3, No. 2 (Summer, 2001), p. 96.

military arena, that is, leaders who are more risk-prone — psychological distributes showing lack of restraint in group settings, sensation-seeking, aggression, and impulsivity — are more likely to start international conflicts.¹⁰³ These risk-acceptant attributes originate from the life experiences of leaders.¹⁰⁴

In other words, the decision to use or not to use coercion should be related to individual leadership styles and attributes, i.e., some state leaders are more assertive and risk-acceptant than others.¹⁰⁵ Jervis argues that when a leader comes to power through an accident or what comes as close as we can get to a random assignment, we are on firmer ground in attributing changed policies to the peculiarities of that leader.¹⁰⁶ Nevertheless, such incidents are rare in the empirical setting. Thus, it is necessary to run counterfactuals and comparisons on actor dispensability, that is, “whether the outcome in question would have taken place in absence of that individual’s actions and whether the actions in question were ones that any similarly placed actor would have taken.”¹⁰⁷ The predictions for the individual-level hypothesis are therefore: 1) risk-tolerant and assertive leaders are more likely to use coercion, 2) risk-averse leaders are less likely to use coercion, 3) we should see a sharp increase in terms of decisions of using coercion when a risk-tolerant assertive leader comes to power, 4) once a coercion decision has been made, risk-tolerant and assertive leaders are more likely to escalate by choosing military coercion or by increasing the magnitude of coercion, and 5) an even stronger prediction would be that risk-tolerant and assertive

¹⁰³ Allan C. Stam, Michael C. Horowitz, Cali M. Ellis, *Why Leaders Fight* (Cambridge: Cambridge University Press, 2015), p. 17-19, p. 30.

¹⁰⁴ *Ibid.*, p. 54.

¹⁰⁵ Interview, Beijing, January 8, 2015; interview 2, Beijing, January 13, 2015; See also, Zhang Qingmin, “China’s Foreign Policy since the 18th national Congress of CPC,” *China International Strategy Review* (2013); Qingmin Zhang, “Towards an Integrated Theory of Chinese Foreign Policy: Bringing Leadership Personality Back In,” *Journal of Contemporary China* (2014), DOI: 10.1080/10670564.2014.882566.

¹⁰⁶ Robert Jervis, “Do Leaders Matter and How Would We Know?,” *Security Studies*, Issue 22 (2013), p. 153–179.

¹⁰⁷ Fred I. Greenstein, “Can Personality and Politics Be Studied Systematically?,” *Political Psychology*, Vol. 13, No. 1 (March 1992), p. 117.

leaders choose coercion, despite pushbacks from the domestic public or the domestic bureaucracies.

Second, choosing coercion might be related to other kinds of costs, costs and benefits different from the cost balancing theory. For example, according to Hiscox and Drury's emphasis on domestic interest groups, domestic lobbies are those who determine whether sanctions are imposed and the target of economic sanctions. Following this logic, the state might generate costs to itself – withdrawal of critical support from relevant interest groups – if it does not act according to the interest of powerful domestic lobbies.¹⁰⁸ The predictions are therefore: 1) when hawkish groups such as the military are more powerful domestically, they are more likely to lobby (successfully) for military coercion; 2) when business groups such as large SOEs are more powerful, they are more likely to lobby (successfully) for coercion (regardless of kinds), when they have conflicting economic interests with the target state, and they are less likely to lobby for coercion when their economic interests are in line with the target state; 3) an even stronger prediction would be hawkish military or strong business groups successfully lobby for coercion, despite the disagreement and concerns from dovish state leaders.

Explanations regarding when states use military coercion: There are two groups of alternative hypotheses tackling the issue of when states resort to military coercion. The first group centers on non-material variables. Iain Johnston, for example, tells a status story: China's dispute proneness is positively related to the gap in relative power between China and other major powers in the system, and this gap has closed, as Chinese leaders have become less dissatisfied with extant status inconsistencies, the frequency of MIDs has declined. The argument is basically a frustration-aggression one: status inconsistent states will tend to believe that the reason for the lack of respect accorded to them is a result of their insufficient material power and their insufficient willingness to

¹⁰⁸ For domestic interest groups, see Jeffrey A. Frieden, "Invested interests: the politics of national economic policies in a world of global finance," *International Organization*, Vol. 45, Issue 4 (October 1991), p. 425-451.

demonstrate this power, and due to lack of alternative forms of crisis management, status inconsistent states will use higher level of violence to settle disputes.¹⁰⁹ The predictions are therefore: 1) states will be more likely to resort to force – and relatively high levels of force – when disputes involve territory and occur in periods where the perceived gap between desired and ascribed status is growing or large, 2) when the state’s perceived international status is higher and when it has more means, it will reduce the use of force when in disputes.

The second group centers on material variables, in particular, on power and capability. Slantchev upholds the utility of military coercion, which stands out from other tools of coercion in terms of its utility as a costly signal.¹¹⁰ The prediction is therefore: once a coercion decision has been made, states tend to prioritize military coercion over non-military tools of coercion.

Falsification of the Theory

The cost balancing theory falls into the rationalist framework, which often faces criticisms about falsification.¹¹¹ The cost balancing theory falls into the rationalist framework, which often faces criticisms about falsification. It is thus important to emphasize that the cost balancing theory can be falsified in the following respects. First, the theory is falsified when cases of Chinese coercion

¹⁰⁹ See Alastair Iain Johnston, “China’s Militarized Interstate Dispute Behavior 1949-1992: A First Cut at the Data,” *The China Quarterly*, Volume 153 (March 1998), p. 27-29. Another non-material explanation is Li’s argument that Beijing’s famed violence proneness – that is, its propensity to use force – was historically a product of the militarized or Hobbesian worldview held by China’s leaders during Mao’s reign, when the PRC acted as a revolutionary challenger against the international system. Since Mao’s death, however, China has been increasingly integrated into the system and, consequently, has experienced a Lockean turn in its worldview, which softens its predilection for violence. However, this argument is not listed as a credible alternative explanation here because the post-90s period fall into Li’s “Lockean” worldview, yet we still see variations in China’s use of coercion. See Xiaoting Li, “The Taming of The Red Dragon: The Militarized Worldview and China’s Use of Force, 1949–2001,” *Foreign Policy Analysis*, Issue 9 (2013), p. 387–407.

¹¹⁰ Slantchev, *Military Threats*.

¹¹¹ See, for example, Amartya Sen, “Behaviour and the Concept of Preference,” *Economica*, Vol. 40, No. 159 (August 1973), p. 241-259; Donald P. Green and Ian Shapiro, *Pathologies of Rational Choice Theory* (New Haven: Yale University Press, 1994).

and choices of coercive tools are explained by any of the abovementioned alternative explanations, for instance, bureaucratic politics or leadership differences. Second, because the cost balancing theory specifies particular costs and benefits as central in explaining coercive behavior, the theory is falsified if other costs and benefits than reputation for resolve, economic vulnerability, and geopolitical backlash explain Chinese coercion. For example, it is possible that non-material benefits or concerns — status or concerns about international image — explain coercive behavior. Third, as will be shown more in detail below and in Chapter 3, I use both objective *ex ante* measures and subjective *ex ante* and *ex post* speech evidence, which ensures that the measurement of the variables in the cost balancing theory is not a mere *post hoc* justification of behavior. When the values of the variables in the cost balancing theory fail to predict outcomes of coercive behavior, the theory is falsified. Using *ex ante* measures to cross-check resolves Amartya Sen’s concern that rationalist theories might be tautological: explaining behavior without reference to anything other than the behavior.¹¹² My empirical strategy is in line with Donald Green and Ian Shapiro’s suggestions of “closer-to-the-ground empirical research” and pitting the theory against best alternative explanations.¹¹³ Indeed, as shown in subsequent empirical chapters, the cost balancing theory can be falsified and fails to explain certain episodes of coercion.

V. Measurement

This section first discusses how I measure the dependent variable – the magnitude of different forms of coercion. The remaining paragraphs in this section discuss the operationalization and the observable implications of the independent variable (IV): the specific costs and benefits.

¹¹² Amartya Sen, “Behaviour and the Concept of Preference.”

¹¹³ Green and Shapiro, *Pathologies of Rational Choice Theory*.

Threats to National Security

Since the question of this dissertation is when, why, and how states use coercion when perceiving threats to national security, it is necessary to discuss the issue areas that are potential threats to a state's national security. States generally have an "interest hierarchy." Press, for example, divides a state's interests into three categories: vital interests, important interests, and concerns.¹¹⁴ Vital interests are those related to a state's survival, which involves preserving the state's sovereignty and protection of its citizens. Important interests encompass crises over issue importance with real material values that do not significantly threaten the state's survival. Concerns relate to a state's values but do not involve significant material issue importance.

National security threats mostly fall into the category of vital interests. As such, in the case of China, the issue areas calling for the potential use of coercion are as follows. The first category is territorial disputes, which threatens China's territorial integrity. The second category concerns Tibet, especially involving foreign leaders' reception of the Dalai Lama, which China views will incite independent movements in China's Tibet autonomous region, thereby threatening China's sovereignty. The third category is about Taiwan, including but not limited to foreign states' arms sales to Taiwan. China views Taiwan as part of its territory when Taiwan currently enjoys de-facto independence. China therefore treats foreign arms sales to Taiwan as a threat to its national security, which will tip the balance of power towards Taiwan's favor and reduces China's potential to regain Taiwan as part of its territory in the future. These three issue areas are closely related to China's core national interests, which include both national security and internal regime stability. Chinese State Councilor Dai Bingguo laid out China's core interests in 2010: first, maintaining basic institutions (*jiben zhidu*, which implies domestic regime security) and national security; second,

¹¹⁴ Press, *Calculating Credibility*. The description comes from p. 26-27 of the book. In a similar vein, Chas Freeman has an interest hierarchy of supreme interest, vital interest, strategic interests, tactical interests, and national concerns. See Freeman, *Arts of Power*, p. 11-16.

sovereignty and territorial integrity; and third, stable economic and social development.¹¹⁵ Chinese leaders explicitly affirm Taiwan and Tibet as core interests. While China has been vague about whether the South and East China Sea maritime territorial disputes concern Chinese core interests, these maritime disputes are important to Chinese national security interests since they pertain to China's territorial integrity.¹¹⁶ I therefore examine when, why, and how China uses coercion in these three issue areas of national security threats: territorial disputes, foreign leaders' reception of and support for the Dalai Lama, and Taiwan.

Magnitude of Coercive Measures

Before proceeding to discuss the magnitude of coercive measures, it is necessary to emphasize what constitutes an instance of coercion. As specified in the definition section, there are five characteristics of coercion. First, coercion is a state decision. Second, there are clear targets. Third, negative tools of statecraft are used. Fourth, there are clear goals of changing behavior of the target – what the goal is and what specific behavior the target state is forced to change. For example, in maritime territorial disputes, goals of coercion could be to stop others from taking land features in the ocean or to force the target state to accept that a dispute between the target and the coercer exists in the first place; in political issues such as the target state leader's meeting with political dissidents from the coercing state, the coercing state may use coercion to force the target state to turn back to its original position, i.e., stop meddling with the internal affairs of the coercing state. Fifth, coercion works through communications. All of these five should be present in order for an instance to be coded as coercion.

¹¹⁵ Li Jing and Wu Qingcai, *Xinhua News Agency*, July 28, 2009, <http://www.chinanews.com/gn/news/2009/07-29/1794984.shtml>, accessed April 13, 2014.

¹¹⁶ Interview, Beijing, January 7, 2015.

According to Schelling, coercion needs to exploit enemy wants and fears, which indicates that in order to be credible, the coercer would necessarily have to demonstrate the willingness and ability to hurt. Coercive diplomacy, therefore, is based on the power to hurt. States, however, could utilize one or several of the coercive measures, and with different magnitudes. Therefore, it is necessary to operationalize the DV in terms of what constitutes a more or less severe case of coercion. For purposes of simplification, I code the magnitude of all coercive measures as binary, i.e., greater magnitude or smaller magnitude, even though I acknowledge that there is a spectrum of severity.

Concerning diplomatic sanctions, I code actions of canceling certain diplomatic statuses such as the closure of consulates or embassies as greater in magnitude. I code cancellation of high-level meetings or diplomatic communications, and the postponing or cancellation of lower level diplomatic communications such as mil-mil or cultural exchanges as smaller in magnitude.

Regarding economic sanctions, there are two indicators: the duration of the sanctions and the goods being sanctioned. I code actions such as long-term *as well as* short-term interruption of imports that are of key importance in the bilateral economic relations as greater in magnitude. I code long-term *as well as* short-term interruption of trivial goods in the bilateral economic relations as smaller in magnitude. Threats of economic sanctions are also coded as smaller in magnitude. By long duration, I mean more than a year, and short duration can range from days to several months. I exclude popular boycotts from non-military coercion as they are not government actions.

In terms of gray-zone coercion, I use the Militarized Interstate Dispute (MID) codebook as a model. That is, the patrol or presence of civilian law enforcement ships are akin to “the display of force” in the MID hostility level,¹¹⁷ which is of smaller magnitude, and I assign a value of 1.

¹¹⁷ See Kenwick et al., Codebook for the Militarized Interstate Dispute Data, Version 4.0, available at <http://cow.dss.ucdavis.edu/data-sets/MIDs>, accessed May 18, 2018.

However, there should be actions such as “calling” (*hanhua*, i.e., loudspeaker diplomacy) when the patrol takes place. Thus it does not count if the ships are merely observing from a distance. When actual law enforcement activities are involved (such as expelling, boarding, and fining of foreign ships¹¹⁸ as well as confrontation with foreign armed ships¹¹⁹), they are akin to “the use of force” in the MID hostility level. The magnitude is therefore greater. Similarly, when it comes to using public security agencies against nationals of the target state, verbal warning would indicate a smaller magnitude. And the detainment, arrest, or even use of violence against nationals of the target state would suggest a greater magnitude.

In terms of military coercion, I use the MID coding rules and my assumption is that military coercion is more escalatory than the previous three kinds of coercion.¹²⁰ The threat to use force (including the threat to use force, threat to blockade, threat to occupy territory, threat to declare war, threat to use CBR weapons) assumes the smallest magnitude. The display of force (including the show of force, alert, nuclear alert, mobilization, fortify border, and border violation) stands in the middle. And the actual use of force (including blockade, occupation of territory, seizure, attack, clash, declaration of war, and use of CBR weapons) indicates the greatest magnitude. I acknowledge that intuitively, one might think that an economic embargo of a major export or import should assume a greater magnitude than a military show of force. Yet I argue that military coercion of any kind should still have higher magnitudes than non-militarized forms of coercion because military coercion carries with it the greatest risk of the target escalating into war — intentionally or accidentally — and invoking defense treaties with great power allies.

¹¹⁸ Which, in the Chinese example, official Chinese documents indicate as coercive measures (*qiangzhi cuoshi*).

¹¹⁹ Such as ramming or blockading/forcing a re-treat of the armed ships of the target.

¹²⁰ See Kenwick et al., Codebook for the Militarized Interstate Dispute Data, Version 4.0 December 13, 2013, and in particular, the variable “hostility level reached by state in dispute” as well as “highest action by state in dispute [bracketed numbers refer to corresponding hostility level].”

Observable Implications and Operationalization of the IV

Turning first to the need to establish a reputation for resolve, there are two indicators to measure the need to establish a reputation for resolve: the visibility and salience of the case invoking the state's national security concern and the number of other states that engage in incidents threatening the state's national security. The logic is that when the visibility and salience of the other side's action are high, the state might fear that potential challengers may see this action and that if the state does not use coercion, other states may engage in the same actions in the future (or the target may continue or escalate), thinking the state will not be willing to use coercion. Similarly, when there are more challengers engaging in actions threatening one state's national security or when one perpetrator engages in the same action multiple times – especially during a concentrated time and especially when the perpetrators are smaller states – the state uses coercion for fear of being viewed as weak and unwilling to defend its interests. This is because other states may be watching the coercer's reaction, and if the coercer does not take action to halt repeated transgression, other states may view it as a green light for them to carry out similar transgression in the future. As such, the higher the visibility of the issue and the greater the number of perpetrators, the greater the pressure for establishing one's reputation for resolve, and thus the greater the benefit of using coercion becomes. In measuring status-altering events, Jonathan Renshon similarly notes that such events should be highly visible and salient, precisely because “political leaders and their advisors face severe constraints on their time and attention” and therefore “cannot pay attention to everything that happens in the world.”¹²¹ This suggests that visibility and salience have external validity and are not *ad hoc* measures.

Thus, when the need to establish a reputation for resolve is high, we should see the following objective indicators as well as speech evidence. First, the number of challenges in a

¹²¹ Jonathan Renshon, *Fighting for Status: Hierarchy and Conflict in World Politics* (Princeton: Princeton University Press, 2017), p. 24.

concentrated period should be large, especially compared to previous periods. Second, the visibility and publicity of the incident is high, as measured objectively through international media exposure. One way to measure the visibility is through newspaper research, i.e., when the issue threatening the coercer's national security gets a high rate of coverage, especially in highly influential press such as *Reuters*, *the Associated Press*, and *Agence France Presse*. Third, behaviorally, we should see in retrospect that states use coercion not necessarily against the states that encroach upon its national security interests the most, but states that tend to be vocal or influential, causing the greatest international media exposure. Fourth, in terms of speech evidence, 1) we should find speech evidence from state leaders and official scholars in which they express concerns about being viewed by other states as weak if coercion has not been used; 2) ideally, we should see state officials and scholars talking about the need to defend the state's sovereign rights so as to establish credibility, to be viewed as strong, and to deter other states from encroaching upon its national security interests in the future; 3) state leaders should also be seen fearing that the target will set a bad precedent. When the above objective indicators and speech evidence are present, we should code the need to establish a reputation for resolve as high, and low if not present.

Turning then to the geopolitical backlash cost, the geopolitical backlash cost is measured by the capability of the target state to balance against the coercer. The capability of the target state to balance against the coercer includes both immediate military retaliation (from allies of the target state or neighbors of the target state) and long-term geopolitical balancing, which is the target's forming or strengthening of alliances with its neighbors or greater powers.

There are two kinds of indicators to measure geopolitical backlash cost. The first kind is the official threat assessments and those of policy analysts close to the government of the coercing state. When the geopolitical backlash cost is high, we should first observe that government analysts and officials make threat assessments, including the potential target state's bilateral relations with

other states, such that if they perceive competition and are confident that the target will not be able to form a balancing backlash against the state itself, the state uses coercion. Official assessments of other states' past and current policies, past crisis behavior, and statements – prior to the decision of whether to use coercion – are therefore crucial. We should also see that in cases where states do not use coercion, state officials and scholars state their worries about a geopolitical backlash from the target state such as immediate military retaliation invoking alliance treaties or long-term alliance forming. I also use U.S. national security documents – including the *National Security Strategy* – for cross-check regarding the general geopolitical backlash cost.

The second kind of indicator is behavioral. That is, we should see states using coercion against states that are in competition with their neighbors. By extension, we should see that states do not use coercion simultaneously against several states that all challenge their national security interests, but instead pick on one of them. Ideally, we should see speech evidence in which state scholars and officials voice the need to pick on a single country to drive a wedge and to dispel a potential balancing backlash.¹²² Finally, states should use coercion against smaller powers more than larger ones, since larger powers tend to balance more than smaller ones.¹²³ Ideally, we should then observe state officials and scholars saying that the target is not powerful enough to unite other states against the coercer. When the above evidence is present, we should code geopolitical backlash cost high.

Turning next to economic vulnerability cost, the economic vulnerability cost is measured by the nature of the bilateral economic relations between the coercer and the target as well as general multilateral economic relations between the coercer and the region where the target is in. When the economic vulnerability cost is high, we should first see that objective bilateral economic relations

¹²² For the wedge strategy, see Timothy Crawford, "Preventing Enemy Coalitions: How Wedge Strategies Shape Power Politics," *International Security*, Vol. 35, Issue 4 (Spring 2011), p. 155-189.

¹²³ Walt, *The Origins of Alliances*.

should indicate an asymmetry that is favorable to the target state. Indicators of the bilateral economic relations include trade dependency, level of Foreign Direct Investment, etc. Second, government policy analysts and officials ought to talk about such asymmetry, that is, state scholars and officials should discuss how the state needs the target state for markets or supply when they decide not to use coercion on the target state. State scholars and officials should be confident of alternative markets and supply other than the target state when they decide to coerce. When the above speech evidence is present, we should code economic vulnerability cost as high. And as stated in the theory section, economic vulnerability cost is weighted more than geopolitical backlash cost.

Turning finally to issue importance, I operationalize the issue importance variable with a state's official interest hierarchy. For example, Press divides a state's interests into three categories: vital interests, important interests, and concerns. Vital interests are those related to a state's survival, which involves preserving the state's sovereignty and protection of its citizens. Important interests encompass crises over issue importance with real material value that does not significantly threaten the state's survival. Concerns relate to a state's values and ideals but do not involve significant material issue importance.¹²⁴ Danilovic operationalizes issue importance with national interests, which are categorized into global interests, regional interests, and internal interests.¹²⁵ Instead of imposing what should be vital or regional interests to a state, I use the subjective measure – a state's stated interest hierarchy, especially if there is an official denotation of state's interests. The observable implication is such that we should observe states choosing coercion over inaction for issues higher of issue importance, i.e., higher on a state's interest hierarchy. We should also observe, ideally, speech evidence in which leaders and scholars indicate

¹²⁴ See Press, *Calculating Credibility*. The description comes from p. 26-27 of the book. Similarly, Chas Freeman has an interest hierarchy of supreme interest, vital interest, strategic interests, tactical interests, and national concerns. See Freeman, *Arts of Power*, p. 11-16.

¹²⁵ See Danilovic, *When the Issue importance Are High: Deterrence and Conflict among Major Powers*.

that the issue at hand is too important for inaction, despite equal costs and benefits of coercion. In other words, we should see higher-stake issues prioritize states to consider the benefits of coercion, whereas lower-stake issues prioritize states to consider the costs of coercion.

Territorial disputes, issues related to Taiwan, and issues related to Tibet constitute the most important national interests to China, which include both national security and internal regime stability. The first official reference to Taiwan as China's "core interests" appeared in the report of a meeting between Foreign Minister Tang Jiaxuan and Secretary of State Colin Powell on January 19, 2003.¹²⁶ In a previously internal speech made by President Hu Jintao — international situation and foreign affairs — during the Central Foreign Affairs Conference (*zhongyang waishi huiyi*) in August 2006, Hu also reaffirmed Taiwan as China's core interests.¹²⁷ Of course, Taiwan has for a long time been the single most important foreign policy issue for China. For example, Chinese paramount leader Deng Xiaoping stated to former U.S. president Ford on March 23, 1981 that "the Taiwan issue" was the only issue between the United States and China and similarly told U.S. secretary of state Haig on June 16, 1981 that "the Taiwan issue" such as arms sales was one of China's most critical policy, i.e., national unification (*sheji dao zhongguo zuida de zhengce zhiyi*).¹²⁸ The first official reference to Tibet as China's core interests appeared when vice president Zeng Qinghong stated on April 23, 2006 that Tibet involved China's core interests.¹²⁹ Former senior U.S. official Jeffrey Bader also noted that in the first few months of the Obama administration in 2009, the Chinese informed the United States of their "core concerns," namely, their claimed sovereignty over

¹²⁶ *People's Daily*, January 21, 2003.

¹²⁷ Hu Jintao, *Hu Jintao wenxuan [Hu Jintao's Selected Works]* (Beijing: People's Press, 2016), p. 510. Hu's speech during this conference was previously not made public.

¹²⁸ Leng Rong and Wang Zuoling eds., *Deng Xiaoping nianpu [Deng Xiaoping's Chronology 1975-1997]* (Beijing: Zhongyang wenxian chubanshe [Central Documentation Press], 2004), p. 723, p. 749.

¹²⁹ *People's Daily*, April 23, 2006. However, as early as the 1992 PRC white paper on Tibet stated that "there is no room for haggling" on the fundamental principle that "Tibet is an inalienable part of China." See footnote 34 of Michael D. Swaine, "China's Assertive Behavior Part One: On 'Core Interests,'" Carnegie Endowment, http://carnegieendowment.org/files/CLM34MS_FINAL.pdf, accessed October 25, 2016.

Taiwan and Tibet.¹³⁰ Chinese State Councilor Dai Bingguo laid out China's core interests comprehensively in 2009: first, maintaining basic institutions (*jiben zhidu*, which implies domestic regime security) and national security; second, sovereignty and territorial integrity; and third, stable economic and social development.¹³¹ Chinese leaders explicitly affirm Taiwan and Tibet as core interests. While China has been vague about whether the South and East China Sea maritime territorial disputes concern Chinese core interests, these maritime disputes are important to Chinese national security interests.¹³² Therefore, if China were to employ coercion *at all*, it is most likely that these three sets of issues will constitute the majority of Chinese coercion. Meanwhile, Taiwan and Tibet are explicitly stated as China's core interests, whereas any individual territorial dispute – be they maritime or land-based – is not explicitly stated in Chinese official documents as core interests. Tibet and particularly Taiwan – are therefore highest-stake issues, and the issue importance in territorial disputes is lower compared with Taiwan and Tibet. As President Hu Jintao stated during the internal Central Foreign Affairs Conference in August 2006, it is necessary to differentiate between core interests and important interests — core interests should be defended with resolution and without compromise, whereas important interests leave room for maneuver and [China] should strive to get the best results.¹³³ Within each of the three issue areas — territorial disputes, Taiwan, and Tibet, the issue importance remains constant.

¹³⁰ Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (Washington D.C.: Brookings Institution Press, 2012), p. 49.

¹³¹ Li Jing and Wu Qingcai, *Xinhua News Agency*, July 28, 2009, <http://www.chinanews.com/gn/news/2009/07-29/1794984.shtml>, accessed April 13, 2014.

¹³² Interview, Beijing, January 7, 2015.

¹³³ Hu Jintao, *Hu Jintao's Selected Works*, p. 519. See also Hu Jintao, *Hu Jintao wenxuan disan juan [Hu Jintao's Selected Works Vol. 3]* (Beijing: People's Press, 2016), p. 237.

Section VI. Conclusion

To conclude, this chapter reviews the literature regarding coercion and notes the potential contributions this dissertation seeks to make. It then lays out the cost balancing theory in detail, while discussing alternative explanations as well as the measurement of the dependent and independent variables. The remaining of the dissertation is organized as follows. Chapter 3 focuses on methodology, that is, the research design, case selection methods, and the sources of primary materials. Chapters 4 to 9 are empirical chapters, with the descriptive statistics drawn from the qualitative database that I have collected and the analysis of in-depth cases with process tracing. Chapters 4 and 5 explain the South China Sea cases. Chapter 6 investigates the East China Sea cases. Chapter 7 zooms in on cases of foreign arms sales to Taiwan. Chapter 8 looks at the cases regarding the Dalai Lama visits. Chapter 9 examines the Sino-Indian territorial dispute. Chapter 10 is the conclusion, where I discuss the generalizability of the theory to other states.

Chapter 3

Methodology and Sources

This chapter discusses the research methodology and the sources used. The chapter proceeds as follows. Section I discusses the research design. Section II talks about the scope of the dissertation as well as the criteria for case selections. Section III is a brief discussion of the general decision-making process of Chinese foreign policy. Section IV lays out the coding rules, including the evidence and sources used in this dissertation.

Section I. Research Design

Regarding research design, I utilize Mill's most-similar case method, combined with congruence testing and process tracing, acknowledging that the Political Science field is increasingly against relying solely on Mill's cross-case comparisons.¹ I look at both temporal and cross-national variation, that is, cases that are similar in all relevant respects except for the values of the independent variables (IV).² The first kind is temporal variation: I examine cases in which for the same country that is a potential target for China's coercion, when China initiates coercion against that country and when China refrains from doing so. In so doing, I am able to control for

¹ For more discussion on Mill's method of difference and method of agreement, see Stephen Van Evera, *Guide to Methods for Students of Political Science* (Ithaca: Cornell University Press, 1997), p. 23.

² John Gerring, *Case Study Research: Principles and Practices* (Cambridge: Cambridge University Press, 2007), p. 89.

cross-national differences and look only for temporal differences related to the IVs. The second is cross-national variation: I delve into cases in which for the same time period and among comparable countries, China uses coercion against some of them but not others. In these cases, I am able to control for temporal variation and investigate only horizontal variation related to the IVs.

Since cross-case comparison is often combined with within-case process tracing, I use process tracing in all of the cases and temporal trends that I examine in the dissertation. That is, I process trace within-case variations over time as well as comparisons of cases. Using process tracing can strengthen case comparisons. For example, process tracing on the variables that differ in most-similar cases helps tease out the mechanisms. I follow Bennett and Checkel's definition of process tracing: "the analysis of evidence on processes, sequences, and conjunctures of events within a case for the purpose of either developing or testing hypotheses about causal mechanisms that might causally explain the case."³ Causal mechanisms are ultimately unobservable physical, social, or psychological processes through which agents with causal capacities operate, but only in specific contexts or conditions, to transfer energy, information, or matter to other entities.⁴ Process tracing "both permits and requires more attention to gathering evidence than is generally possible in statistical analyses," meaning that process tracing helps better measure key variables while employing a wider range of evidence, including "transcript evidence" – what actors in the case actually said or wrote.⁵ Overall, transcript evidence is a unique opportunity to assess actors'

³ Andrew Bennett and Jeffrey Checkel, eds., *Process Tracing: From Metaphor to Analytic Tool* (Cambridge: Cambridge University Press, 2014), chapter 1.

⁴ *Ibid.*

⁵ Peter Lorentzen et al., "Qualitative investigation of theoretical models: the value of process tracing," *Journal of Theoretical Politics*, 2016, p. 13.

beliefs.⁶ In short, process tracing is conducive to generating theories as well as evaluating them, while uncovering causal mechanisms.⁷

In circumstances where evidence for the direct decision-making process is lacking – which could be particularly the case for analyzing temporal variations – I use congruence testing. According to Steve Van Evera, congruence procedures involve the examination of congruence or incongruence between values observed on the independent and dependent variables and values predicted by the test hypothesis.⁸ I will focus especially on what Van Evera terms “congruence procedure type 2,” multiple within-case comparisons.⁹ That is, I carefully trace the values of the IVs and DV temporally and assess whether these values vary in accordance with the predictions of the cost balancing theory.

Section II. Scope of the Dissertation and Case Selection

This section first discusses the scope of the dissertation and then how the cases are selected for detailed process tracing.

⁶ *Ibid.*, p. 14.

⁷ For more on case studies and their advantages, see Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge: The MIT Press, 2005). They identify four strong advantages of case methods that make them valuable in testing hypotheses and particularly useful for theory development: their potential for achieving high conceptual validity; their strong procedures for fostering new hypotheses; their value as a useful means to closely examine the hypothesized role of causal mechanisms in the context of individual cases; and their capacity for addressing causal complexity.

⁸ Van Evera, *Guide to Methods for Students of Political Science*, p. 58.

⁹ *Ibid.*, p. 61.

Scope of the Dissertation

This dissertation is China-centric and focuses on Chinese coercion for its core or important national security issues post-1990s. I choose Chinese behavior since the post-1990s as the main case for two reasons. First, China is an important rising power and it is therefore necessary to study its coercive behavior to understand how and what ways is China becoming assertive. Second, I choose post-1990s as the period because it is the post-Cold War era, making it possible to control for polarity as a confounding explanation.

With regard to China's important national security issues, I look at three sets of issues.

Issues involving Taiwan: I acknowledge there is a wide range of issues, from China's perspective, when it comes to Taiwan, including foreign arms sales to Taiwan, other states' diplomatic relations with Taiwan, and Taiwanese leaders own behavior such as elections. China views the first two kinds of behavior as a breach of the one-China principle and by extension harmful of Chinese national security interests. China also views the possibility of electing a pro-independence Taiwanese president as a national security concern. For the dissertation, I focus on two sets of issues: foreign arms sales to Taiwan and the Taiwan Strait Crisis of 1995 and 1996.

Issues involving Tibet: foreign leaders reception of the Dalai Lama, the Tibetan spiritual leader, which China views as a breach of its sovereignty over Tibet, interference with its domestic affairs, and threats to China's territorial integrity.

Territorial disputes: maritime and land-based territorial disputes. Chinese maritime territorial disputes are disputes in the South and East China Seas regarding the sovereignty of claimed islands and maritime delineation (over resources, for example). In this sense, China has disputes with Japan in the East China Sea, and Vietnam, the Philippines, Malaysia, Brunei, and

Indonesia in the South China Sea. In addition, China also has land-based territorial disputes with India and has used been increasingly using military coercion against India.

As discussed in Chapter 2, China considers Taiwan and Tibet its core interest, whereas territorial disputes – which concern sovereignty and territorial integrity – are important national security concerns. I analyze these three sets of issues areas because they are high-stakes issues. As David Shambaugh points out, China is “hyper-vigilant and diplomatically active” on issues such as Taiwan, Tibet, and maritime territorial claims.¹⁰ Therefore, if China were to employ coercion *at all*, it is most likely that these three sets of issues will constitute the majority of Chinese coercive measures. That is, we should most readily observe coercion in issues of high national security concerns to China. As such, focusing on these issues might help us better get at China’s logic of applying coercion. This is especially the case for territorial disputes. As Taylor Fravel indicates, in an international system composed of sovereign states, behavior in territorial disputes offers a “fundamental indicator” of whether a state pursues status-quo or revisionist foreign policies.¹¹ In terms of the period that this dissertation will examine, the post-1990s period is chosen, for Chinese behavior during this period could potentially lend us leverage in identifying the trajectory of China's rise as a great power.

Furthermore, focusing on and doing fieldwork in one single country also helps us “track changes over time while deriving intensive learning from the immersion in the analysis of a single national unit.”¹² With regard to other cases, even though this dissertation focuses on China, other cases may be included. Other cases may include: India, Japan's efforts to improve coast guards instead of the MSDF, the United States in the late 19th century, Saudi Arabia’s diplomatic sanctions

¹⁰ David L. Shambaugh, *China Goes Global: the Partial Power* (New York: Oxford University Press, 2013), p. 9.

¹¹ Fravel, *Strong Borders, Secure Nation*, p. 3.

¹² David Collier, “Data, Field Work and Extracting New Ideas at Close Range,” *APSA-CP Newsletter*, Vol. 10, Issue 1 (Winter 1999): p. 1-2, 4-6. On the advantages of doing field work, see Elisabeth Wood, “Field Methods,” In Charles Boix and Susan Stokes eds., *The Oxford Handbook of Comparative Politics* (Cambridge: Oxford University Press, 2007).

against Sweden for refusing to sell weapons to Saudi Arab, and Turkey's reaction towards countries who recognize the Armenian genocide, etc.

Case Selection

For each of my three issue areas — territorial disputes, Taiwan, and Tibet — I first analyze and explain the general trend, including changes over time and selections of coercive tools as well as targets. I then conduct detailed case studies for all these issue areas: maritime territorial disputes in the South China Sea, maritime jurisdictional and territorial disputes in the East China Sea, foreign arms sales to and presidential elections in Taiwan, and foreign leaders reception of Tibetan spiritual leader, the Dalai Lama. Although my case studies cover only China, I am still able to contribute to generalizability, by looking at these three distinctive sets of issue areas and conducting in-depth process tracing of more than 10 cases. This dissertation is therefore conducive to cross-issue generalizability while contributing to the study of whether there is a generalizable pattern regarding Chinese foreign policy.

I adhere to the following criteria for case selections and will justify my case selections in more details in each empirical chapter. First, I choose cases that fall strictly within the scope condition of the dissertation.¹³ Second, I choose cases with particular values of the independent or dependent variables, which is particularly useful for my dissertation as I combine process tracing with Mill's most-similar case selection method.¹⁴ I therefore need to choose cases in which the outcomes (dependent variables) take on distinctive values, for example, coercion towards country A and no coercion against country B. As Lorentzen et al. indicate, a model's predictions may "only

¹³ Lorentzen et al., "Qualitative investigation of theoretical models: the value of process tracing," p. 15.

¹⁴ For more on conditions under which selecting on the DVs is appropriate, see Van Evera, *Guide to Methods for Students of Political Science*, p. 45-47.

be distinguished from prominent alternative explanations for certain values of the independent variable(s).”¹⁵ Third, I also include some extreme cases — for example, Chinese military coercion in the 1995-1996 Taiwan Strait Crisis — in order to tease out what leads to such deviations from China’s generally non-militarized coercion since the 1990s.¹⁶ According to Van Evera, selecting cases with extremely high or low values on the DV is useful because if the values of the DV are very high, “its causes and effects should also be present in unusual abundance, standing out against the case background.”¹⁷ Fourth, I include deviant cases — for instance, Chinese entry into the territorial waters of the Senkaku islands in 2008 — to indicate that although the cost balancing theory explains most cases and trends in the dissertation, alternative explanations sometimes do hold true in certain cases.¹⁸

Section III. The Decision-making Process of Chinese Foreign Policy

Before delving into the empirical cases, it is necessary to have a brief discussion of the important agencies involved in the decision-making as well as the implementation of Chinese foreign policy. Generally speaking, the supreme decision-making authority in China is monopolized and exercised through the collective leadership of the Politburo Standing Committee (PBSC), which meets at least once a week.¹⁹ In the following empirical chapters, whenever I mention “the center,”

¹⁵ *Ibid.*

¹⁶ Extreme cases are cases (one or more) exemplify extreme or unusual values on X1 or Y relative to some univariate distribution. See John Gerring, *Case Study Research: Principles and Practices*, p. 89.

¹⁷ Van Evera, *Guide to Methods for Students of Political Science*, p. 25.

¹⁸ Deviant cases are cases (one or more) that deviate from some cross-case relationship. See *ibid.*

¹⁹ Yun Sun, “Chinese National Security Decision-making: Processes and Challenges,” Working Papers by CEAP Visiting Fellows at the Brookings Institution, May 2013, accessed at <https://www.brookings.edu/research/chinese-national-security-decision-making-processes-and->

it means the PBSC or top Chinese leaders. The body that takes “overall charge of foreign affairs” is the Chinese Communist Party (CCP) Foreign Affairs Leading Small Group (FALSG), which is usually headed by a member of the PBSC.²⁰ The FALSG supervises policy implementation and coordination of the foreign affairs sector.²¹ The FALSG, however, is not a standing institution and relies on the Foreign Affairs Office (FAO) of the State Council.²² According to Richard Bush, it is the PBSC that makes the decisions on critical matters, especially regarding national security; for that purpose, it may meet on an “enlarged” basis in order to foster consensus.²³ Bush lays out key organizations and the relationships nicely in Figure 3.1 below.²⁴

[challenges/](#), p. 2, accessed June 9, 2018; Richard Bush, *The Perils of Proximity: China-Japan Security Relations* (Washington D.C.: Brookings Institution Press, 2010), p. 125.

²⁰ Ning Lu, *The Dynamics of Foreign-policy Decisionmaking in China* (Boulder: Westview Press, 1997), p. 11. Lu used to work for the Chinese Foreign Ministry; he was a former assistant to a vice-foreign minister of China.

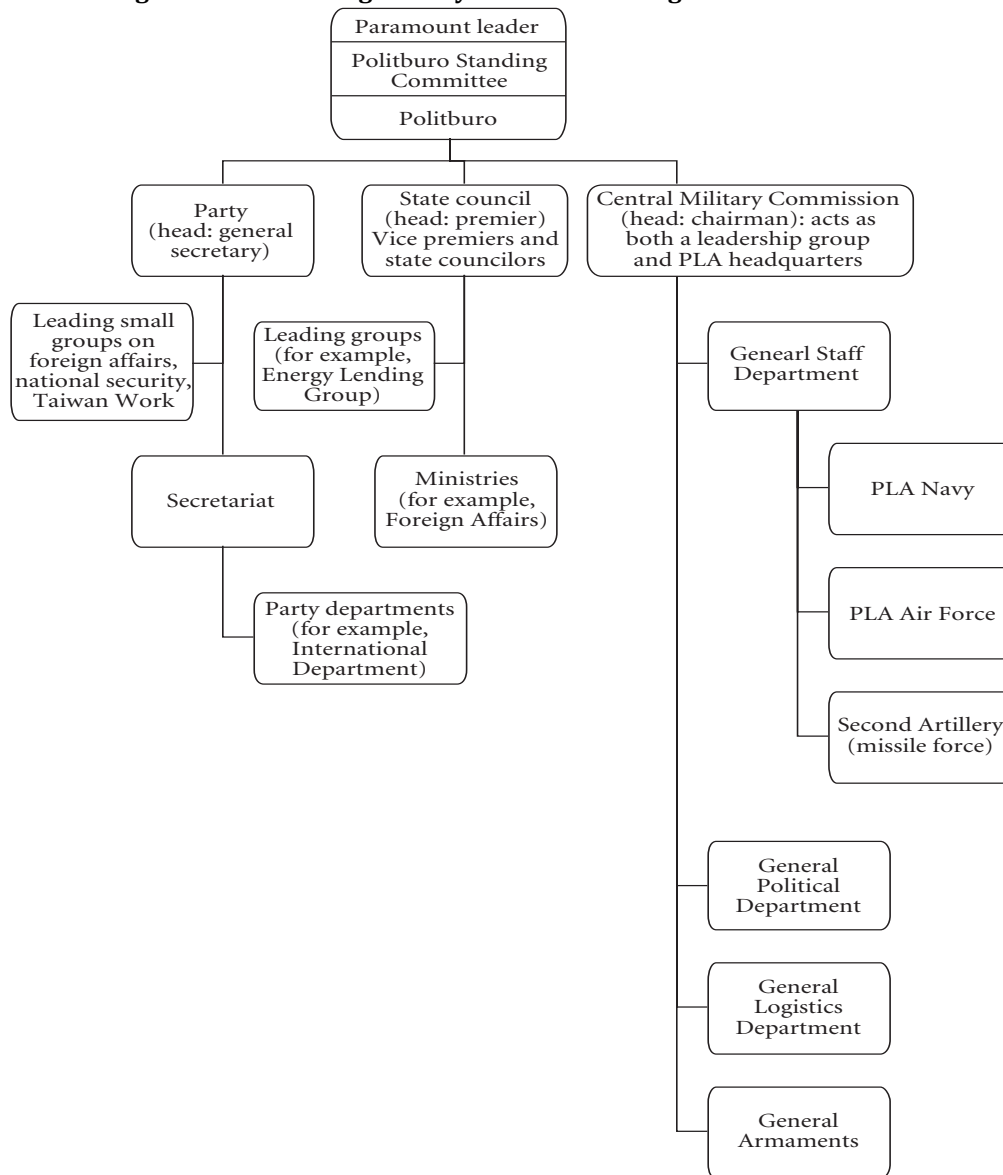
²¹ *Ibid.*

²² *Ibid.*, p. 12.

²³ Bush, *The Perils of Proximity*, p. 126.

²⁴ Adepted from *ibid.*, p. 127.

Figure 3.1 The Foreign Policy Decision-making Structure in China



The Ministry of Foreign Affairs (MFA) is “administratively a subordinate ministerial organ” under the State Council.²⁵ The MFA plays a pivotal role in China’s foreign policy decisionmaking: “first, it plays a decisive role in the tactical aspects of foreign policy decision-making; second, it plays the role of a reliable provider of processed information for the central decisionmakers.”²⁶ When some key strategic foreign policy decisions are made by the central leadership, they are often

²⁵ Lu, *The Dynamics of Foreign-policy Decisionmaking in China*, p. 20.

²⁶ *Ibid.*, p. 108; see also Bush, *The Perils of Proximity*, p. 133.

no more than some vague concepts, basic policy orientations, broad policy guidelines and long-term policy goals – only bones. It is often up to the MFA to “make tactical policy choices and work out detail plans for the realization of the policy goals” – adding substance to China’s foreign policy.²⁷ Other relevant bureaucracies include the Ministry of Foreign Trade and Economic Cooperation (now the Ministry of Commerce), the CCP Central (Committee) International Liaison Department (ILD), the National Development and Reform Commission (NDRC, which coordinates economic and social strategies and has oversight over energy policy and projects), and the Second Directorate of the PLA General Staff Department (GSD).²⁸ The two most prominent government players in the information process of Chinese foreign policy are the Ministry of State Security (MSS) – China’s civilian intelligence agency, and the PLA’s GSD – its military intelligence agency.²⁹

There are several additional bureaucracies specifically pertaining to the three sets of issue areas: maritime territorial disputes, Taiwan, and Tibet. Concerning maritime territorial disputes, the Chinese State Oceanic Administration (SOA)³⁰ and the Chinese Fishery Administrative Bureau under the Ministry of Agriculture are involved. Both the China Maritime Surveillance Forces (MSF) under the SOA and the Fishery Administrative Bureau under the Ministry of Agriculture are tasked with rights-protection patrols, some of which turn into Chinese coercion against other countries. Starting from 2013, the MSF, along with the Fishery Administrative Bureau, carry out maritime rights-protection missions under the name of the China Coast Guard, which is administered by the SOA but also receives “professional guidance” (*yewu zhidao*) from the Ministry of Public Security.³¹ Beginning in 2018, the China Coast Guard became part of the People’s Armed Police. As for the

²⁷ Lu, *The Dynamics of Foreign-policy Decisionmaking in China*, p. 108.

²⁸ *Ibid.*, p. 106.

²⁹ Sun, “Chinese National Security Decision-making: Processes and Challenges;” Bush, *The Perils of Proximity*, p. 133.

³⁰ The SOA is now under the Ministry of Natural Resources, but for is still called the SOA externally. See the official website of SOA at <http://www.soa.gov.cn/>, accessed June 9, 2018.

³¹ CIMA, *Zhongguo haiyang fazhan baogao [China’s Ocean Development Report 2014]* (Beijing: Oceanic Press, 2015), p. 85.

Taiwan issue, the Central (Committee) Taiwan Affairs Leadership Small Group (similar to the FALSG and also under the directorate of a PBSC member) and the Taiwan Affairs Office (TAO) under the State Council are also important actors when it comes to Cross-Strait relations.³² In terms of the Tibet issue, China's State Bureau of Religious Affairs (*guojia zongjiao shiwu ju*) is also crucial.

Section IV. Evidence and Sources Used (Coding Rules)

As stated, I am using both primary and secondary sources to triangulate so as to ensure the trustworthiness of the evidence presented and the relative objectivity of the research. The following paragraphs discuss the kinds of sources and how strong they are as evidence to corroborate my theory.

Primary Written Materials

Turning first to primary written materials in Chinese, there are three kinds of sources as categorized by their level of authority (i.e., whether they are official sources). The first kind — the strongest and most authoritative evidence — is official government documents and speeches. The ones that I use in my dissertation are as follows: the annual book (*zhongguo waijiao*) from the Chinese Ministry of Foreign Affairs (which goes back to the late 1980s and summarizes China's foreign affairs in the previous year), the biannual defense white paper from the Ministry of Defense (which started in 1998), China's annual government work report (*zhengfu gongzuo baogao*, which

³² For a full picture of the structure of China's Taiwan affairs, see Cai Wei, *China's Taiwan Policy and Cross-Strait Relations* (Taipei: Fengyun Forum Press, 2000), p. 67.

started in the early 1950s and is delivered by the Chinese premier summarizing the government's work in the previous year), China's maritime development reports (*haiyang fazhan baogao*, which started in 2007 and is written by the State Oceanic Administration). I also use the official chronologies of Chinese leaders (*nianpu*), official statements, press releases, and press briefings from the Ministry of Foreign Affairs, the *People's Daily*, as well as statements made by the State Oceanic Administration. Finally, in terms of data measuring economic costs, I use official data and assessments from the Chinese Customs, Ministry of Commerce, and China's annual statistical yearbooks (as well as yearbooks from specific agencies), among other official datasets. These are the strongest and most convincing among all primary written materials.

The second kind — semi-authoritative and therefore less strong than the first kind — is semi-official documents and reports written by government think tanks, as well as articles written by “zhongsheng” in the *People's Daily*, which is an apparent homophone for “the voice of the Center,” and appears to be written by the editorial staff of the People's Daily International Department.³³ Specifically, I use the following semi-official reports from government think tanks: the annual *Yellow Book of International Politics* (*guoji xingshi huangpishu*) published by the Chinese Academy of Social Sciences starting from 2002, the annual *Strategic and Security Review* (*guoji zhanlue yu anquan xingshi pinggu*) published by the China Institute of Contemporary International Relations starting from 2001, the internal reports by the National Institute of South China Sea Studies on the situation of the South China Sea, the annual *Bluebook of International Situation and China's Foreign Affairs* (*guoji xingshi he zhongguo waijiao lanpishu*) published by the China Institute of International Studies starting from 2005), the annual *Strategic Assessment* (*zhanlue pinggu*) from the Chinese Academy of Military Science.

³³ Michael Swaine has a useful discussion of what Chinese language sources are authoritative, quasi-authoritative, or non-authoritative. See Michael D. Swaine, "Chinese Leadership and Elite Responses to the U.S. Pacific Pivot," *China Leadership Monitor* 38, p. 1. http://carnegieendowment.org/files/Swaine_CLM_38_Final_Draft_pdf.pdf, accessed April 15, 2014. I essentially agree with his categorization of authoritative and semi-authoritarian sources.

Moreover, I use reports by the Chinese Academy of Social Science (among other government think tanks) which focus on specific issues, for example, the annual *Assessment of China's Regional Security Environment* (*zhongguo zhoubian anquan xingshi pinggu*) published by the Asia-Pacific Center of Chinese Academy of Social Sciences starting in 2011, the annual bluebook on Europe, the annual bluebook on Japan, and the annual book on *China's social conditions and public opinions* (*shehui xingshi fenxi yu yuece*). As for the government think tanks, the Chinese Academy of Social Sciences (CASS) is under the jurisdiction of the Chinese State Council. The China Institute of Contemporary International Relations (CICIR) is a unit of the Chinese Ministry of State Security, which is akin to CIA's Directorate of Intelligence.³⁴ The China Institute of International Studies (CIIS) is under the jurisdiction of the Chinese Ministry of Foreign Affairs. The National Institute of South China Sea Studies (NISCSS) is under the dual jurisdiction of the Chinese Ministry of Foreign Affairs and the State Council. The Chinese Academy of Military Science (AMS) is under the jurisdiction of the Chinese military. Even these think tanks do not make policy decisions, they are important both because they report to their respective government branches their analyses are taken seriously, also because many analysts themselves are previous government officials and diplomats (somewhat akin to a revolving door).³⁵ Sometimes I am able to obtain internal reports written by the above government think tanks and in these circumstances, they also count as semi-official sources. I also use memoirs of Chinese leaders. Despite being recollections, the memoirs of Chinese leaders are quite accurate, according to my validation of each against the others, and additional sources. Finally, I use articles written by "zhongsheng" as well as editorials in the *People's Daily*.³⁶

³⁴ Bush, *The Perils of Proximity*, p. 134.

³⁵ For a full discussion of governmental think tanks, see Xuanli Liao, *Chinese Foreign Policy Think Tanks and China's Policy Towards Japan* (Hong Kong: The Chinese University of Hong Kong Press, 2006).

³⁶ Similar quasi-authoritative homophonous bylines include "Ren Zhongping" (homophonous with "important RMRN commentary"), "Zhong Zuwen" (homophonous with "CC Organization Department article") and "Zhong

Some might think that official papers are sometimes written by mid-level officials to justify after the fact a decision that has already been made by high-level decision makers. In addition, there can be doubts as to whether public official sources or internal reports are more convincing. I acknowledge that it is difficult to obtain data in the contemporary authoritarian state like China and there are limitations. Yet I try to, to the extent possible, focus on sources – statements from the Party paper or internal reports — before particular cases of Chinese coercion took place. In this sense, these documents and reports constitute *ex ante* evidence of China’s rationale rather than *post hoc* justification. It is difficult to compare between these two kinds of sources – official public documents and internal meetings and reports. My stance is that they are useful for different purposes. Official documents are official stance and reflect the official logic, even if they are written by mid-range functionaries. I have inside information from a very senior official in China’s Propaganda Department that they follow strictly “thoughts” from the central leaders and will be punished severely if what they have published does not reflect “thoughts” from the center. There is anecdotal evidence that the central government controls what is published in official news outlets such as *Xinhua News* and *People’s Daily* and when news gets published. For example, *Xinhua News* reported China’s elimination of presidential term limits in its constitution in its English version in February 2018. This *Xinhua* report is factually correct, but the “higher-ups” in the Chinese central government became immediately angry because the center did not want the news to be released outside of China.³⁷ The central government reportedly criticized this “incident” as a “serious political mistake” (*yanzhong zhengzhi shiwu*) and demanded that *Xinhua News* punish and fire relevant editors.³⁸ Internal meetings and documents are useful for specific decision-making processes and information, particularly because they are internal. That is, because these documents

Xuanli” (homophonous with “CC Propaganda Department commentary”). See Swaine, “Chinese Leadership and Elite Responses to the U.S. Pacific Pivot,” footnote 2.

³⁷ “Yitiao biaoti longyan danu, tianting jiangzui xinhuashe [The center punishes Xinhua News],” *Apple News (Hong Kong)*, February 28, 2018, <https://hk.news.appledaily.com/local/daily/article/20180228/20317605>, accessed May 14, 2018.

³⁸ *Ibid.*

are written for internal use, there is no need for public justification or window-dressing. They are therefore convincing evidence for decision-making logic. So I use these kinds of sources to cross-check and triangulate.

The third kind of primary written sources – non-authoritative and less strong than the previous two kinds – are academic scholarly writing. Nevertheless, these academic scholarly writing serves as a useful tool to crosscheck against different sources. Some of the more prominent scholars have close ties to the Chinese government. Finally, some scholars – especially historians – have written excellent books documenting the chronology of the cases in my dissertation and they use materials written in Vietnamese, Japanese, French, German, and Malay, languages I do not speak but the information of which would be useful.

Interview Data

Just as the above primary written sources, there are three kinds of interviews. The first kind is interviews with former Chinese officials and foreign officials. Of the interview category, they are the strongest evidence, as these are personnel who either personally experienced certain cases in my dissertation or who have had extensive experience working within the government. The second kind of interviews is interviews with official government policy analysts, many of which are from CASS, CICIR, CISS, NISCSS, among others. These interviews are less strong than the first kind, but are nonetheless useful because these government policy analysts have internal information from the government and they are also the ones writing the semi-official think tank reports. The third kind of interviews is interviews with scholars. Although being the least strong among the three kinds of interviews, interviewing scholars is helpful, especially when well-connected scholars have internal government information and have themselves participated in track-II dialogues between

China and their foreign counterparts.³⁹ As one important form of field research, interviews are crucial for my dissertation. To quote Kapiszewski et al., “collecting data in the field enhances our comprehension of the context of the political dynamics we study, and regardless of the kind of data with which one is working, seeing them in context rather than in isolation can lead to more, and more accurate, insights.”⁴⁰ In addition, field research can help scholars identify causal mechanisms. It also facilitates testing and sharpening scholars’ arguments.⁴¹

Regarding the methods of conducting interviews, I use the purposive sampling strategy (sometimes called judgment sampling) to select my interviewees, which is a form of non-random sampling that involves selecting elements of a population according to specific characteristics deemed relevant to the analysis. I use purposive sampling because it can yield a sample that is loosely “representative” of the population, at least along the dimensions that are likely to be of interest to my dissertation.⁴² Like stratified random sampling, purposive sampling can also be used to ensure that rare types or negative cases are included in the research.⁴³ In other words, through purposive sampling, I am able to select all possible former officials, government policy analysts, and scholars who might have decent knowledge of my dissertation — Chinese coercion.⁴⁴ As will be shown below, I am also able to increase the geographical spread of my interviews so as to reduce regional biases. Meanwhile, I also use snowball sampling — interviewees introduced by other interviewees. I have conducted 146 interviews so far. 40% comes from snowballing, and the

³⁹ Some senior scholars, for example, are able meet central leaders, especially because they have gained the trust from central leaders. See Yang Guangbin and Li Yuejun eds., *Zhongguo guonei zhengzhi jingji yu duiwai guanxi [China’s Domestic Politics, Economy, and Foreign Policy]* (Beijing: Renmin University Press, 2007), p. 117.

⁴⁰ Diana Kapiszewski, Lauren M. MacLean, and Benjamin L. Read, *Field Research in Political Science* (Cambridge: Cambridge University Press, 2015), p. 20.

⁴¹ *Ibid.*, p. 22.

⁴² Julia F. Lynch, “Aligning Sampling Strategies With Analytic Goals,” in Layna Mosley ed., *Interview Research In Political Science* (Ithaca: Cornell University Press, 2013), p. 41.

⁴³ *Ibid.*

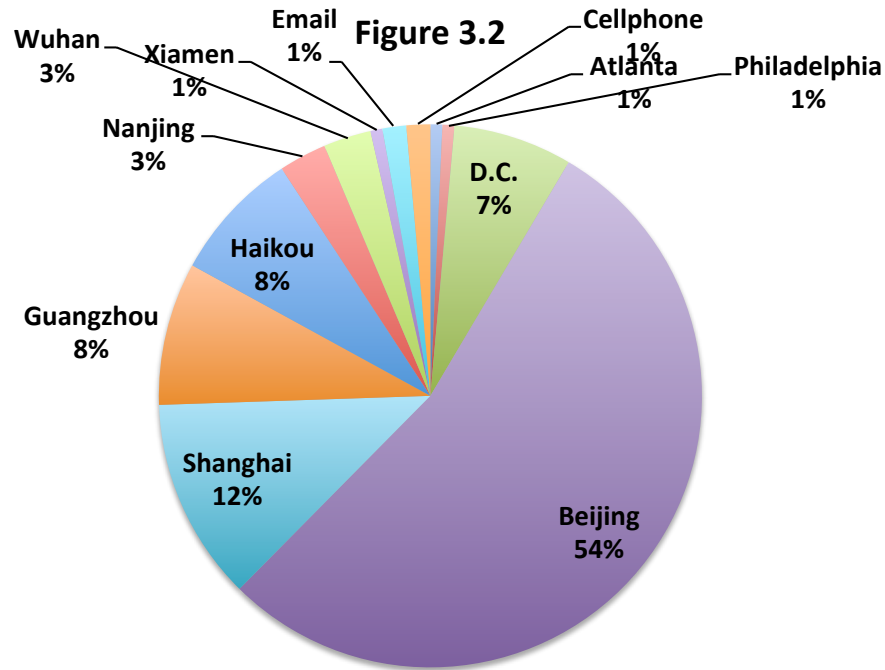
⁴⁴ The profiles of most government policy analysts and scholars are publically available. And former officials sometimes write policy reports or memoirs. Therefore, before going into the field, I was able to have a good grip of those who would be potential experts in Chinese coercion.

response rate is 90%. Snowballing is useful in the Chinese context. Being an outsider, I do not have adequate inside information regarding who might have knowledge about Chinese coercion. This is particularly the case, because in an opaque system that is China, the past experiences — be it in the MFA or the navy — of interviewees do not necessarily show up in publicly available websites. One such example is that I got to interview an important interviewee who has retired from the SOA and who personally commanded a Chinese Maritime Surveillance Ship to enter the territorial waters of the Senkaku Islands, disputed between China and Japan. Without another interview from my original sampling frame introducing me to this interviewee, I would not have been able to get in touch with this interviewee. This interviewee proved useful, not only because this interview had first-hand experience regarding Chinese coercion against Japan, but also because this interviewee introduced me to other senior former SOA officials.

I mainly conducted semi-structured interviews, because such interviews are appropriate to the goal of coding the data and using these data to evaluate causal arguments and to establish the characteristics of a population, and the questions I ask questions are designed to maximize neutrality and to minimize leading questions.⁴⁵ I follow Erik Bleich and Robert Pekkanen's rules regarding data reporting, and more information regarding the interview data is in the appendix.⁴⁶ I spent the entire year of 2015-2016 in China and the academic year of 2016-2017 in Washington D.C., conducting field research and interviews respectively. I also spent two months each in China in summer 2013, winter 2014, summer 2014, winter 2017, summer 2017, and winter 2018, respectively. The total months spent in the field thus amounted to 34 months. Figure 3.2 below shows the geographical composition of my interviews.

⁴⁵ *Ibid.*, p. 117.

⁴⁶ On reporting data, see Erik Bleich and Robert Pekkanen, "How to Report Interview Data," in *ibid.*, p. 89-95.



As shown above, I conducted interviews in Chinese cities of Beijing, Shanghai, Guangzhou, Haikou, Nanjing, Wuhan, Xiamen, as well as in U.S. cities of Washington D.C., Philadelphia, and Atlanta. A small portion of my interviews was conducted via email exchanges and phone calls. There were 142 interviews in total, 22 of which were conducted before I spent the year in the field and formed a pre-set sampling frame. Of the interviews conducted after the sampling frame was set, about 57.5% fell within the sampling frame, whereas 42.5% came from snowball interviews. As stated above, these snowball interviews are equally important – sometimes even more critical – than interviews from the sampling frame. Many interviews with former government officials, naval personnel, and diplomats fell into the category of snowball interviews, and I would not have been able to know or conduct these interviews as their profiles were not public. Of course, the setbacks of interviews are that they are *post hoc* and interviewees can be forgetful or even might tell lies, which is why I cross check interview data with *ex ante* official and semi-official written documents.

To briefly summarize, I use the above sources – both primary written and interview data – to measure the costs, benefits, and stakes, as laid out in the theory chapter, while using them also for constructing the dataset and details of specific cases. In most circumstances, primary written materials – official, semi-official, and scholarly sources – and the interview data are consistent across the board. In rare cases when they are inconsistent with one another, I will adjudicate depending on where the sources come from and who the interviewees are. That is, official documents and interviews with former government officials should be trusted more than semi-official ones, and scholarly writing should be the least trustworthy in cases of inconsistency. In this sense, I use the method of triangulation – “the checking of one source against another to reduce the danger of deception in the data sources.”⁴⁷ For example, one can check interview data against archival data, or check interview responses against one another.⁴⁸

Secondary Sources

I use secondary sources (i.e., non-Chinese language sources) for two purposes. First, when constructing the dataset on cases of Chinese coercion and the incidents which China views as threatening, I use *LexisNexis* newspaper searches, statements from the foreign ministries of countries such as Vietnam, the Philippines, and Japan to cross check so as to make sure that the incidents that Chinese sources indicated actually took place. In other words, basically every incident in the dataset has been crosschecked with non-Chinese sources. To avoid biases in favor of China, I use both the Chinese and foreign accounts of particular incidents, especially the official accounts from the target states. Second, I use secondary sources — including statements made by U.S. or foreign officials, English language journalistic reports such as the *New York Times* and

⁴⁷ Mary Gallagher, “Capturing Meaning and Confronting Measurement,” in *ibid.*, p. 194.

⁴⁸ *Ibid.*

Diplomat, the secondary literature on cases in my dissertation, and U.S. alliance treaties and how they evolve over time — to triangulate the measurements of the costs and benefits in my theory.

In short, I use primary written speech evidence, interview data, and secondary sources to cross check one against another. In this way, the evidence presented in the empirical chapters is not *post hoc* justification of coercive behavior and therefore resolves the issue of falsifiability.

Specific Sources Used for Each Issue Area

South China Sea: I employ three kinds of sources for triangulation. The first kind is primary Chinese-language written materials, including government documents and statistics, media reports, scholarly writing, and internally published materials.⁴⁹ The second kind comes mainly from interviews and internally gathered data provided by Chinese government policy analysts.⁵⁰ My interviewees range from Chinese scholars, former government officials and diplomats, People's Liberation Army (PLA) personnel, government policy analysts, foreign scholars, and foreign diplomats previously based in China. The third kind focuses on English language sources, including *LexisNexis* searches, official release from Vietnam's Ministry of Foreign Affairs, and scholarly

⁴⁹ Examples of Chinese official documents and statistics include MFA press releases; *Hainan shengzhi — xinanzhong sha qundao zhi* [*Hainan Provincial Gazetteer — Gazetteer of Spratlys, Parcels, and the Macclesfield*] (Haikou: South China Sea Press, 2005); CIMA, *Zhongguo haiyang fazhan baogao* [*China's Ocean Development Report 2014*] (Beijing: Oceanic Press, 2015); *China's Maritime Yearbooks*. Examples of scholarly writing and writing of former officials (some of which internally published) include Zhang Liangfu, *Nansha qundao dashiji* [*Chronology of the Spratlys*] (Internal Circulation, Published by the Chinese Academy of Sciences, 1996); Li Jinming, *Zhongguo nanhai jiangyu yanjiu* [*Studies Regarding China's Territory in the South China Sea*] (Harbin: Heilongjiang Education Press, 2014). For the entire dataset, see appendices

⁵⁰ Some of the data regarding other states reclamation activities came from a government policy analyst based in Haikou who computed satellite images over the years. This was given to me via email exchanges between April 8 and April 12, 2016.

writings of foreign scholars.⁵¹ To prevent biases, for an incident to enter the dataset, it has to be verified by both Chinese and English language sources.

East China Sea: as for the sources I use in constructing the dataset for disputes in the East China Sea,⁵² I employ three kinds for triangulation. The first kind is primary Chinese-language written materials, including government documents and statistics, media reports, scholarly writing, and internally published materials.⁵³ The second primary source comes mainly from interviews and internally gathered data provided by Chinese government policy analysts. My interviewees range from Chinese scholars, former government officials and diplomats, People's Liberation Army (PLA) personnel, government policy analysts, foreign scholars, former U.S. officials, and Japanese diplomats previously based in China. The third kind focuses on English language sources, including LexisNexis searches, official release from the Japanese Ministry of Foreign Affairs, and scholarly writings of foreign scholars. To prevent biases, for an incident to enter the dataset, it has to be verified by both Chinese and English language sources.⁵⁴

Coercion regarding Taiwan: just as the South and East China Sea chapters, I use three kinds of sources. The first kind is primary Chinese-language written materials, including government documents and statistics, media reports, scholarly writing, and internally published materials. The second primary source comes mainly from interviews and internally gathered data provided by

⁵¹ Examples include but are not limited to *LexisNexis* search with the wording "China Vietnam Oil South China Sea." I also got data from PetroVietnam's official website http://english.pvn.vn/?portal=news&page=detail&category_id=38&id=3676, accessed August 30, 2016.

⁵² See appendices.

⁵³ Examples include: Zhongguo haiyang xingzheng zhifa tongji nianjian [*Statistical Yearbook of China's Maritime Administrative Enforcement 2001-2007*] (Beijing: Oceanic Press, 2008); Yu Zhirong, *Donghai weiquan — zhongri donghai diaoyudao zhizheng* [*Rights Defense in the East China Sea — Sino-Japanese Disputes in the East China Sea and the Senkakus*] (Shanghai: Wenhui Press, 2012); *China Maritime Yearbooks*.

⁵⁴ For the entire dataset, see appendices.

Chinese government policy analysts.⁵⁵ My interviewees range from Chinese scholars, former government officials and diplomats, People's Liberation Army (PLA) personnel, government policy analysts, foreign scholars, and former U.S. officials and diplomats. The third kind focuses on English language sources, including LexisNexis searches, reports from the U.S. Congressional Research Service (CRS), and scholarly writings of foreign scholars. To prevent biases, for an incident to enter the dataset, it has to be verified by both Chinese and English language sources.⁵⁶

Coercion regarding the Dalai Lama and Sino-Indian border disputes: I also use three kinds of sources, primary Chinese-language materials, interviews with Chinese and foreign officials, and scholarly writing.

⁵⁵ Examples include: Leng Rong and Wang Zuoling eds., *Deng Xiaoping nianpu*; Hu Jintao, *Hu Jintao wenxuan [Hu Jintao's Selected Works]* (Beijing: People's Press, 2016); CASS Institute of American Studies, *Meiguo nianjian [U.S. Yearbook 2002]* (Beijing: Social Sciences Academic Press, 2002).

⁵⁶ For the entire dataset, see appendices.

Chapter 4

Chinese Coercion in the South China Sea – Macro Trends

Introduction

The South China Sea consists of the Paracel Islands, the Spratly Islands, and features around the Macclesfield Bank. China has disputes with Vietnam, the Philippines, Malaysia, Brunei, and Indonesia in the South China Sea. These disputes center on the sovereignty of claimed islands and maritime jurisdiction (over resources such as oil and fishery). Chinese and Vietnamese claims overlap in all of the land features in the South China Sea and maritime jurisdiction. China and the Philippines have disputes regarding many land features in the Spratly Islands, the Macclesfield Bank, the Scarborough Shoal, and maritime jurisdiction. China and Malaysia have overlapping claims over several land features in the Spratly Islands and maritime jurisdiction, especially oil and gas resources. China and Brunei both claim a land feature in the South China Sea, and China believes that Brunei rips off oil benefits that should have been China's in the Spratly Islands. China and Indonesia only have maritime jurisdictional disputes in the Spratly Islands.

This chapter aims at explaining macro trends of Chinese coercion and the next chapter focuses on specific cases for causal mechanisms. As stated in the theory chapter, there are two kinds of coercion – one that is immediate and reactive and the other that is general and proactive. Regarding immediate and reactive coercion, China used coercion in the 1990s (especially the mid-1990s), then refrained from coercing between 2000 and 2006, and resumed coercion starting in

2007.¹ Similarly, regarding the proactive and general coercion of island reclamation, China took control of one land feature in the mid-1990s, then stopped, and did not start large-scale island reclamation until 2014. Chinese coercion in the realm of the fishery – expelling foreign fishing vessels – seemed to take off particularly in 2007. Meanwhile, China has been quite selective regarding whom it uses coercion on, coercing the Philippines and Vietnam more than Malaysia while using the most coercive tools on the Philippines. The past 25 years have witnessed curious trends of Chinese coercion in the four areas mentioned above. As such, this chapter examines these trends. I argue that the cost balancing theory explains these general patterns of Chinese coercive behavior.

This chapter proceeds as follows. Section I explains the trend of Chinese immediate and reactive coercion in the South China Sea. Section II examines why China targets certain countries more than other potential targets of coercion. Section III analyzes the trend of Chinese land reclamation, one form of proactive and general coercion. Section IV discusses Chinese coercion in the fishery realm, which is followed by a brief conclusion.

Recap of the Theory

The cost balancing theory predicts the following. For issues of the same stake, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for

¹ As discussed in the theory chapter, there is no value judgment involved in the term reaction and proactive coercion. I am not using the word “reactive” in the sense of whether the coercer is provocative or not; rather, I use the word “react” only to indicate that these are cases where the coercer uses coercion for immediate actions taken by the target state, which are perceived by the coercer as threats to its national security. It is entirely plausible that the coercer state can use the action of the target state as an opportunity to change the status quo (which, as will be shown in the case studies on the South China Sea (Chapter 5), is indeed the case. The coercer can be absolutely revisionist in a reactive case of coercion, yet in order to do so it still needs to have an excuse – immediate action taken by the target state.

resolve and economic vulnerability cost are equally high, states will only use coercion if the issue importance is highest. Third, states are much more likely to choose non-militarized coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion because of the geopolitical backlash cost. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns about the geopolitical backlash cost. Fifth, all else equal, states are more likely to use military coercion when the issue importance is highest.

Table 4.1 summarizes observable implications.

Table 4.1 Observable Implications for the Cost Balancing Theory

	High	Low
The need to establish a reputation for resolve	<ul style="list-style-type: none"> • Incidents were abundant and highly visible, especially through the international media • Official and semi-official statements stressed showing resolve • Interviews with officials and government analysts indicated concerns about appearing weak and the need to deter other states from engaging in threatening actions in the future. 	<ul style="list-style-type: none"> • There were few incidents, and they were not visible; the media remained low key and did not make these incidents salient. • Official, semi-official statements, and interviews indicated satisfaction with the target state, noting their restraint.
Geopolitical backlash Cost	<ul style="list-style-type: none"> • Official and semi-official statements and analyses indicated increasing U.S. military presence in the Asia-Pacific, particularly the strengthening of U.S. alliances with allies such as the Philippines. • Interviews with officials and government analysts indicated concerns and worry about greater U.S. emphasis and inputs into Southeast Asia. 	<ul style="list-style-type: none"> • Official and semi-official statements and analyses indicated the lack of U.S. emphasis or decreasing U.S. presence in the Asia-Pacific region, particularly in Southeast Asia. • Interviews with officials and government analysts indicated lack of U.S. emphasis and inputs into Southeast Asia.
Economic vulnerability Cost	<ul style="list-style-type: none"> • Objective economic data indicated Chinese need for imports and export markets regarding Southeast Asia. • Official and semi-official statements as well as and interviews indicated China's 	<ul style="list-style-type: none"> • Objective economic data indicated reducing Chinese reliance on Southeast Asia for export markets. • Official and semi-official statements as well as and interviews indicated a

	need to win over Southeast Asia economically.	reduced need for Southeast Asian markets.
--	---	---

As for issue importance, in the theory chapter, I state that territorial disputes, Taiwan, and the Tibet issue are all of important national security concerns to China. Maritime territorial disputes in the South China Sea constitute a high-stakes issue for which China would be willing to use coercion. Although South China Sea maritime territorial disputes remain a constant high-stakes issue, China did not use coercion all the time, which has to do with the varying degrees of costs and benefits of coercion. The issue importance variable matters in the South China Sea chapters to the extent that it is relevant for why China did not use military coercion in the post-2007 period, and we should expect to see ambiguity regarding whether the South China Sea dispute was considered an explicit “core interest” to China. That is, maritime territorial disputes in the South China Sea were not high enough for militarized coercion. In other words, issue importance is constant within the South China Sea issue but varies among different issue areas – territorial disputes, Taiwan, and Tibet.

Section I. Explaining the Temporal Trend of China’s Coercion Regarding the South China Sea

This section first describes the overall trend of Chinese immediate and reactive coercion in the South China Sea and then uses the cost balancing theory to explain the trend.

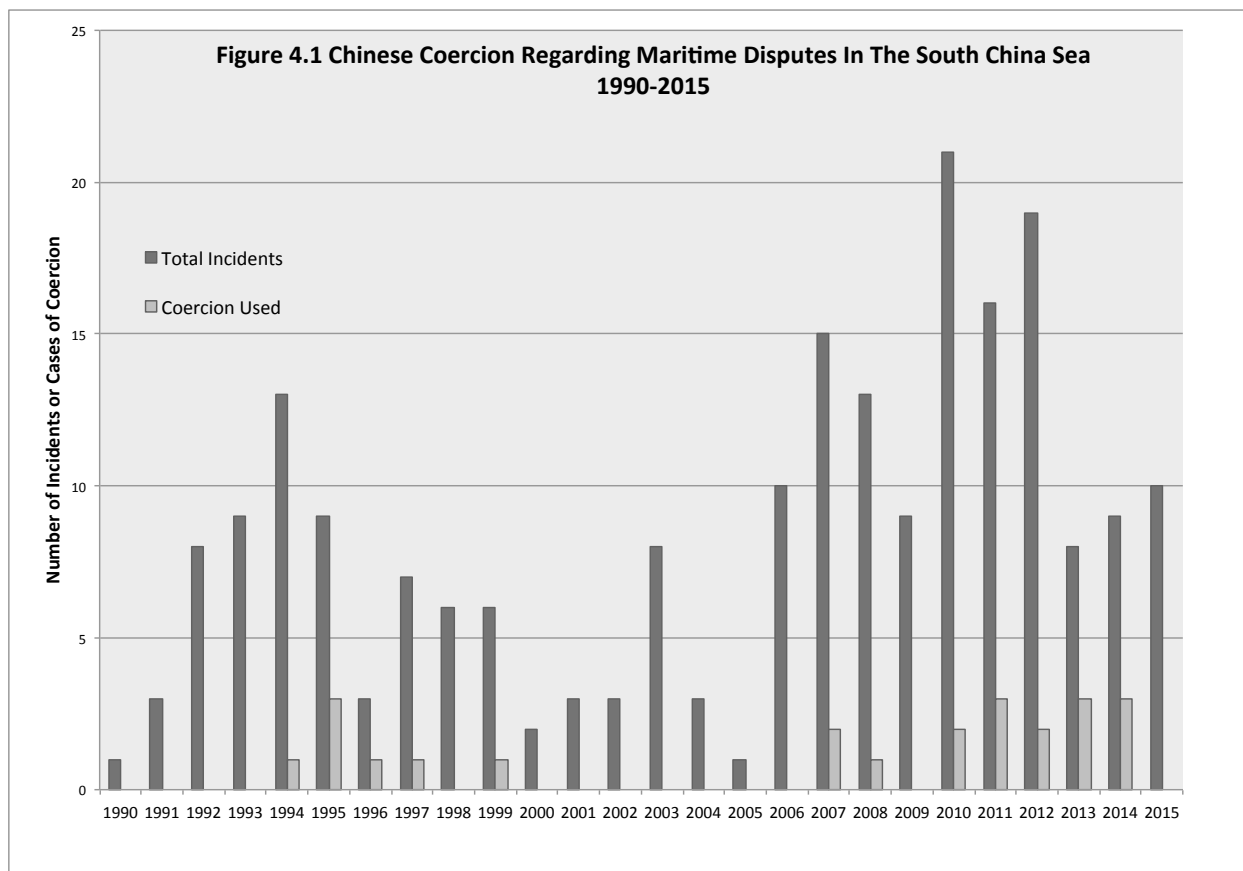


Figure 4.1 above is Chinese coercion in the South China Sea from 1990 to 2015. These cases of coercion are more reactive and immediate. The vertical axis is the number of incidents. The dark gray bar is the total pool of incidents, which are an amalgamation of incidents where China could react to other states' behavior by either using coercion or not using coercion. These incidents concern two categories: the control of disputed land features in the South China Sea and energy exploration in the disputed maritime area. I code these two categories of incidents based on an internally circulated publication by China's State Oceanic Agency. This internal publication stated clearly in 2002 that defending maritime rights — sovereign, jurisdictional, and administrative rights — are the core of maritime rights and that resource exploration in one's exclusive economic zones (EEZ) and continental shelves is an exclusive "quasi-sovereign" (*zhunzhuqan*) right, one that

lies just below sovereign rights.² Disputes over the control of claimed territories concern sovereign rights, and since China highlights resource exploration as the only right that qualifies as a “quasi-sovereign” right, I code incidents of control over land features and resource exploration. These incidents are the scenarios in which China is most likely to use coercion, if at all.³ Specifically, incidents regarding the control over land features include other claimants seizing and building infrastructure on land features. Incidents regarding resource exploration include actual oil and gas exploration activities and oil and gas production contracts signed by other claimants.

Why These Cases Count as Coercion

The light gray bar in Figure 4.1 indicates cases where coercion is used. These cases constitute as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, they are state action, implemented through the Chinese Ministry of Foreign Affairs (hereafter MFA), the Ministry of Commerce or the China Customs Agency (economic sanctions), and the SOA (gray-zone coercion).

Second, Chinese behavior — be they diplomatic sanctions, economic sanctions, or gray-zone coercion — inflicts pain on the target state. For example, regarding gray-zone coercion, China mainly uses its maritime surveillance ships to stop other claimants from continuing to conduct exploration in China’s claimed maritime area. One former diplomat previously appointed to

² Internal Materials edited by the China Institute for Maritime Affairs, *Zhuanshu jingji qu he dalujia [EEZs and the Continental Shelf]* (Beijing: Oceanic Press, 2002), p. 395, 398.

³ Of course, it will be great if there is aggregate data about incidents in which Chinese fishers were harassed by other claimants. Unfortunately, there is no such data publically available on a yearly basis. I only have reported individual episodes from open sources. And through interviews with former Chinese officials and government analysts, such data is not publically available – some doubt that China has such systematic data to begin with.

Southeast Asia states that there are two ways for maritime surveillance ships to succeed: first, use the loudspeaker to ask foreign exploration ships to leave until they actually do so; second, if these ships do not leave, Chinese maritime surveillance ships then use technical means to block these ships from conducting exploration, such as throwing dried tree branches which interrupts seismic surveys.⁴ Chinese administrative ships sometimes ram other foreign vessels as well.

Third, the goals of Chinese coercive behavior are clear. For example, in terms of interrupting foreign oil and gas exploration in waters claimed by China, China mainly uses its maritime surveillance ships to stop other claimants from continuing their exploration in China's claimed maritime area.⁵ The broader goal, according to former officials, government analysts, and scholars, is to use coercion to stop countries such as the Philippines from unilateral development of the resources and to force other claimants to go back to the negotiation table to discuss and conduct joint development with China.⁶ As the internal report of the National Institute of South China Sea Studies (NISCSS) stated in 2009, China should consider coercing (*bipo*) others into jointly developing resources in the South China Sea with China, which Wu Shicun – head of the NISCSS – reaffirmed during an interview in 2011.⁷ Internally published materials also point to this broader goal.⁸ Table 4.2 below lays out all cases of immediate Chinese coercion. As stated in the theory chapter, the unit of analysis is the decision to use coercion, and thus when it is immediate coercion,

⁴ Interview KZ-#91, Beijing, China, June 7, 2016.

⁵ *Ibid.*

⁶ Interview KZ-#12, Beijing, China, October 21, 2015; Interview KZ-#26, Nanjing, China, December 30, 2015; Interview KZ-#54, Haikou, China, April 8, 2016.

⁷ NISCSS, *2008nian nanhai diqu xingshi pinggu baogao [The 2008 Report Regarding Situation in the South China Sea]*, printed by NISCSS in 2009 for internal use, p. 52; Mao Lingyun, "Zhuanfang zhongguo nanhai yanjiuyuan yuanzhang Wu Shicun [An interview with Wu Shicun from NISCSS]," *Nanfeng chuang [South Reviews]*, Issue 17 (2011 August), p. 33.

⁸ Lu Shengjun, *Shenlan jinglue — haishang weiquan douzheng de sikao [Strategies of the Deep Blue — Thoughts on the Struggle Over Maritime Rights Protection]* (Beijing: The Great March Press, 2016), p. 226. The author is an analyst at the Chinese Academy of Military Sciences. This book is published by the official press of the PLA Daily.

the unit of analysis is each episode of coercion in response to particular incidents. For general coercion, the unit of analysis is the starting point of coercion.

Table 4.2 Chinese Coercion in the South China Sea 1990-2015⁹

Year	Country Involved and Incident	Goal of Coercion	Diplomatic Sanctions (and Magnitude if Used)	Economic Sanctions (and Magnitude if Used)	Gray-zone Coercion (and Magnitude if Used)	Military Coercion (and Magnitude if Used)
1994.7	Vietnam deployed an oilrig to the Vanguard Bank area.	Chinese MFA: "Vietnam's drilling activities in this area have gravely encroached upon China's sovereignty and maritime interests;" "The Chinese Government has demanded that the Vietnamese side stop the drilling activities immediately;" "The Vietnamese side shall be held responsible for the ensuing consequences." ¹⁰	No	No	No	Yes. The Chinese naval ships turned back at least one Vietnamese vessel that was ferrying supplies to the rig.
1995.1	Philippine fishers stopped by the Mischief Reef	Stop the Philippines from controlling the Mischief Reef and to enforce the "policy of restraint" on claimants. (See Chapter 5 for the case study)	No	No	Yes. Chinese fishery administrative ships blocked and investigated the Philippine fishing vessels	No
1995.5	The	See above	No	No	Yes.	No

⁹ The cases of coercion derive from Figure 4.1 above. For specific sources of each incident and cases of coercion, see appendix II.

¹⁰ "China sends warships to Vietnam oil site," *The New York Times*, July 21, 1994, <http://www.nytimes.com/1994/07/21/world/china-sends-warships-to-vietnam-oil-site.html>, accessed August 19, 2017; cross-checked by MFA's statement on June 16: China demanded that Vietnam stop all activities that encroach upon China's sovereign rights, including sending survey ships into the Vanguard area. See *People's Daily*, June 16, 1994. <http://www.ziliaoku.org/rmrb/1994-06-17-4#967214>, accessed August 19, 2017.

	Philippines dispatched a naval vessel to Mischief Reef, which had foreign and domestic journalists onboard				Chinese fishery administrative ships blocked Philippine naval vessels, leading to a 70-minute standoff	
1995.12	China was reportedly drilling for oil near Spratly Isles, and Vietnam sent vessels to monitor. The incident reportedly took place about 400 kilometers southeast of the Vietnamese city of Vung-tau.		No	No	No	Yes. A Chinese naval vessel, which was escorting a ship used for drilling operations, fired warning shots at a Vietnamese vessel
1996.4	Vietnam gave what was previously the China-Crestone deal to U.S. company Conoco regarding oil exploration around the Vanguard Bank	Force Conoco to give up the deal. ¹¹	No	Yes. China warned Conoco off the project before the contract was signed. Chen Bingqian, vice president of the China National Offshore Oil Corporation threatened "confrontation, losses and liabilities" if the deal was consummated. Conoco's parent company, Dupont, has several joint ventures in China.	No	No

¹¹ See appendix II.

1997.4	Philippine navy disrupted amateur wireless transmission (radio) enthusiasts' trip to the Scarborough Shoal – these people came from China, Japan, and the United States.	MFA: demanded that the Philippines immediately stop actions that encroach upon Chinese sovereignty. ¹²	No	No	Yes. Chinese maritime surveillance ships 74 and 72 faced a standoff with Philippine navy.	No
1999.11	The Philippines planned to “sit” its naval ship by the Scarborough Shoal	China demanded that the ship be towed from the Shoal. ¹³	Yes. China applied diplomatic pressure.	No	No	No
2007.4	Vietnam planned to work with British Petroleum (BP) in Spratlys	Force BP to give up the deal. ¹⁴	No	Yes. China made threats of economic sanctions regarding BP in June 2007; BP eventually gave up the bid in 2009	No	No
2007.4	Vietnam conducted oil exploration with Russian ships in the Spratlys	Expel the ships. ¹⁵	No	No	Yes. China's maritime surveillance ships expelled the ships	No
2008.7	Vietnam planned to work with ExxonMobil in the Spratlys	Force ExxonMobil to give up the deal. ¹⁶	No	Yes. China made threats of business interests with ExxonMobil	No	No
2010	Vietnam carved out block 113 in		No	No	Yes. China's maritime	No

¹² *People's Daily*, May 23, 1997, <http://www.ziliaoku.org/rmrb/1997-05-23-4#1077432>, accessed August 19, 2017.

¹³ See appendix II.

¹⁴ See appendix II.

¹⁵ See appendix II.

¹⁶ See appendix II.

	the Spratlys				surveillance ships conducted patrol around the block.	
2010.4	The Royal Malaysian Navy sent its warship to chase Chinese fishery administrative ships out of Malaysian water. The two met around the Swallow Reef (Layang Layang).		No	No	Yes. Chinese fishery administrative ship no. 311 showed presence and faced off the Malaysian navy.	No
2011.3	Philippine oil exploration ships were conducting explorations around the Reed Bank	Force the Philippines to stop exploration activities around the bank and leave the area. ¹⁷	No	No	Yes. Chinese maritime surveillance ships expelled the Philippine ships.	No
2011.5	Vietnam conducted oil exploration activities around the Vanguard Bank	MFA: China objected to Vietnamese exploration activities which encroached upon Chinese sovereignty. ¹⁸	No	No	Yes. China dispatched its maritime surveillance ships and Chinese maritime surveillance vessels on May 26 cut exploration cables of Viet Nam's Binh Minh 02 vessel in Block 148.	No
2011.6	Vietnam's state-run energy company PetroVietnam	MFA: demanded that Vietnam immediately stop actions that encroach upon	No	No	Yes (2) A Chinese fishing boat supported by Chinese	No

¹⁷ See appendix II.

¹⁸ MFA Press Conference, May 28, 2011,

http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t826094.shtml, accessed August 19, 2017.

	was conducting seismic surveys in the Spratlys.	Chinese sovereignty. ¹⁹			fishery administrative ships no. 311 and 303 cut the cable of the Vietnamese survey ship.	
2012.4	The Philippine navy tried to arrest Chinese fishers around the Scarborough Shoal.	MFA: demanded that Philippine ships leave the Scarborough area. ²⁰ (See Chapter 5 for the case study)	Yes. China terminated all senior-level (ministerial level and above) bilateral visits between China and the Philippines.	Yes. A one-month banana ban of Philippine banana export to China.	Yes. Chinese maritime surveillance ships blocked Philippine vessels from entering the shoal, leading to a two-month standoff. China eventually took control of the shoal.	No
2012.8	One Malaysian seismic survey ship was conducting explorations in Block SR 318 under contract to Shell Sarawak.	Force Malaysia to stop its survey activities. ²¹	No	No	Yes. Chinese patrol vessels ordered the Malaysian vessel to cease and desist and it complied. But it renewed its work after a protective buffer was put in place.	No
2013.1	The Philippines handed the South China Sea disputes to the Arbitration Tribunal.	MFA: demanded that the Philippines stop actions that further complicate the [South China Sea] issue and return to the correct	Yes. From 2013 to 2015, there were no formal meetings between the foreign ministers	No	No	No

¹⁹ MFA Press Conference, June 9, 2011, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t829297.shtml, accessed August 19, 2017.

²⁰ MFA Press Conference, April 16, 2012, reported in *People's Daily*, April 2017. http://www.mfa.gov.cn/web/fyrbt_673021/jzhs1_673025/t923279.shtml, accessed August 19, 2017.

²¹ See appendix II.

		path of bilateral negotiations. ²²	of the two countries.			
2013.1	Shell contracted survey vessels were conducting exploration in the Luconia Shoal area.	Force Malaysia to stop its survey activities. ²³	No	No	Yes. Chinese patrol ships ordered the Malaysian vessels to leave.	No
2013.5	The Philippines used ships to transport food and water to those guarding the Second Thomas Shoal	MFA: demanded that the Philippines stop taking “provocative” actions that further complicate peace and stability in the South China Sea. ²⁴	No	No	Yes. Chinese maritime surveillance ships tried to stop the resupply.	No
2014.3	The Philippines attempted to refuel the Second Thomas Shoal (i.e., to strengthen the construction).	Expel the Philippine vessels carrying construction materials. ²⁵	No	No	Yes. Two Chinese maritime surveillance ships were trying to blockade the Philippine vessels, and they succeeded.	No
2014.3	Philippine navy attempted to use <i>civilian</i> ships to refuel the Second Thomas Shoal	MFA: China would not allow any means the Philippines took to encroach upon the Second Thomas Shoal, nor would China allow the Philippines to	No	No	Yes. There were two Chinese maritime surveillance ships; a two-hour standoff.	No

²² MFA Press Conference, February 19, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1014798.shtml, accessed August 19, 2017.

²³ See appendix II.

²⁴ MFA, Press Conference, May 30, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1045556.shtml; MFA, Press Conference, May 22, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1042669.shtml; MFA Press Conference, May 28, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1044736.shtml, accessed August 19, 2017.

²⁵ Press Conference, March 10, 2014, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1135809.shtml, accessed August 19, 2017.

		sabotage the DOC. ²⁶				
2014.5	China sent oilrig 981 to the Paracels, and Vietnam sent law enforcement ships to counter.	(See Chapter 5 for the case study)	Yes (1) But very briefly; relations resumed relatively fast.	No	Yes. Chinese coast guard ships rammed into and sunk Vietnamese vessels.	No

As Figure 4.1 and Table 4.2 show, China used coercion in the mid-1990s, especially from 1994 to 1996. The cases of coercion from 1994 to 1996 were more drastic, which sometimes involved coercion via naval ships. In the early 2000s, however, China refrained from using coercion. Starting from 2007 and, especially, 2010, China began to greatly increase the use of coercion especially in the form of gray-zone coercion, which peaked in 2014.²⁷ Yet unlike the early 1990s, these cases of coercion tend not to involve the military, thus reducing the magnitude of coercion. In addition, China prefers to coerce Vietnam and particularly the Philippines, while not using coercion against Malaysia as much and reducing its magnitude of coercion against Malaysia. There are therefore both temporal and cross-national variations regarding Chinese coercion. Below I measure temporal changes in the costs and benefits. If the cost balancing theory is correct, we should see China coercing when the need to establish a reputation for resolve is high and economic vulnerability is low and using non-militarized coercive tools when the geopolitical backlash cost is high.

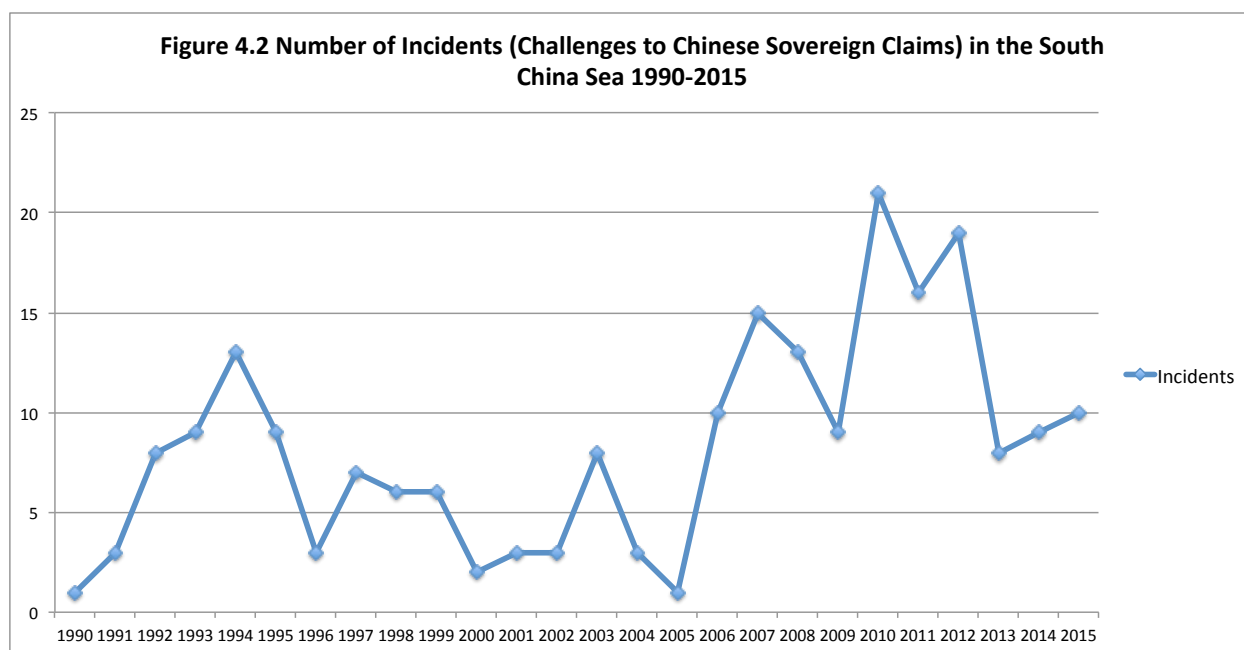
The Need to Establish a Reputation for Resolve

²⁶ MFA, Press Conference, March 29, 2014, 2014-03-29 http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t1142204.shtml, accessed August 19, 2017.

²⁷ One might wonder why there was no Chinese coercion in 2015. China used active coercion in 2015, including land reclamation and coercion against the fishers of other countries. Nevertheless, China did not use coercion responding to oil and gas related or land feature related incidences.

The need to establish a reputation for resolve was high in the 1990s, turned low roughly between 2000 and 2006, and became high again in the post-2007 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns incidents in the South China Sea, reports containing the word “South China Sea islands” in the *People’s Daily*, and the exposure of the South China Sea issue in international media. The second kind involves official assessments of the South China Sea, semi-official assessments, and interviews with government analysts and former officials. The third kind is scholarly writing, but I limit it only to the extent that it is necessary.

Turning first to objective measures, Figure 4.2 shows the number of challenges to Chinese sovereign claims from 1990 to 2015.²⁸



²⁸ For the data, see appendix II. As mentioned, these incidents include other claimants’ seizure of land features in the South China Sea, fortification or construction of airport runways on previously occupied land features, and oil and gas contracts as well as exploration activities with foreign companies. Separating incidents regarding land features and incidents related to oil and gas into two figures yields similar trends as Figure 4.2, which therefore is not shown here.

It is clear that the 1990s – the mid-1990s in particular – witnessed a surge in other claimants’ action in the South China Sea, especially that of Vietnam, the Philippines, and Malaysia. For example, Vietnam took Prince Consort Bank (*Xiwei tan*) in the Spratlys in November 1990 and Grainger Bank (*Lizhun tan*) and Alexandra Bank (*Renjun tan*) in November 1991.²⁹ Vietnam was also constructing lighthouses on occupied islands.³⁰ Its action especially concentrated during the early to mid-1990s. Also, Vietnam drastically increased the number of production sharing contracts (PSCs) signed with foreign companies. For instance, in 1992, Petrovietnam, Vietnam's state oil company, signed agreements with Canadian, Norwegian, and Indonesian companies to explore oil and gas in the Spratlys.³¹ In 1993, Vietnam signed PSCs with Australian, French, Japanese, and U.S. companies in areas that China claimed as its Exclusive Economic Zones (EEZ).³² As with seizing land features, Vietnamese PSC deals with foreign companies peaked in early to mid-1990s.

The Philippines and Malaysia were also taking control of and building infrastructure on land features in the Spratlys. For example, Malaysia finished building a runway on Swallow Reef in the summer of 1992, and the Philippines ordered its armed forces to build an airport on disputed islands in the Spratlys.³³ Throughout the 1990s, there were 66 incidents of action taken by Vietnam, the Philippines, and Malaysia to take control of land features in the Spratlys and to make oil and gas

²⁹ Hainan provincial gazetteer office, *Hainan shengzhi - xizhongsha qundao zhi Hainan [Provincial Gazetteer — The Paracels, Spratlys, and the Macclesfield Bank]* (Haikou: Nanhai Publication House, 2005); Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti [Waves in the South China Sea — Southeast Asian countries and the South China Sea Issue]* (Nanchang: Jiangxi Higher Education Press, 2005), p. 34. These are cross-checked by English sources, shown in Appendix II.

³⁰ Cross-checked by English language sources and official data from the Vietnamese government. See Appendix II.

³¹ For data sources, see Appendix II.

³² Li Jinming, *Nanhai botao*, appendix. For cross-check, see Carlyle A. Thayer, “Visit by PM Marks a High Point in Bilateral Relations,” *Australian Financial Review*, June 16, 1993, in LexisNexis. Agis Salukis, “Mobil Wins Right to Drill for Oil Off Vietnam,” *New York Times*, December 21, 1993, <http://www.nytimes.com/1993/12/21/business/company-news-mobil-wins-right-to-drill-for-oil-off-vietnam.html>, accessed October 10, 2016.

³³ See Zhang Liangfu, *Nansha qundao dashiji*, p. 247. Cross-checked by Makito Shashi, “Malaysia Develops Disputed Spratly Isle; Hotel Goes Up on Territory Claimed by Six Nations,” *The Nikkei Weekly (Japan)*, May 30, 1992, in LexisNexis. For more data sources, see Appendix II.

production deals with foreign companies, and these incidents concentrated in the mid-1990s. The rapid increase of Vietnamese PSC deals was notably a new phenomenon.³⁴

Foreign states' challenges to Chinese sovereignty claims in the South China Sea reduced greatly in the 2000-2006 period. The nature of these challenges also made them less concerning to China. Vietnam, the Philippines, and Malaysia seized land features in the 1990s but focused more on building infrastructure on land features they had already taken in the 2000-2006 period. Unlike the 1990s when the incidents of the seizure of land features were abundant, many of the 30 incidents in the 2000-2006 period had to do with oil exploration and new PSC deals, some of which were presumably outside of China's nine-dashed lines. Also, the number of oil and gas PSCs signed with foreign countries in this period was also smaller than the 1990s. The little bump in 2003 had more to do with officials of other claimant countries visiting land features they had already taken in the 1990s.³⁵

The post-2007 period witnessed a resurgence of actions by Vietnam, the Philippines, and Malaysia. In 2007 alone, there were 11 cases of oil and gas exploration and new PSC deals initiated by Vietnam and this increase (which already began in 2006) was dramatic compared to previous years. Malaysia, which rarely signed new PSC deals, also began signing new PSC deals in 2007, and the number peaked in 2012. The Philippines, albeit a latecomer, conducted oil exploration around the Reed Bank in 2011.³⁶ Moreover, the claimants seemed to have rekindled efforts in strengthening infrastructure on occupied islands.³⁷ For example, Vietnam started to renovate the

³⁴ See appendix II. Data comes from, Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi* [*A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys*] (Beijing: Oceanic Press, 2006), p. 246. Crossed checked with the official website of PetroVietnam at http://english.pvn.vn/?portal=news&page=detail&category_id=38&id=3676, accessed August 19, 2017.

³⁵ See appendix II.

³⁶ Joseph Santolan, "Chinese patrol boats confront Vietnamese oil exploration ship in South China Sea," May 31, 2011, <https://www.wsws.org/en/articles/2011/05/chinYm31.html>, accessed August 27, 2016.

³⁷ For complete details regarding each of the efforts to strengthen territorial claims, see appendix II.

airport runway on the Spratly Island (*Nanwei dao*) in 2007.³⁸ Between 2011 and 2015, Vietnam made upgrades to the Sand Cay Island.³⁹ In short, as Figure 4.2 shows, incidents challenging Chinese claims in the South China Sea were abundant in the 1990s, dropped in the 2000-2006 period, and picked up again in the post-2007 period. This trend is generally corroborated by trends in international media exposure as well as the *People's Daily* reports, as shown below.

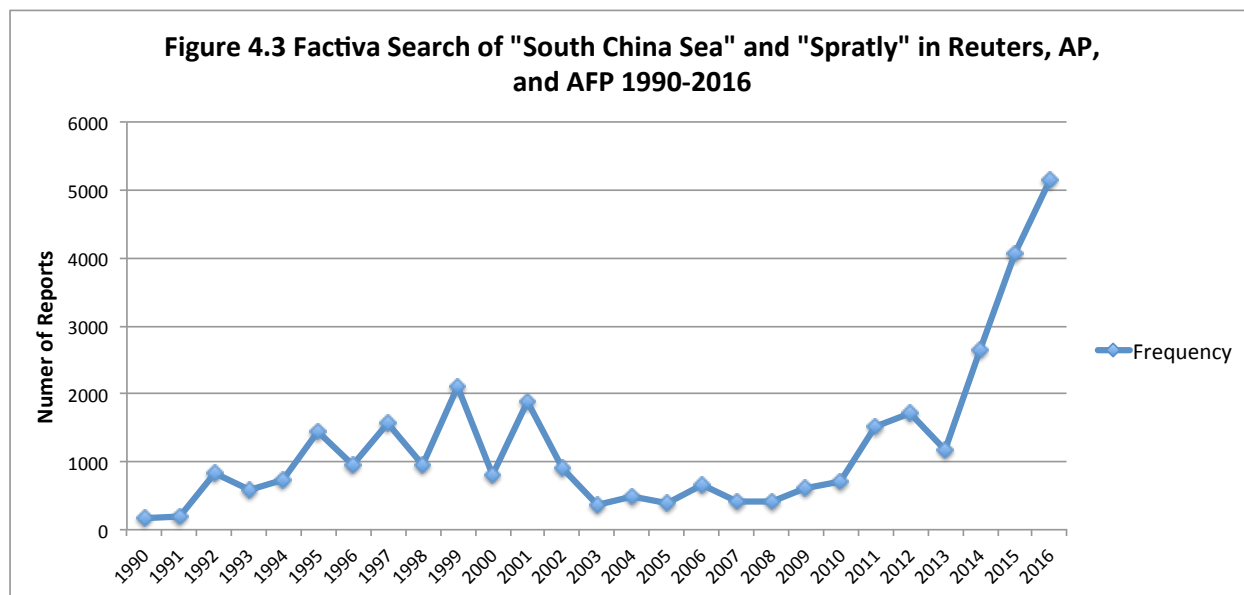


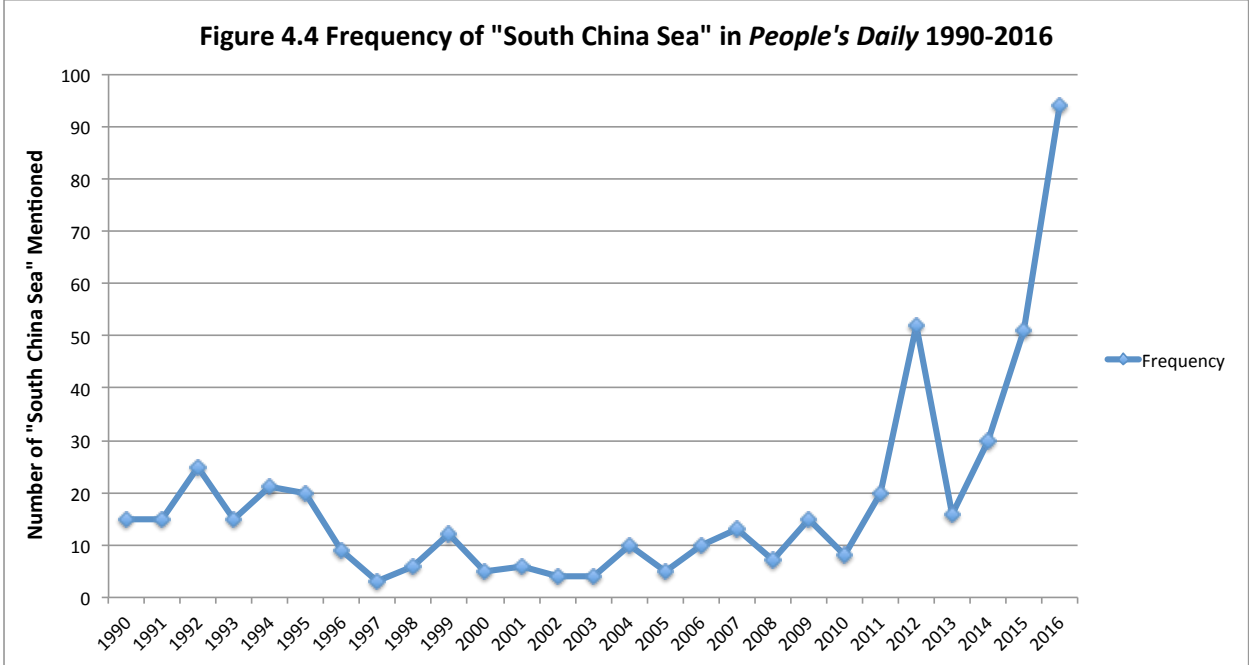
Figure 4.3 above shows the Factiva search of reports containing either “South China Sea” or “Spratlys” in *Reuters*, *Agence France Presse*, and *Associated Press*.⁴⁰ I choose these three because they are the most influential English-language news agencies. A greater exposure from them would increase the salience of the South China Sea issue and the pressure to establish one’s reputation for resolve. Generally albeit not perfectly in line with Figure 4.2, international media exposure was greater in the 1990s, died down in the 2002-2010 period, and picked up again starting from 2011. An examination of the contents of the reports indicated that the little bump in 2001 was due to

³⁸ See appendix II.

³⁹ See appendix II.

⁴⁰ I did not use *LexisNexis* because it only contains *Reuters* reports.

reports regarding the EP-3 incident between the United States and China in the South China Sea and discussions of the ASEAN-China code of conduct on the South China Sea, a positive development.



Similarly, Figure 4.4 above shows the *People's Daily* search of articles containing the South China Sea.⁴¹ In line with Figure 4.2, domestic report of the South China Sea issue was higher in the 1990s, died down in the 2000-2005 period, and picked up again particularly since 2011.

To briefly summarize, objective measures of the need to establish a reputation for resolve – number of incidents and media exposure – indicated that the pressure to establish one’s reputation for resolve was greater in the 1990s (especially the mid-1990s), smaller in the 2000-2006 period, and higher again in the post-2007 (especially post-2011) period. As will be shown below, objective measures of reputation for resolve are in line with assessments from official sources, semi-official documents, and interviews.

⁴¹ The exact wording for the search included: *nanshaqundao*, *nanhaizhudao*, and *nanshazhudao*.

Turning next to official assessments, semi-official documents, and interviews, China was keenly aware of the concentrated activities of South China Sea claimants in the 1990s (especially in the early to mid-1990s) and wanted to stop such actions. The Chinese MFA was quick to respond to activities taken by other claimants and did aim at preventing further actions of other South China Sea claimants. For example, two weeks after Vietnam took the Prince Consort Bank in November 1990, the *People's Daily* — China's official party paper — reported a conference convened by China's SOA, in which experts stated that the Paracels and Spratlys belong to China and that China absolutely would not withstand any behavior that aimed at controlling and encroaching upon islands in the Spratlys.⁴² The MFA's 1991 *China's Foreign Affairs Overview* also singled out Vietnam, stating that despite multiple warnings, Vietnam strengthened its encroachment upon the South China Sea and began to plan for drilling oil and gas in the Spratlys.⁴³ When asked about whether China would support holding international conferences regarding the South China Sea on July 17, 1992, MFA spokesperson Wu Jianmin emphasized that China opposed the "internationalization" of the South China Sea issue.⁴⁴ By internationalization, Wu meant making the South China Sea disputes salient and known internationally. Wu's remarks came just a few weeks after Vietnam signed separate contracts with Norwegian companies and Malaysian companies to explore oil in the South China Sea, and seemed to respond to a Philippine proposal for an international conference to settle disputes.⁴⁵ The MFA's reactions took a harsher turn in 1994 – the year that witnessed the most incidents China deemed as threatening. On June 16, 1994, MFA spokesperson Shen Guofang demanded that Vietnam stop all of its actions that encroached upon China's sovereignty in the Spratlys, emphasizing that Vietnam had been in recent years inviting foreign companies to bid for

⁴² *People's Daily*, November 22, 1990, section 4, <http://www.ziliaoku.org/rmrb/1990-11-22-4>, accessed August 19, 2017.

⁴³ *China's Foreign Affairs Overview 1991*, p. 49.

⁴⁴ *People's Daily*, July 17, 1992, section 1, <http://www.ziliaoku.org/rmrb/1992-07-17-1#900545>, accessed August 19, 2017.

⁴⁵ Lindsay Murdoch, "Ramos Warns of Peril in Rival Spratly Claims," *The Age (Melbourne)*, July 22, 1992; Reginald Chua, "Manila to propose international talks on Spratly Islands," *The Straits Times*, July 15, 1992, in *LexisNexis*.

oil and gas development in the Spratlys, especially around the Vanguard Bank.⁴⁶ Shen's remarks were in direct response to Vietnamese exploration around the Vanguard Bank. China subsequently used naval ships to turn back Vietnamese vessels in the Vanguard Bank area in July. On September 9, 1994, Shen Guofang criticized Vietnamese action of building a fishing harbor on the Lagos Island in the Spratlys, stating that Vietnamese action severely encroached upon China's sovereign rights.⁴⁷ The MFA spokesperson expressed its concern again when Vietnam continued its oil and gas exploration in around the Vanguard Bank on October 18, 1994, reiterating that Vietnamese activities severely infringed on China's sovereignty and maritime rights.

Internal publications of the Chinese Academy of Social Science (hereafter CASS) – a government think tank – in 1993 and 1994 also documented such behavior of South China Sea claimants, worrying about the increasing trend of “internationalization” of the South China Sea issue.⁴⁸ Speech evidence of Chinese government policy analysts also indicated the high the need to establish a reputation for resolve, as seen from internal CASS publications and interviews with government policy analysts. Cao Yunhua, for example, wrote in 1995 that South China Sea claimants began to increase their speed of seizing islands and “internationalizing” the South China Sea dispute, citing the Philippine Foreign Minister's July 26, 1993 announcement that “we should generate international attention.”⁴⁹ Shang Guozhen added that one ASEAN official stated during the Southeast Asian security conference in January 1994 that the South China Sea issue should be

⁴⁶ *People's Daily*, June 17, 1994, section 4, <http://www.ziliaoku.org/rmrb/1994-06-17-4#967214>, accessed August 19, 2017.

⁴⁷ *People's Daily*, September 9, 1994, section 2, <http://www.ziliaoku.org/rmrb/1994-09-09-2#941041>, accessed August 19, 2017.

⁴⁸ Sun Xiaoying, “Buzhan erzheng de heping zhanlue yu heping jiejie nansha zhengduan [Using the peaceful strategy to resolve the spratly disputes],” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao [Materials Regarding the South China Sea Issue]* (Internal Circulation: 1996), p. 278. See also Shang Guozhen, “Luelun nansha wenti guojihua qushi ji women de duice [Discussing the trend of “internationalization” of the South China Sea issue and our countermeasures],” in *ibid.*, p. 288; Zhou Liangbiao and Ye Hong, “Jiejue nansha wenti bixu zhongshi jingji kaifa [Solving the Spratly issue requires economic exploration],” in *ibid.*, p. 314-315.

⁴⁹ Cao Yunhua, “Nanhai zhongguo fengyu [Situation in the South China Sea],” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 38, 42-47.

handed over to the UN to draw worldwide attention.⁵⁰ Yang Yunzhong wrote in 1994 that Vietnam also attempted to internationalize the South China Sea issue through international conferences.⁵¹

Chinese government policy analysts believed in the early 1990s that the reason why other claimants began to “carve up” the Spratly Islands was that China had not taken measures to assert sovereign rights in the Spratlys for a period — since the March 1988 maritime conflict with Vietnam.⁵² According to the internal CASS publication, ASEAN countries took China’s dire diplomatic situation after the 1989 Tiananmen incident as an opportunity: they increased the speed of encroaching upon islands and resources in the Spratlys, whereas China had to compromise and maintain a low key.⁵³ SOA’s internal publication in March 1992 reasoned that only by taking an assertive attitude regarding China’s territory would China be able to make great powers hesitate or even stop when they contemplate whether to invest in Vietnam for oil in China’s waters (*kaolv zai san huo wanger que bu*).⁵⁴ That is, China’s weakness and reticence invited other claimants to further “encroach” upon the Spratlys. One scholar stated that seizing some land features in the South China Sea would be advantageous for China, without which China did not have any cards against Southeast Asian countries when it came to discussing the issue.⁵⁵ Other scholars reasoned that China had to take action in the 1990s because it had seen Vietnam and the Philippines taking action in the South China Sea.⁵⁶ In short, seeing Vietnam, the Philippines, and Malaysia taking action in the Spratlys, China had to coerce so as to signal to them that China was resolved and willing to defend

⁵⁰ Shang Guozhen, “luelun nansha wenti guojihua qushi ji women de duice,” in *ibid.*, p. 289.

⁵¹ Yang Yunzhong, “Vietnam speeds up the expansion in the South China Sea [yuenan jiajin xiang zhongguo nanhai kuozhang],” in *ibid.*, p. 62.

⁵² Sun Xiaoying, “Using the peaceful strategy to resolve the spratly disputes,” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 280. This article was written in 1993.

⁵³ Lu Jianren, “Nansha zhengduan ji duice [Countermeasures for the Spratly disputes],” in *ibid.*, p. 307.

⁵⁴ Research Institute of Maritime Development of the SOA, *Nanhai zhudao xueshu taolunhui lunwen xuanbian [Papers of the Seminar on Islands in the South China Sea]* (Internal publication, March 1992), p. 63.

⁵⁵ Interview KZ-#19, Guangzhou, China, December 4, 2015.

⁵⁶ “*Zuizhongyao de shi kind yuenan feilvbin zuole, suoyi zhongguo yea zuoyixie.*” Interview KZ-#25, Nanjing, China, December 30, 2015.

its interests in the South China Sea. Thus, the need to establish a reputation for resolve was high in the 1990s.

In contrast, official and semi-official government threat assessments acknowledged the reduced pressure to establish a reputation for resolve in the 2000-2006 period. For example, China's official defense white papers indicated consecutively in 2000 and 2002 that the situation in the South China Sea was "basically stable" (*jiben baochi wending*), while not mentioning the South China Sea at all in 2004.⁵⁷ The reports by the China Institute for Marine Affairs — a government institute under the SOA — indicated in the 2004 and 2005 reports that the situation in the South China Sea was relaxed (*huanhe*).⁵⁸ Similarly, the internal 2003 and 2004 reports from the NISCSS described the general situation in the South China Sea as "overall stable" (*zongti shang xingshi baochi wending*).⁵⁹ Interviews with current government officials and government policy analysts are also in line with the above assessments.⁶⁰ One analyst, for example, states that the South China Sea during this period was "relatively quiet" (*xiangdui pingjing de*), and it was not until later that the United States and ASEAN started to pay more attention to it.⁶¹ By quiet, this researcher means that the South China Sea issue was not made salient. Because these cases of incidents were less salient than the 1990s cases, China did not need to take action towards these cases to demonstrate its reputation for resolve so as to check further actions of other states. Therefore, the need to establish a reputation for resolve was low.

⁵⁷ China's National Defense White Paper 2000; China's National Defense White Paper 2002, http://www.mod.gov.cn/regulatory/2011-01/06/content_4617806.htm; China's National Defense White Paper 2004, http://www.mod.gov.cn/regulatory/2011-01/06/content_4617807.htm, accessed August 19, 2017.

⁵⁸ Jia Yu et al., "Zhongguo zhoubian haiyang xingshi zongshu [China's maritime situation in 2005 and China's maritime situation in 2004]," in Gao Zhiguo and Zhang Haiwen eds., *Haiyang guoce wenji [Studies on National Maritime Policies]* (Beijing: Oceanic Press, 2007), p. 207, 242.

⁵⁹ NISCSS, *2003nian nanhai diqu xingshi pinggu baogao [The 2003 Report Regarding Situation in the South China Sea]*, printed by NISCSS in July 2004 for internal use, p. 5; NISCSS, *2004nian nanhai diqu xingshi pinggu baogao [The 2004 Report Regarding Situation in the South China Sea]*, printed by NISCSS in 2005 for internal use, p. 4. These boos are available in the library of the NISCSS in Haikou.

⁶⁰ Interview KZ-#114, Beijing, China, December 29, 2016; Interview KZ-#64, Beijing, China, April 27, 2016.

⁶¹ Interview KZ-#30, Haikou, China, January 6, 2016.

In the post-2007 period, China became aware of the increasing actions of other claimants and was highly concerned about the dispute attracting international attention, as seen in official documents, semi-official assessments, and interviews with Chinese officials and scholars.⁶² For instance, China's official defense white paper of 2010 stated that the pressure for defending national sovereignty and maritime rights increased.⁶³ Semi-official documents also share this assessment. Starting from 2008, internal annual NISCSS assessments noted that the situation in the South China Sea began to be complicated and that disputes became "salient" (*tuchu*).⁶⁴ The internal NISCSS report therefore suggested that China strengthen regularized patrol of the Spratlys and "selectively disrupt and stop" actions taken by other claimants.⁶⁵ One internal CASS report indicated in 2011 that China's maritime security environment worsened in 2010 and that China would face "regularized" (*changtai hua*) pressure from the maritime realm.⁶⁶ The *2012 Strategic and Security Review* by the China Institutes of Contemporary International Relations (a government agency under the State Security Bureau, hereafter CICIR) worried that external involvement in the South China Sea would lead some claimants to take more reckless measures.⁶⁷ The CASS 2011 and 2012 *Yellow Books of International Politics* agreed that the growing U.S.-led military exercises might make other claimants miscalculate the situation and further escalate.⁶⁸ This implies that if China

⁶² See CICIR, CISS, CASS, and NISCSS for the reports of above-mentioned "transgressions" of Vietnam, the Philippines, and Malaysia. These reports conform to foreign media sources.

⁶³ China's National Defense White Paper 2010, http://www.mod.gov.cn/regulatory/2011-03/31/content_4617810.htm, accessed August 19, 2017.

⁶⁴ NISCSS, *2007nian nanhai diqu xingshi pinggu baogao [The 2007 Report Regarding Situation in the South China Sea]*, printed by NISCSS in 2008 for internal use, p. 4. NISCSS, *2008nian nanhai diqu xingshi pinggu baogao [The 2008 Report Regarding Situation in the South China Sea]*, printed by NISCSS in 2009 for internal use, p. 3-4.

⁶⁵ NISCSS, *The 2007 Report Regarding Situation in the South China Sea*, p. 15 and 41.

⁶⁶ Zhang Jie and Zhong Feiteng, "2010nian zhongguo zhoubian anquan xingshi yu zhongguo duice [The regional security environment in 2010 and China's countermeasures]," in Zhang Jie and Yang Danzhi eds., *Zhongguo zhoubian anquan xingshi pinggu [Assessment of China's Regional Security Environment]* (Hong Kong: Hong Kong Social Sciences Press, 2011), p. 7. Sources told me that this book was an internal circulation in China.

⁶⁷ CICIR, *Strategic and Security Review 2012*, p. 114-115.

⁶⁸ CASS, *Yellow Book of International Politics 2011*, p. 16; CASS, *Yellow Book of International Politics 2012*, p. 56, 62.

does not take action to check the actions of other claimants – especially since China believed that the South China Sea issue had been highly internationalized – other claimants would act further.

Furthermore, the publicity and salience of the South China Sea issue add to China's reputation for resolve pressure. For example, the 2008 NISCSS report was particularly concerned about Vietnamese, Philippine, and Malaysian behavior, because they tried to publicize (*chaozuo*) the South China Sea issue, which would adversely affect conditions in the South China Sea.⁶⁹ In this sense, the greater the publicity of the issue, the greater the cost it imposes on China if China does not take action. Even though signing PSC deals with foreign companies would not change the status quo territorial control in a physical manner, nor would they change the balance of power regarding control of land features in the South China Sea, the sheer publicity of these deals – especially since they involved foreign companies – added the pressure for China to establish a reputation for resolve in defending its own sovereign rights. As such, the deputy chief of staff of the PLA stated in early 2010 that “we are against the action of drastically publicizing the South China Sea issue (*fandui jiangciwenti chaode guore*), the “internationalization” of the issue, and the intervention by external actors.”⁷⁰ This also explains why CICIR, CASS, and NISCSS annual reports focused on less physical actions of Vietnam, the Philippines, and Malaysia – signing PSC contracts and visiting disputed islands – as opposed to actions of building more infrastructure on the disputed islands.

Interviews with government policy analysts and researchers from different regions of China also confirm this logic of using coercion to establish a reputation for resolve, and scholars emphasized that China used coercion to avoid being seen as weak and to demonstrate resolve.⁷¹

⁶⁹ See NISCSS, *The 2008 Report Regarding Situation in the South China Sea*, p. 11.

⁷⁰ Wang Guopei, “Jiefangjun fuzongzhang: fandui nanhaiwenti guojihua, fandui waibushili jieru [The Deputy Chief of Staff of the PLA — Against the “internationalization” and Intervention by External Actors], *Dongfang zaobao [Eastern Morning Daily]*, April 28, 2010, A. 12.

⁷¹ Interview KZ-#4, Beijing, China, September 15, 2015; Interview KZ-#5, Beijing, China, September 16, 2015; Interview KZ-#11, Beijing, China, October 14, 2015; Interview KZ-#12, Beijing, China, October 21, 2015; Interview KZ-#16, Guangzhou, China, November 30, 2015; Interview KZ-#17, Guangzhou, China, December 1,

Several scholars stated that China used coercion so as to “kill the chicken to scare the monkey” (*shaji jinghou*), sending signals to all claimants and warning them against taking further action in the future.⁷² Government policy analysts expressed concerns particularly about the Philippines, fearing that the publicity of Philippines’ taking the South China Sea issue to the international court would lead other claimants to follow suit.⁷³ Chinese coercion was thus actually a deterrence signal against any future encroachment of China’s sovereign rights in the South China Sea.⁷⁴ As an official from the maritime surveillance team of the SOA stated, China needed to show its resolve that it would not lose any island or maritime area.⁷⁵ China needed to increase the “cost of an offense” (*weizhang chengben*) and make other states understand that China was “not weak or unconditionally accommodating” (*yiweide qianjiu ruanruo*), which would then make them return to joint exploration.⁷⁶

Although some articles are written more recently and therefore hindsight, scholarly writing also indicates the logic of establishing a reputation for resolve. Compromises mean weakness, and “showing weaknesses was not an effective way to establish a reputation for resolve in the region

2015; Interview KZ-#18, Guangzhou, China, December 3, 2015; Interview KZ-#19, Guangzhou, China, December 4, 2015; Interview KZ-#30, Haikou, China, January 6, 2016; Interview KZ-#34, Haikou, China, January 8, 2016; Interview KZ-#53, Atlanta, United States, March 17, 2016; Interview KZ-#69, Shanghai, China, May 5, 2016.

⁷² Interview KZ-#8, Beijing, China, October 6, 2015; Interview KZ-#11, Beijing, China, October 14, 2015.

⁷³ Interview KZ-#20, Beijing, China, December 9, 2015; Interview KZ-#25, Nanjing, China, December 30, 2015; Interview KZ-#34, Haikou, China, January 8, 2016.

⁷⁴ Interview KZ-#26, Nanjing, China, December 30, 2015. See also Ye Hailin, “Huangyandao shijian dui zhongguo nanhai weiquan douzheng de qishi [Lessons From the Scarborough Incident],” in Li Xiangyang eds., *Yatai diqu fazhan baogao 2013 [Annual Report on the Development of the Asian Pacific Region 2013]* (Beijing: Social Sciences Academic Press, 2013), p. 155; Zhang Jie, “Huangyandao moshi yu zhongguo haiyang weiquan zhengce dezhuaxiang [The Scarborough Model and Shifts in China’s Maritime Rights Protection],” *Dongnanya yanjiu [Southeast Asia Studies]*, No. 4 (2013).

⁷⁵ Wang Yong, “Wei hu haiyang quanyi shiyixiang changqi de zhanlue renwu [Maritime Rights Protection is One Long-term Mission],” in Wu Shicun and Zhu Huayou eds., *Jujiao nanhai — diyuan zhengzhi, ziyuan, hangdao [Focusing on the South China Sea]* (Beijing: China Economic Publishing House, 2009), p. 160.

⁷⁶ An Yingmin ed., *Jiyu nanhai zhuquan zhanlue de haiyang xingzheguan li chuanguan [Innovation in Maritime Administration Based on the South China Sea Strategy]* (Beijing: China Economic Publishing House, 2015), p. 18, 48.

(*bushi daguo jianli weixin de youxiao shouduan*),” according to a former diplomat.⁷⁷ Being not “fearful enough” in the eyes of other states would only invite further damage to China’s interests.⁷⁸ That is, there was a need to establish a reputation for resolve: making sure that other claimants in the South China Sea believed that China was resolved to defend its interests and would act in a similarly resolved manner in the future. The need to establish a reputation for resolve in the post-2007 period was thus high. In short, both objective measures and speech evidence suggest in general that the need to establish a reputation for resolve was high in the 1990s (especially the mid-1990s), low roughly in the 2000-2006 period, and high in the post-2007 (especially post-2011).

Economic Vulnerability Cost

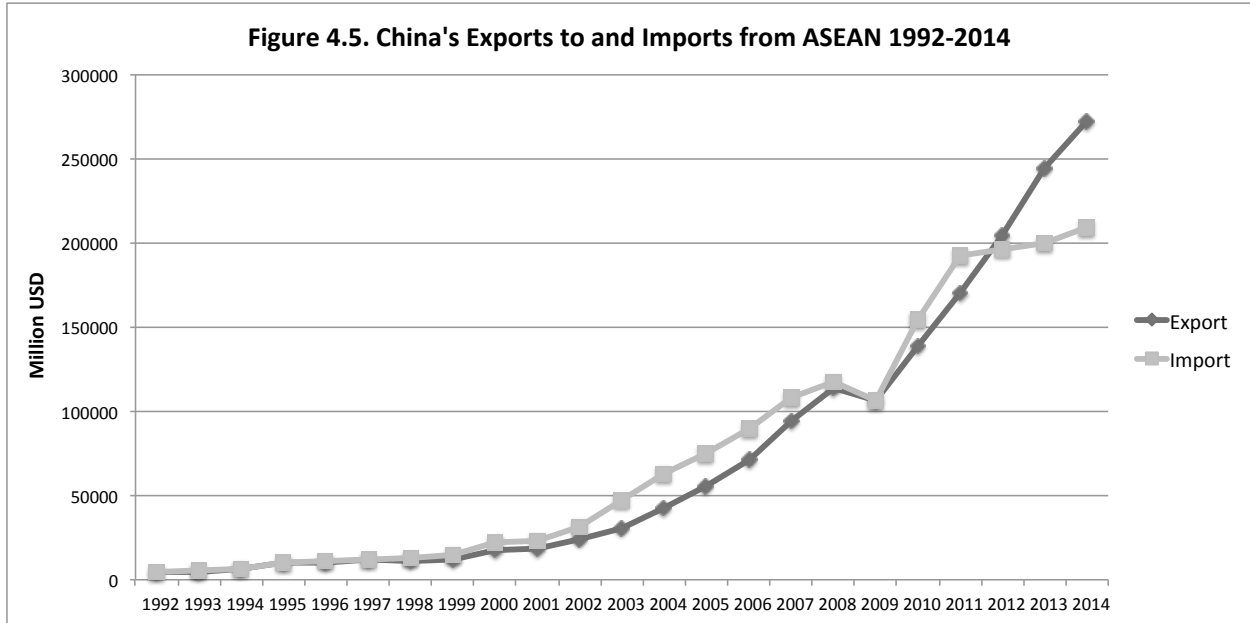
Economic vulnerability cost was low in the 1990s, turned high briefly and roughly between 2000 and 2006, and became low again in the post-2007 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns objective trade measures. The second involves official and semi-official assessments and interviews. The third kind is scholarly writing, but I limit it only to the extent necessary.

Turning first to objective indicators, Figure 4.5 below shows China’s exports to and imports from ASEAN from 1992 to 2014.⁷⁹

⁷⁷ Ye Hailin, “Youxian chongtu yu bufen guankong — 2014nian yilai nanhai wenti de jihua yu youguan gefang de yitu he celue [The Intentions and Strategies of All Parties Regarding the Escalation of the South China Sea Issue since 2014],” *Zhanlue juece yanjiu [Journal of Strategy and Decision-Making]*, Issue 4 (2015, p. 38-57).

⁷⁸ Lu Shengjun, *Shenlan jinglue*, p. 123, 138.

⁷⁹ Data comes from *China Statistical Yearbooks*, available at China Data Online database at <http://chinadataonline.org/>, and *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>; for data from 1992 to 1996, see the official 1993 to 1998 versions of the annual *Almanac of China’s Foreign Economic Relations and Trade*, compiled by the Chinese Ministry of Foreign Economics and Trade.



The dark gray line indicates Chinese exports to ASEAN and the light gray line denotes Chinese imports from ASEAN, in millions of U.S. dollars. It is clear that the trade volume between China and ASEAN did not pick up until the mid-2000s. In addition, Sino-ASEAN trade has never been China's most important trade relations, which was particularly the case in the 1990s, as shown below in Figure 4.6.

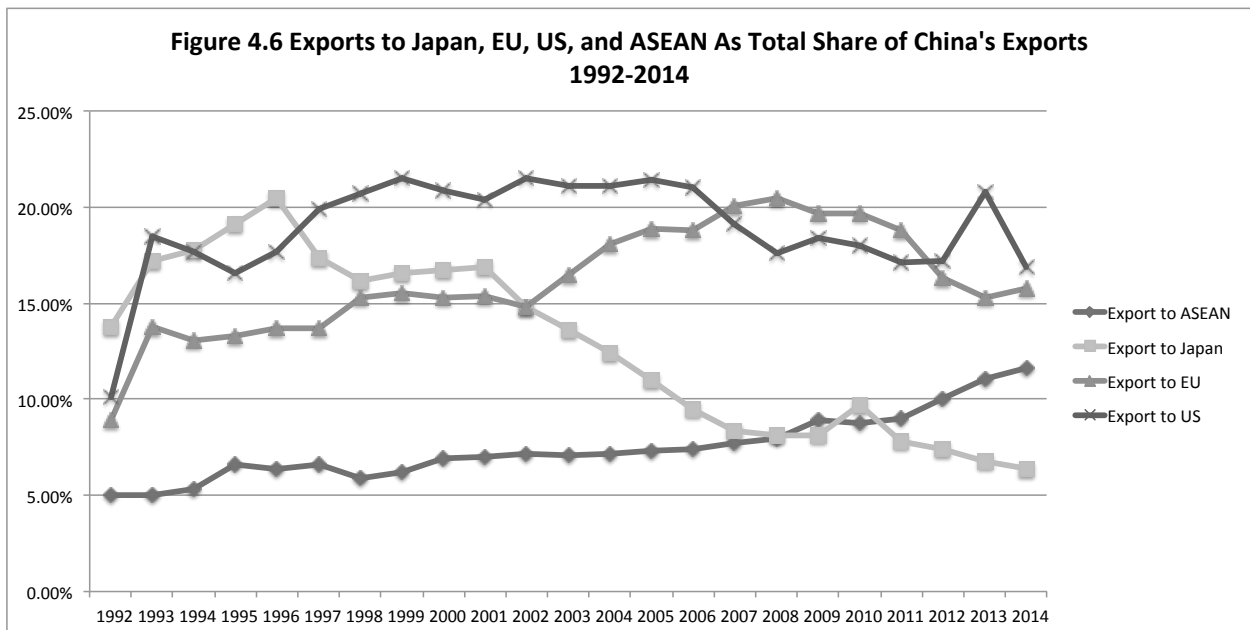
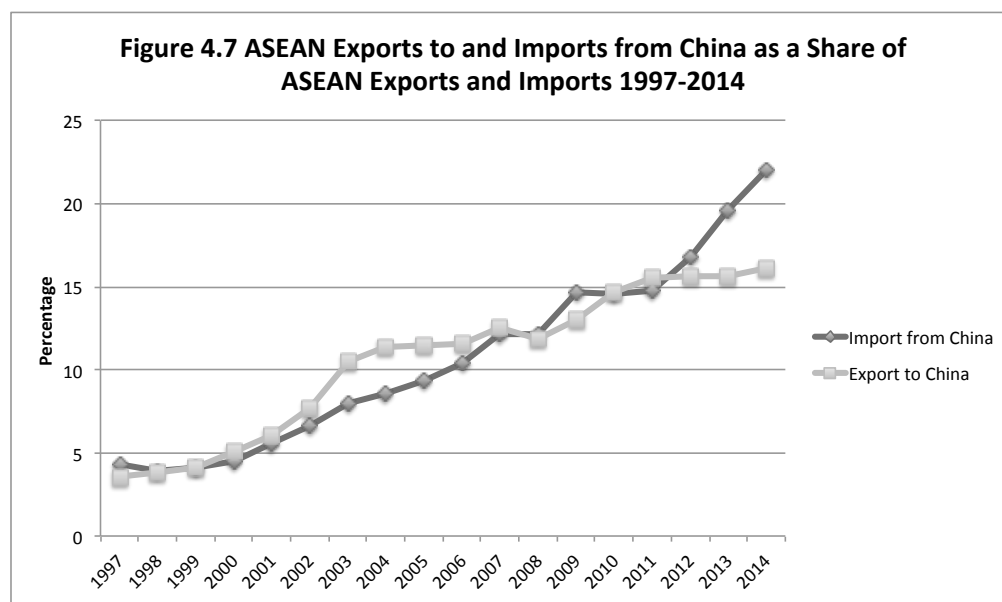


Figure 4.6 above indicates China's exports to ASEAN, Japan, EU, and the United States as a share of China's total exports.⁸⁰ It is clear that China's primary export markets in the 1990s were Japan, the EU, and the United States, each taking up about 15% of Chinese exports. Even though Chinese exports to ASEAN grow continuously regarding share of total Chinese exports in the late 2000s, exports to ASEAN pale in importance when compared with Chinese exports to the EU and the United States. In contrast, as Figure 4.7 below indicates, Sino-ASEAN trade has increasingly become an important aspect of ASEAN's external trade relations since the mid-2000s, both in terms of exports and imports.⁸¹ In short, Sino-ASEAN trade was not an critical concern for China in the 1990s. Despite China's growing exports to ASEAN since the mid-2000s, it still constituted a relatively smaller proportion of Chinese exports compared to the EU and the United States.



⁸⁰ Data for total import and export comes from *China Statistical Yearbooks*, available at China Data Online database at <http://chinadataonline.org/>; data regarding ASEAN comes from *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>; for data regarding ASEAN from 1992 to 1996, see the official 1993 to 1998 versions of the annual *Almanac of China's Foreign Economic Relations and Trade*, compiled by the Chinese Ministry of Foreign Economics and Trade; data regarding the United States, EU, and Japan comes from China's Commerce yearbooks, the yearbooks of China's Foreign Economic Relations and Trade, and the MFA yearbooks.

⁸¹ Data *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>. Data regarding ASEAN's total exports and imports come from the WTO's annual *International Trade Statistics*, available at https://www.wto.org/english/res_e/statis_e/its2008_e/its2008_e.pdf, accessed August 19, 2017.

In line with objective indicators in the 1990s, Chinese government policy analysts indicated that China directed its attention to attracting investment from Japan and the United States in the 1990s.⁸² Of course, China would have liked to expand economic ties with South East Asian countries, yet that was not China's priority then.

Interestingly, what the objective data does not show is that there was a brief period – roughly between 2000 and 2006 – when the economic vulnerability cost for China to use coercion against ASEAN countries was high. This shift manifests itself in official statements, semi-official assessments, and interviews. Starting from the early 2000s, China began to increase economic cooperation with ASEAN, especially by negotiating the ASEAN-China Free Trade Zone (FTZ). For example, CICIR's 2001/2002 report indicated that due to the increasing entry of the United States into Southeast Asia, China should further develop relations with all ASEAN countries and use the development of economic and trade relations as the foundation.⁸³ According to Zhang Yunling – a senior government policy analyst involved in the official negotiation – China's negotiation of the FTZ with ASEAN was suggested and initiated by China out of economic concerns and interests.⁸⁴ China's foreign economic focus in the late 1990s was on entry into the WTO. By the end of 2000, China had made breakthroughs in entry into the WTO, and the focus regarding WTO had turned into multilateral negotiations and preparations for meeting the obligations of the WTO.⁸⁵ China's

⁸² Interview KZ-#40, Beijing, China, January 22, 2016; Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#42, Beijing, China, January 25, 2016.

⁸³ CICIR, *Strategic and Security Review 2001/2002*, p. 222.

⁸⁴ Zhang Yunling, *Zai lixiang yu xianshi zhijian: wodui dongya hezuo de yanjiu, canyu, he sikao [Between Ideals and Reality: My Analysis, Participation, and Thoughts Regarding East Asian Cooperation]* (Beijing: China Social Science Press, 2015), p. 12. Premier Zhu Rongji instructed the MFA, the Ministry of Foreign Economics and Trade, and CASS to establish an expert group to evaluate the ASEAN-China FTZ. Zhang was a member.

⁸⁵ *China's Foreign Affairs 2001*, p. 17.

2001 government work report thus proclaimed that China needed to step up the preparation and work regarding the transitional period after entering the WTO (about five years upon entry).⁸⁶

One of China's economic strategies following entry into the WTO was participation in regional economic cooperation.⁸⁷ ASEAN was an ideal choice for China's first cut at regional cooperation for two reasons. For one, ASEAN was a concern for China, because ASEAN was worried about the potential negative effects of China's entry into the WTO, such as competition regarding overseas markets and foreign direct investment.⁸⁸ For example, the 2002/2003 CICIR report noted that some in Japan and ASEAN asserted that China's rapid development took away their markets, capital, leading to unemployment and the hollowing out of their industries.⁸⁹ Zhang Yunling's involvement in the negotiation process also indicated that China was aware of ASEAN's such concerns.⁹⁰ In order to alleviate ASEAN's concerns and to smoothen China's entry into the WTO, Premier Zhu Rongji pointed out in November 2000 that China and ASEAN could further discuss free trade issues between ASEAN and China.⁹¹ China's rationale was such that with an open economic space — the China-ASEAN FTZ — foreign investors would not make an either-or choice between China and ASEAN, thus reducing ASEAN's fear that China's entry into the WTO would harm ASEAN.⁹² For another, China was eager to choose ASEAN as its first attempt at regional economic cooperation because it would be relatively easier for China to negotiate an FTZ with ASEAN when

⁸⁶ China's Government Work Report 2001, http://www.gov.cn/test/2006-02/16/content_201157.htm, accessed August 19, 2017.

⁸⁷ Zhang Yunling, *Zai lixiang yu xianshi zhijian*, p. 97.

⁸⁸ He Xiaoqin, "Zhongguo dongmeng zimaoqu de mubiao, jincheng, yu chengbenshouyi fenxi [Goals, Process, and Benefit Analysis Of the Sino-ASEAN FTZ]," *Shijie jingji yanjiu [World Economic Research]*, Issue 6 (2003).

⁸⁹ CICIR, *Strategic and Security Review 2002/2003*, p. 101.

⁹⁰ Zhang Yunling, *Zai lixiang yu xianshi zhijian*, p. 113.

⁹¹ Zhang Zhen and Peng Yun, "Shixi goujian zhongguo-dongmeng ziyou maoyiqu zhongde dongmeng yinsu [ASEAN Factors Regarding the Establishment of the Sino-ASEAN FTZ]," *Dongnanya zongheng [Around Southeast Asia]*, Issue 10 (2002).

⁹² Zhang Yunling, *Zai lixiang yu xianshi zhijian*, p. 113; For evidence indicating China's awareness of ASEAN's concerns, see Chen Wen, "Zhongguo rushi dui zhongguo yu dongnanya shuangbian jingmao guanxi de yingxiang [China's entry into the WTO and its effects on China's bilateral trade relations with ASEAN]," *Dongnanya zongheng [Around Southeast Asia]*, November 2001, p. 10; Cao Yunhua, "Zhongguo rushi dui zhongguo dui zhongguo yu dongmeng guanxi de yingxiang [China's entry into the WTO and its effects on China's relations with ASEAN]," *Dangdai yatai [Contemporary Asia-Pacific]*, No. 12 (2001), p. 43-44.

compared with more advanced economic blocks.⁹³ In other words, China did not have many exit options.

Furthermore, China aimed at using this free trade agreement to boost economic ties.⁹⁴ Unlike the 1990s, Sino-ASEAN trade expanded rapidly in the 2000s, and China needed the FTZ to maintain its market share in ASEAN.⁹⁵ According to CICIR's 2001/2002 report, Southeast Asia was China's "important market" and in 2001 ASEAN was China's third main trading partner following the United States and Japan.⁹⁶ Expanding economic relations with ASEAN was also in line with China's growing emphasis on market diversification and exploring new export markets, which manifested itself in the official 2001 government work report.⁹⁷ Similarly, China's official *White Paper on Foreign Trade and Economic Cooperation* — published by the Ministry of Foreign Trade and Economic Cooperation in 2002 — stated that the current focus of China's foreign trade relations was to expand export by whatever means possible (*qianfang baiji*), because export, investment, and the expansion of Chinese enterprises overseas (i.e., the "going out" strategy) were three pillars of China's export-oriented economy.⁹⁸ The white paper also pointed out that the United States, Japan, and Europe were important and traditional markets of China, yet relying only on these markets would be risky, and China therefore should increase market diversification.⁹⁹ Government policy analysts predicted in 2002 that if the ASEAN-China FTZ became successful, Chinese exports to ASEAN would increase by 55%.¹⁰⁰ In particular, the establishment of the

⁹³ Zhang Yunling, *Zai lixiang yu xianshi zhijian*, p. 97.

⁹⁴ Zhang Zhen and Peng Yun, "ASEAN Factors Regarding the Establishment of the Sino-ASEAN FTZ."

⁹⁵ Zhang Guowang, "Zhongguo-dongmeng ziyou maoyiqu jincheng yu dongyin [Process and Motivations of the Sino-ASEAN FTZ]," *Jingji yanjiu daokan [Economic Research Guide]*, Issue 22 (2013).

⁹⁶ CICIR, *Strategic and Security Review 2001/2002*, p. 77.

⁹⁷ China's Government Work Report 2001.

⁹⁸ Editing committee, *Zhongguo duiwai jingji maoyi baipishu [White Paper on Foreign Trade and Economic Cooperation]* (Beijing: China Goods and Resources Press, 2002), p. 86.

⁹⁹ *Ibid.*, p. 87.

¹⁰⁰ Zhang Yunling, "Dongya hezuo yu zhongguo-dongmeng ziyou maoyiqu de jianyi [East-Asian Cooperation and the suggestion regarding the ASEAN-China FTZ]," *Dangdai yatai [Contemporary Asia-Pacific]*, No. 1 (2002), p. 10.

ASEAN-China FTZ would significantly benefit exports from China's southwestern provinces, because ASEAN had always been the primary export markets for these provinces.¹⁰¹ An increase of exports from China's southwest would, in turn, contribute to China's developmental strategy at the time — developing the west.¹⁰²

wooing ASEAN was particularly important during this period, also because Japan stepped up its own effort to improve economic cooperation with ASEAN in 2003 including possibly establishing an ASEAN-Japan FTZ, which Chinese government analysts were keenly aware of at the time.¹⁰³ That is, ASEAN had exit options with regard to FTZ. As such, several government policy analysts from different regions in China stated that to further develop China's economy and improve Sino-ASEAN trade and economic relations, China refrained from coercion.¹⁰⁴ This logic was echoed in interviews¹⁰⁵ and even by the SOA: an internally circulated material of the SOA in 2002 revealed that to develop China's economy, China should avoid escalation and focus on diplomacy instead.¹⁰⁶ Given that China needed to expand its market in ASEAN and to smooth its initial years upon entry into the WTO, the economic vulnerability cost of China was relatively high in the 2000-2006 period.

¹⁰¹ He Shengda, "Zhongguo-dongmeng ziyou maoyiqu de jiangou he women mianlin de jiyu yu tiaozhan [The establishment of the ASEAN-China FTZ, challenges, and opportunities]," *Dongnanya zongheng [Around Southeast Asia]*, July 2002, p. 7.

¹⁰² Qiao Linsheng, "Zhongguo-dongmeng ziyou maoyiqu yu riben [The ASEAN-China FTZ and Japan]," *Dongbeiyu luntan [Northeast Asia Forum]*, No. 4 (November 2002), p. 13.

¹⁰³ See the Japanese Ministry of Foreign Affairs (MOFA) document "The Japan-ASEAN Plan of Action," <http://www.mofa.go.jp/region/asia-paci/asean/year2003/summit/action.pdf>, accessed May 9, 2018. See also Qiao Linsheng, "The ASEAN-China FTZ and Japan;" Zhang Yuanpeng, "Lun dongya ziyoumaoyi xieding de xingqi [Regarding the emergence of East Asian FTAs]," *Shijie jingji yu zhengzhi luntan [World Economics and Politics Forum]*, No. 5 (2002), p. 35. Chinese government policy analysts were even concerned that the United States and the EU might join the race to establish FTZs with ASEAN. See Tong Fuquan, "Zhongguo-dongmeng ziyou maoyiqu gouxiang yu nanti [The construction and difficulty of the ASEAN-China FTZ]," *Guoji maoyi [International Trade]*, No. 2 (2002), p. 25.

¹⁰⁴ Interview KZ-#35, Beijing, China, January 18, 2016; Interview KZ-#28, Haikou, China, January 5, 2016.

¹⁰⁵ Interview KZ-#59, Wuhan, China, April 18, 2016; Interview KZ-#64, Beijing, China, April 27, 2016.

¹⁰⁶ Internal Materials Edited by the China Institute for Maritime Affairs, *Zhuanshu jingji qu he dalujia*, p. 144.

China's brief economic vulnerability regarding the WTO and the need to expand its market in ASEAN reduced in more recent years. Instead, China believed ASEAN to be more dependent on China. For example, the 2009 NISCSS report noted that due to the global financial crisis, ASEAN countries would need China for a relatively extended period.¹⁰⁷ Several scholars also emphasized that because the Chinese economy was in a better shape compared to others, China believed that it could stand firm.¹⁰⁸ Also, the Chinese government began to emphasize the transition from an export-oriented to a consumption-oriented economy, as reflected by China's official government work reports after 2007. For example, the 2008 government work report stated for the first time that China needed to shift its developmental strategy from relying on investment and export to one that would rely on consumption, investment, and export.¹⁰⁹ The 2011 government work report further stressed that China should move quickly to a developmental path that focused on "internal growth" and innovation.¹¹⁰ Moreover, by April 2009, China had completed negotiations with ASEAN regarding all aspects of the FTZ.¹¹¹ That is, China's export is not as important to economic growth as it was in the 2000-2006 period. To briefly summarize, both objective measures and speech evidence suggest in general that economic vulnerability cost was low in the 1990s, high roughly in the 2000-2006 period, and low in the post-2007 period.

¹⁰⁷ NISCSS, *The 2008 Report Regarding Situation in the South China Sea*, p. 51

¹⁰⁸ Interview KZ-#19, Guangzhou, China, December 4, 2015; Interview KZ-#35, Beijing, China, January 18, 2016.

¹⁰⁹ China's Government Work Report 2008; see also Hu Jintao, *Hu Jintao wenxuan disan juan [Hu Jintao's Selected Works Vol. 3]* (Beijing: People's Press, 2016), p. 335.

¹¹⁰ China's Government Work Report 2011.

¹¹¹ Zhang Yunling ed., *Zhongguo duiwai guanxi: huigu yu sikao [China's Foreign Relations]* (Beijing: Social Sciences Academic Press, 2009), p. 222.

Geopolitical Backlash Cost

Geopolitical backlash cost was low in the 1990s but became high in the post-2000 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns Chinese official assessments, cross-checked by U.S. official documents. The second kind involves semi-official assessments as well as interviews with government analysts and former officials. The third kind is scholarly writing, but I limit it only to the extent that it is necessary.

Turning first to official Chinese and U.S. documents, including the MFA’s annual *China’s Foreign Affairs* and the U.S. *National Security Strategy*, as shown in Table 4.3 below.

Table 4.3 Official Assessments

	MFA Annual <i>China’s Foreign Affairs Assessment on the International Situation</i>	MFA Annual <i>China’s Foreign Affairs Assessment on the United States</i>	U.S. National <i>Security Strategy</i>
The 1990s (Low)	The MFA assessment used mainly wording such as “rapid,” “quick,” and “unstoppable” to describe what it perceives to be the progress of multipolarity.	Highlighting U.S. withdrawal from the Subic Bay; reduction of troops in Asia; priority being Europe.	European stability is vital to U.S. security. “East Asia is a region of growing importance for U.S. security and prosperity.”
Post-2000s (High)	Decreased # of times mentioning multipolarity; wording such as “in obstacle. ”	Increased U.S. efforts pouring into Asia, esp. since 9/11; Philippines et al. as “main non-NATO allies.”	2001: First time East Asia was named as vital U.S. interest.

Table 4.3 above clearly shows a trend of increasing geopolitical backlash cost — especially the pressure from the United States — beginning in the post-2000 period. First, in the Chinese context, whether and how the Chinese MFA used the word “multipolarity” is an important indicator of the geopolitical pressure China felt from the United States. That is, the more optimistic China was in its description of multipolarity, the less unipolar China’s perception of the international balance of

power became and the less pressure China felt from the United States, the hegemon. China was quite confident about the progress of multipolarity in the 1990s, particularly the early to mid-1990s. The MFA assessment used “rapid,” “quick,” and “unstoppable” to describe what it perceived to be the progress of multipolarity. The MFA also noted the decline of U.S. power, influence, and the difficulty of U.S. hegemony in the early to mid-1990s. Starting from the early 2000s, however, the MFA began to decrease its mention of multipolarity, making no mention of multipolarity at all in 2003, 2005, 2006, and 2012. When the MFA did mention multipolarity in the post-2000 period, it usually described the progress of multipolarity as “in obstacle” or “long-term,” which was less confident. Unlike the 1990s, the MFA did not make statements about the difficulty of U.S. hegemony.

Second, despite the assumption that China should be concerned about other states’ backlash due to the 1989 Tiananmen incident and the collapse of the Soviet Union, the geopolitical backlash cost regarding the Spratly disputes was low in the 1990s. As seen in Table 4.3, official assessments indicated that by 1993, China’s foreign relations – especially bilateral relations with the western world – had recovered. For example, in the 1993 version of “*China’s Foreign Affairs Overview*” (*zhongguo waijiao gailan*) published annually by the MFA, China’s relations with western countries had “further recovered and advanced” — most western countries had resumed their official development aid to China and their investments in China had also been continuously increasing.¹¹² Another official government document — China’s government work report (*zhengfu gongzuo baogao*) published annually by the State Council — also stated in 1993 that China’s relations with western countries had improved, with high-level exchanges commencing and progress made in economic and technological cooperation.¹¹³ Notably, the 1994 *China’s Foreign Affairs Overview*

¹¹² *Zhongguo waijiao gailan 1993 [China’s Foreign Affairs Overview 1993]* (Beijing: World Knowledge Press, 1993), p. 17. This official document has changed its name into *China’s Foreign Affairs (Zhongguo waijiao)* since 1996. I have collected data regarding this document from its 1990 version to its 2015 version.

¹¹³ China’s Government Work Report 1993 from the State Council, http://www.gov.cn/test/2006-02/16/content_200926.htm, accessed August 20, 2017. I have gathered the government work reports from 1990 to 2016.

stated that the meeting between U.S. and Chinese leaders in November 1993 signified that Sino-U.S. relations had entered a new stage.¹¹⁴ The wording in previous versions of government work reports and *China's Foreign Affairs Overview*, however, was such that China's relations with the United States and other western countries experienced difficulties.¹¹⁵

The geopolitical situation in Southeast Asia was particularly favorable to China. The 1992 *China's Foreign Affairs Overview* noted that China and Vietnam had normalized relations; President Yang Shangkun visited Indonesia, Thailand, Singapore, and Malaysia; and China had established formal diplomatic relations with Brunei.¹¹⁶ The 1993 government work report also emphasized that China's relations with ASEAN had made "comprehensive progress."¹¹⁷

Moreover, MFA assessments in Table 4.3 believed that the United States and Russia decreased their presence in Asia. President Bush senior released two East Asia Strategy Initiative reports in 1990 and 1992, which outlined a strategic framework of a reduction of U.S. force levels in Asia.¹¹⁸ Regarding Southeast Asia, the 1992 *China's Foreign Affairs Overview* specifically noticed that by the end of 1991, the former Soviet Union would close its naval bases in Cam Ranh Bay.¹¹⁹ The 1993 *China's Foreign Affairs Overview* emphasized that the United States adjusted its Asia-Pacific policy, pulling its troops from the Subic naval base in the Philippines.¹²⁰ The 1997 *China's Foreign Affairs* believed that the priority of U.S. global strategy was Europe and the MFA continued to hold this belief till 2000.¹²¹ Official Chinese national defense white papers also made similar

¹¹⁴ *China's Foreign Affairs Overview 1994*.

¹¹⁵ China's Government Work Report 1990, http://www.gov.cn/test/2006-02/16/content_200883.htm, accessed August 20, 2017, and *China's Foreign Affairs Overview 1990*.

¹¹⁶ *China's Foreign Affairs Overview 1992*, p. 12.

¹¹⁷ China's Government Work Report 1993.

¹¹⁸ William T Tow and Douglas Stuart, *The New US Strategy Towards Asia: Adapting to the American Pivot* (New York: Routledge, 2014), p. 35.

¹¹⁹ *China's Foreign Affairs Overview 1992*, p. 33.

¹²⁰ *China's Foreign Affairs Overview 1993*, p. 27.

¹²¹ Pages 549, 540, 432, and 471 of *China's Foreign Affairs 1997, 1998, 1999, and 2000*, respectively.

threat assessments.¹²² Such view was corroborated by the official U.S. *National Security Strategy*, which treated Europe as the vital interest until the early 2000s. The United States did not return until an agreement with the Philippines allowed U.S. troops to visit the Philippines “from time to time.”¹²³ The Chinese MFA noticed that the Philippine Congress did not ratify this agreement until May 1999.¹²⁴ In short, the U.S. focus on Europe made geopolitics in Southeast Asia favorable to China.

Unlike the 1990s, geopolitical backlash has become a serious concern for China since the 2000s, as seen in Table 4.3. In contrast to the 1990s when official threat assessments indicated that the U.S. focus was on Europe, official threat assessments of the 2000-2006 period expressed concerns and worry that the United States had come back to Asia due to the war on terror. The *2001 China's Foreign Affairs* began to indicate that the United States increased resources in Asia, including reinstating joint military exercises with the Philippines, signing a new agreement with Singapore regarding a naval base, and sending its defense minister to visit Vietnam for the first time since the Vietnam War ended.¹²⁵ The *2002 China's Foreign Affairs* stated explicitly that after the 9/11 incident, the United States strengthened cooperation with ASEAN countries for counterterrorism.¹²⁶ The *2004 China's Foreign Affairs* emphasized that the United States increased its input into the Asia-Pacific region and treated the Philippines and Thailand as “main non-NATO” U.S. allies.¹²⁷ An internally circulated document on great power issues from the seventh bureau of the CCP's Central International Liaison Department stated clearly in 2004 that with counterterrorism efforts, the United States had begun to establish counterterrorism battlegrounds

¹²² For China's biannual defense white papers, see China's National Defense White Paper 2000, http://www.mod.gov.cn/regulatory/2011-01/07/content_4617805.htm; China's National Defense 1998, http://www.gov.cn/zwgk/2005-05/26/content_1107.htm, accessed August 20, 2017.

¹²³ “Agreement Between the United States of America and the Philippines,” Signed at Manila, October 9, 1998, p. 4, <http://www.state.gov/documents/organization/107852.pdf>, accessed February 24, 2016.

¹²⁴ *China's Foreign Affairs 2000*, p. 474.

¹²⁵ Chinese Ministry of Foreign Affairs, *China's Foreign Affairs 2001*, p. 449-454.

¹²⁶ *China's Foreign Affairs 2002*.

¹²⁷ *China's Foreign Affairs 2004*, p. 15; *China's Foreign Affairs 2005*, p. 2.

in Southeast Asia.¹²⁸ Not only was this document for internal use, it was also classified as “secret.” In short, the statuses of ASEAN countries rose. China’s official defense white papers also noted increasing U.S. military presence and the strengthening of U.S. alliances in Asia.¹²⁹

As with the 2000-2006 period, official assessments acknowledged that the geopolitical pressure imposed by U.S. presence continued in the post-2007 period. According to the 2007-2014 versions of the MFA’s *China’s Foreign Affairs*, increasing U.S. presence in the Asia-Pacific region remained a salient characteristic of the general situation that China faced. Each of the 2007-2014 versions of *China’s Foreign Affairs* also emphasized that the United States kept strengthening relations with ASEAN countries such as Indonesia, Vietnam, the Philippines, and Singapore. Similarly, China’s official defense white papers noted in 2008, 2010, 2013, and 2015 that the United States kept strengthening its alliances and expanding military presence in the region.¹³⁰ In short, official Chinese assessments and official U.S. national security documents indicated a low geopolitical backlash pressure in the 1990s and high pressure from the United States post-2000.

Semi-official assessments and interviews are in line with official ones. The aforementioned advantageous geopolitical factors in the 1990s, the mid-1990s in particular, manifest themselves also in speech evidence of Chinese scholars and government policy analysts. For example, internal CASS assessment noted in 1993 that South China Sea claimants were not without differences and conflicts of interests among themselves.¹³¹ Several interviewees explicitly indicated that Chinese

¹²⁸ Qi Ju [Seventh bureau], *Daguo wenti yanjiu zhuanqi baogao huibian [Compiled Reports on the Studies of Great Power Issues]* (April 2004: CCP Central International Liaison Department), p. 297. This document is internally circulated and classified as “secret.”

¹²⁹ China’s National Defense White Paper 2000; China’s National Defense White Paper 2002; China’s National Defense White Paper 2004.

¹³⁰ China’s National Defense White Paper 2008, http://www.mod.gov.cn/regulatory/2011-01/06/content_4617809.htm; China’s National Defense White Paper 2010; China’s National Defense White Paper 2013, http://www.mod.gov.cn/regulatory/2013-04/16/content_4617811_2.htm; China’s National Defense White Paper 2015, http://www.mod.gov.cn/regulatory/2015-05/26/content_4617812.htm, accessed August 20, 2017.

¹³¹ Sun Xiaoying, “Using the peaceful strategy to resolve the spratly disputes,” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 280.

coercion during the early to mid-1990s had much to do with the U.S. withdrawal from Subic Bay.¹³² The U.S. withdrawal provided a “geopolitical power vacuum” for China.¹³³ In fact, after China used coercion regarding the Mischief Reef in early and mid-1995, internal CASS assessment noted that the result of China’s Mischief Reef action was a perfect test of the international reaction – it suggested that China did not generate drastic reactions from ASEAN countries.¹³⁴ This report added that as long as Chinese coercion was restrained, China would be able to maintain normal relations with ASEAN countries.¹³⁵ Indeed, after the Mischief Reef coercion in 1995, China subsequently utilized coercion in late 1995, 1996, 1997, and 1999. As such, in China’s view, with the United States and Russia leaving, Vietnam and the Philippines would not have been able to create the momentum to invite outside powers to balance against China over issues in the South China Sea. The geopolitical backlash cost was thus low in the 1990s.

Starting from the post-2000 period, however, CICIR stated that the United States believed that its alliance systems during the Clinton era were weakened and therefore paid attention to developing alliance or semi-alliance relations with ASEAN countries such as the Philippines, Thailand, Indonesia, and Vietnam, using counterterrorism as a way to expand its alliances.¹³⁶ CICIR especially noticed that the United States had promised to fully support the Philippines militarily and economically while showing interests in Vietnam’s Cam Ram Bay.¹³⁷ The report worried that once the United States expanded its military presence in Southeast Asia, the balance of power in the

¹³² Interview KZ-#16, Guangzhou, China, November 30, 2015; Interview KZ-#25, Nanjing, China, December 30, 2015.

¹³³ Interview KZ-#17, Guangzhou, China, December 1, 2015; Interview KZ-#19, Guangzhou, China, December 4, 2015.

¹³⁴ Lu Jianren, “Countermeasures for the Spratly disputes,” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 308.

¹³⁵ *Ibid.*

¹³⁶ CICIR, *Guoji zhanlue yu anquan xingshi pinggu [Strategic and Security Review 2001/2002]* (Beijing: Shishi Press, 2002), p. 27.

¹³⁷ *Ibid.*, p. 28.

South China Sea region would change, which would then affect China's security environment.¹³⁸ CICIR's 2001/2002 annual report explicitly stated that "the geopolitical priority of the United States was now gravitating towards the Asia-Pacific region."¹³⁹ CICIR's 2002/2003 annual report indicated that since the war on terror started, the United States had been jointly working with the Philippines to counter-terrorism, using the war on terror as an opportunity to expand to the strategically important Southeast Asia.¹⁴⁰ This report added that the current U.S. frontline of counterterrorism almost completely overlapped with "the circle of U.S. containment" that China had been worried about and guarded against, emphasizing that after the 9.11 incident the vacuum the United States left when the Cold War ended was filled again.¹⁴¹ CICIR's assessments were joined by similar assessments from the annual reports of CASS, the Academy of Military Science (a government think tank under the defense ministry, hereafter AMS), and the China Institute of International Studies (a government think tank under the MFA, hereafter CIIS).¹⁴² In short, both official and semi-official assessments of the time indicated an increasing geopolitical pressure China felt from the United States.

Similarly, post-2007 semi-official assessments from China's government think tanks also concur with the increasing U.S. footprint in the Asia-Pacific region.¹⁴³ An internal CASS report indicated in 2011 that the United States viewed the role of ASEAN as critical and that with the

¹³⁸ *Ibid.*, p. 222.

¹³⁹ CICIR, *Strategic and Security Review 2001/2002*, p. 72.

¹⁴⁰ CICIR, *Strategic and Security Review 2002/2003*, p. 115.

¹⁴¹ *Ibid.*, p. 266.

¹⁴² See, for example, CASS, *2003nian guoji xingshi huangpishu [2003 Yellow Book of International Politics]* (Beijing: Social Sciences Academic Press, 2003), p. 102-104; AMS, *20003nian ban zhanlue pinggu [2003 Strategic Assessment]* (Beijing: Academy of Military Sciences Press, 2004), p. 12-22, 168; AMS, *2006 Strategic Assessment*, p. 1; CASS, *2005 Yellow Book of International Politics*, p. 19; CIIS, *2005/2006nian guoji xingshi he zhongguo waijiao lanpishu [2005/2006 Bluebook of International Situation and China's Foreign Affairs]* (Beijing: Contemporary World Press, 2006), p. 16, 28.

¹⁴³ CICIR, *Annual Strategic and Security Review 2010*, p. 191; CICIR, *Annual Strategic and Security Review 2012*, p. 13; CASS, *Yellow Book of International Politics 2011*, p. 17; CIIS, *The International Situation and China's Foreign Affairs 2008*; CIIS, *The International Situation and China's Foreign Affairs 2010*; CIIS, *The International Situation and China's Foreign Affairs 2011*; CIIS, *The International Situation and China's Foreign Affairs 2012*.

highly publicized U.S. involvement in Asian affairs, China's security environment worsened.¹⁴⁴ CASS noted in January 2012 that the presence of U.S. Marine Corps in Australia signaled the United States expanded its long-term military presence in the Pacific region, which was aimed at China.¹⁴⁵

Moreover, unlike the 1990s when China viewed ASEAN as having internal differences, in the early 2000s, internal discussions among official government policy analysts in China made a 180-degree turn regarding geopolitical conditions in Southeast Asia. Citing SOA official Liang Jinzhe's statement in 2002, the internal publication of NISCCS noted that due to converging interests, neighboring countries had begun to "collectively take on China."¹⁴⁶ The internally circulated annual report by NISCCS noted in 2003 that ASEAN was recently trying to strengthen relations with Japan, the United States, India, Australia, and Russia to balance China.¹⁴⁷ The report therefore listed greater cooperation with countries surrounding the South China Sea as a countermeasure to the trend of ASEAN countries working together to face China. Similarly, the NISCCS 2004 annual report predicted that the integration of ASEAN would be greater and that it would be "speaking with one voice" and again advised maintaining stability in the South China Sea.¹⁴⁸ These internal reports recommended restraint and cooperation to prevent an ASEAN that would unite against China, despite Vietnam and Malaysia's actions in the Spratlys regarding oil and gas exploration. To sum up, official and semi-official assessments, as well as interviews, all indicated that the geopolitical backlash cost of military coercion was low in the 1990s but high in the post-2000 period.

¹⁴⁴ Zhang Jie and Zhong Feiteng, "The regional security environment in 2010 and China's countermeasures," p. 1, 4.

¹⁴⁵ Zhang Jie and Zhong Feiteng eds., *2012nian Zhongguo zhoubian anquan xingshi pinggu [The 2012 Assessment of China's Regional Security Environment]* (Beijing: Social Sciences Academic Press, 2012), p. 4. This book was printed in January 2012. See also, CIIS, *The International Situation and China's Foreign Affairs 2008*; CIIS, *The International Situation and China's Foreign Affairs 2010*; CIIS, *The International Situation and China's Foreign Affairs 2011*; CIIS, *The International Situation and China's Foreign Affairs 2012*; NISCCS, *The 2009 Report Regarding Situation in the South China Sea*, p. 52.

¹⁴⁶ *Nanhai wenti lunwen yantao hui lunwenji [Selected Papers From the Seminar on Issues of the South China Sea]*, printed by the Hainan South China Sea Research Center in August 2002, p. 96. This book is available in the NISCCS library.

¹⁴⁷ NISCCS, *The 2003 Report Regarding Situation in the South China Sea*, p. 13.

¹⁴⁸ NISCCS, *The 2004 Report Regarding Situation in the South China Sea*, p. 18.

The theory assumes that economic vulnerability cost is a critical factor concerning when China uses coercion, and geopolitical backlash cost is the critical factor explaining the kinds of coercive tools China employs if it decides to coerce. Judging from evidence in the Chinese case, this theoretical assumption that economic factor trumps seems to hold. Take, for example, China in the Cold War. Before China became an ideologically fervent state, there was a significant debate in the summer of 1950 regarding whether China should enter the Korean War, with almost every Chinese leader except Mao Zedong and Peng Dehuai. One of the leaders who were against entry into the war — Chen Yun — listed hindrance to economic development as the core reason why China should not enter the Korean War.¹⁴⁹ Chinese foreign policy seemed to have become more aggressive after Mao Zedong assumed more power starting from the late 1950s.¹⁵⁰

In addition, speech evidence from key Chinese leaders – the Chinese presidents – in the post-Cold War era also confirmed the centrality of economic factors in Chinese politics and foreign policy, as shown in Table 4.4 below.

Table 4.4 Speeches of Chinese Leaders in the Post-Cold War Period

Leader	Time of Speech	Content of Speech
Deng Xiaoping	1992.1.18-2.21 ¹⁵¹	The key is economic development.
Jiang Zemin	1992.10.12 ¹⁵²	The Party should uphold the basic line and continue to uphold economic development as the focus (<i>jixu zhuazhu jingji jianshe zhege zhongxin</i>).
	1993.1.13 ¹⁵³	We need to concentrate our effort on developing our national economy.

¹⁴⁹ Jian Chen, *China's Road to the Korean War: The Making of the Sino-American Confrontation* (New York: Columbia University Press, 1994).

¹⁵⁰ For specific data, see Johnston, "China's Militarized Interstate Dispute Behavior 1949-1992: A First Cut at the Data."

¹⁵¹ "Deng's main talking points while in Wuchang, Shenzhen, Zhuhai, and Shanghai," in *Deng Xiaoping Wenxuan [Selected Works of Deng Xiaoping], Vol. 3* (Beijing: People's Press, 1994), p. 375; This is also corroborated by Bo Yibo's statement, see *Bo Yibo Wenxuan [Selected Works of Bo Yibo]* (Beijing: People's Press, 1992), p. 526. Bo stated on December 22, 1990 that unless there was a large-scale foreign invasion, China should always uphold economic development as the focus..

¹⁵² Jiang Zemin's report during the 14th Party Congress, in *Jiang Zemin Wenxuan [Selected Works of Jiang Zemin], Vol. 1* (Beijing: People's Press, 2006), p. 217.

	1993.7.12 ¹⁵⁴	The fundamental purpose of our foreign policy is to serve our reform and economic development.
	1998.7.21 ¹⁵⁵	Regarding the fundamental mission of socialism, we raised the notion of focusing on economic development (<i>yi jingji jianshe weizhongxin</i>).
	1998.12.18 ¹⁵⁶	Regardless of what we may be facing, economic development as the focus should not be shaken (<i>buneng dongyao heyingxiang jingji jianshe zhege zhongxin</i>).
	2000.10.11 ¹⁵⁷	Development is the way to go (<i>fazhan shi yingdaoli</i>). Our important lesson is that regardless of what happens and as long as it is not a large-scale foreign invasion, we must always uphold economic development as the focus.
	2001.4.2 ¹⁵⁸	The key is to uphold economic development as the focus.
	2002.2.25 ¹⁵⁹	Uphold economic development as the focus. Development is the way to go.
	2002.10.14 ¹⁶⁰	Nowadays, many leaders of developing countries have realized that economic and social development is the first and foremost mission of regime legitimacy and national development (<i>gaohao jingjishehui fazhan shi zhizheng xingguo de shouyao renwu</i>).
	2002.11.8 ¹⁶¹	The fundamental is to uphold economic development as the focus.
Hu Jintao	2000.7.24 ¹⁶²	Prioritizing the economy and focusing on development has become a worldwide trend (<i>jingji youxian fazhan weizhong yijing chengwei dangjin shijie chaoliu</i>).
	2002.9.2 ¹⁶³	We must concentrate our effort into doing well domestically, especially economic development. Development is the “first priority” for Party legitimacy and national development and development here means economic development as the focus (<i>fazhan shi zhizheng xingguo de diyi yaowu</i>).
	2003.8.25 ¹⁶⁴	Our nation currently is and will for a long time remain in the initial stage of socialism. This basic national condition determines that we must keep development as the “first priority” for Party legitimacy and national development. The fundamental mission of foreign policy is to serve economic development.
	2006.8.20 ¹⁶⁵	Foreign affairs conduct must uphold economic development as the focus (<i>waishi gongzuo bixu jianchi jingji jianshe weizhongxin</i>). The primary national interests are development interest and security interest (<i>fazhan liyi he anquan liyi</i>). Development is the foundation for security.
	2007.3.2 ¹⁶⁶	We must keep growth as the “first priority” for Party legitimacy and

¹⁵³ Jiang’s speech during an enlarged meeting of the Central Military Commission, in *ibid.*, p. 284.

¹⁵⁴ Jiang’s speech during the 8th meeting of foreign diplomats, in *ibid.*, p. 314.

¹⁵⁵ *Selected Works of Jiang Zemin, Vol. 2*, p. 193.

¹⁵⁶ *Ibid.*, p. 253.

¹⁵⁷ Jiang’s speech during the fifth plenum of the 15th Party Congress, in *Selected Works of Jiang Zemin, Vol. 3*, p. 118, 124.

¹⁵⁸ Jiang’s speech during the national conference on social security work, in *ibid.*, p. 214.

¹⁵⁹ *Ibid.*, p. 444.

¹⁶⁰ Jiang’s meeting with the UN Secretary General, in *ibid.*, p. 520.

¹⁶¹ Jiang’s report during the 16th Party Congress, in *ibid.*, p. 544.

¹⁶² Hu’s speech when visiting Indonesia, in *Hu Jintao Wenxuan [Selected Works of Hu Jintao], Vol. 1* (Beijing: People’s Press, 2016), p. 450.

¹⁶³ *Ibid.*, p. 556, 559.

¹⁶⁴ During a symposium with foreign diplomats, in *Selected Works of Hu Jintao, Vol. 2*, p. 87.

¹⁶⁵ Part of Hu’s speech during the central foreign affairs conference, in *ibid.*, p. 508-509. It was not previously public.

		national development. We must uphold economic development as the focus.
	2007.12.17 ¹⁶⁷	We must always remember that the key to solving all of China's problems is development (<i>fazhan shi jie jue zhongguo suoyou wenti de guanjian</i>). We must keep development as the "first priority" for Party legitimacy and national development. We must uphold economic growth as the focus.
	2008.9.19 ¹⁶⁸	We should further keep development as the "first priority" for Party legitimacy and national development.
	2009.7.17 ¹⁶⁹	Our primary mission in the current stage is to keep development as the "first priority" for Party legitimacy and national development. We must resolutely uphold economic development as the focus.
	2010.10.18 ¹⁷⁰	We must uphold development, the "first priority".
	2012.11.8 ¹⁷¹	We must firmly uphold economic development as the focus.
Xi Jinping	Post-2012 ¹⁷²	We must always uphold economic development as the focus.
	Post-2012 ¹⁷³	We must uphold economic development as the focus. Development is the key and foundation to solving all problems in China. We must further keep development as the "first priority" for Party legitimacy and national development.
	2012.11.17 ¹⁷⁴	We must uphold economic development as the focus.
	2013.11.12 ¹⁷⁵	Economic development is still the central work for the Party.
	2013.3.27 ¹⁷⁶	We will continue to keep development as the "first priority" and economic development as the focus.

Result: Temporal Variation of Chinese Coercion and Choices of Coercive Tools

Table 4.5 Cost Balancing and China's Use of Coercion

	The need to establish a reputation for resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
1990-1999	High	Low	Low	Yes (some of which

¹⁶⁶ *Ibid.*, p. 578.

¹⁶⁷ Hu's speech with newly elected politburo members, in *Selected Works of Hu Jintao, Vol. 3*, p. 3.

¹⁶⁸ *Ibid.*, p. 95.

¹⁶⁹ Hu's speech during the 11th meeting of foreign diplomats, in *ibid.*, p. 237.

¹⁷⁰ Hu's speech during the fifth plenum of the 17th Party Congress, in *ibid.*, p. 439.

¹⁷¹ Hu's report during the 18th Party Congress, in *ibid.*, p. 618.

¹⁷² Xi Jinping's speech, <http://theory.people.com.cn/n1/2016/0422/c40531-28296007.html>, accessed August 20, 2017.

¹⁷³ Xi Jinping's speech, <http://theory.people.com.cn/n1/2016/0503/c40531-28319669.html>, accessed August 20, 2017.

¹⁷⁴ *Xi Jinping: Xi Jinping tan zhiguo lizheng [On Governance]* (Beijing: Foreign Languages Press, 2014), p. 11.

¹⁷⁵ Xi's speech during the third plenum of the 18th Party Congress, in *ibid.*, p. 93.

¹⁷⁶ Xi's speech during the fifth meeting of BRIC leaders, in *ibid.*, p. 326.

				militarized)
2000-2006	Low	High	High	No
2007-present	High	High	Low	Yes (no cases of militarized coercion)

As Table 4.5 shows above, in the 1990s, the need to establish a reputation for resolve was high, and both geopolitical backlash and economic vulnerability costs to use coercion in the South China Sea were low. China thus used coercion, some of which were militarized. For example, in July 1994, China used the navy to expel PetroVietnam’s ships conducting oil-drilling operations.¹⁷⁷ In late 1994, China began to build infrastructure on the Mischief Reef and when the Philippines dispatched journalists to the reef, China used gray-zone coercion. In the 2000-2006 period, the need to establish a reputation for resolve was low whereas both geopolitical backlash and economic vulnerability costs were high, and China refrained from coercion. In the post-2007 period, the need to establish a reputation for resolve was high and economic vulnerability cost was low, and China used coercion. Yet due to high geopolitical backlash cost, China used non-militarized coercive tools. In late 2007, the China maritime surveillance agency initiated regularized patrol of southern South China Sea, meaning China’s “Rights Defense patrol” (*weiquan xunhang*) covered “all maritime areas under China’s administration.”¹⁷⁸ Starting from 2008, the SOA added “defending national maritime rights” as one of its responsibilities for the first time.¹⁷⁹ Beginning in 2007, China drastically increased the number of maritime surveillance patrol to 130 so as to defend maritime sovereign rights, nearly quadrupling that of 2006, and this number increased to 188 in 2010, 227 in 2011, 296 in 2012, and 347 in 2013.¹⁸⁰ During the Rights Defense patrol, maritime surveillance ships

¹⁷⁷ See Julian Brutus, “Prospects of Oil Make Spratlys Hot Property; Storm Brews Around the Islands,” *South China Morning Post (Hong Kong)*, July 26, 1994, p. 7.

¹⁷⁸ See China Institute for Maritime Affairs (CIMA), *Zhongguo haiyang fazhan baogao 2009 [China Maritime Development Report 2009]* (Beijing: Maritime Press [Haiyang chubanshe], 2009), p. 111.

¹⁷⁹ See CIMA, *China Maritime Development Report 2014*, p. 63.

¹⁸⁰ Data comes from the annual *China Maritime Development Report* by the China Institute for Maritime Affairs, from the 2007 report to the 2015 report.

sometimes engaged in expelling foreign exploration ships. For example, in April 2007, when Vietnam was conducting oil exploration using Russian ships, China used its maritime surveillance ships to monitor and expel (*quli*) these ships.¹⁸¹ When Vietnam planned to work with British Petroleum (BP) in the Spratlys, China threatened economic sanctions against BP in June 2007, which it had never done before.¹⁸² BP eventually gave up the bid in 2009. Nevertheless, China did not equally coerce all South China Sea claimants, as discussed below.

Section II. Selective Coercion – Targeting the Philippines and Vietnam

In addition to temporal variation, China does not treat the disputants in the South China Sea equally. This section describes China's curious selectivity in choosing targets, then uses the cost balancing theory to explain China's selective coercion.

China only uses coercion on Vietnam, the Philippines, and Malaysia. This is understandable – Brunei claims one land feature in the South China Sea but does not occupy it; China and Indonesia only have maritime jurisdictional disputes over the waters around the Natuna Islands. Brunei and Indonesia do not challenge China's claims of sovereignty and resources in the South China Sea as much as Vietnam, the Philippines, and Malaysia do. China is, however, curiously selective among the three countries it does use coercion on. Of the 24 times when China coerced from 1990 to 2015, only three were used against Malaysia, and the magnitude was mild. Moreover, Chinese coercion towards the Philippines tends to be of greater magnitude than coercion against Vietnam. As such,

¹⁸¹ Li Jinming, *Zhongguo nanhai jiangyu yanjiu*, p. 266.

¹⁸² Gary Sands, "Will China Scuttle ExxonMobil's South China Sea Gas Project With Vietnam?," *The Diplomat*, November 16, 2017, <https://thediplomat.com/2017/11/will-china-scuttle-exxonmobils-south-china-sea-gas-project-with-vietnam/>, accessed May 9, 2018.

China is selective: it prefers to coerce the Philippines and Vietnam rather than Malaysia¹⁸³ and coerces the Philippines the harshest.

One might wonder if this selectivity has to do with Vietnam having the most extensive claims of the South China Sea. Vietnam controls 29 land features in the Spratlys, the Philippines nine, and Malaysia five.¹⁸⁴ Yet one would expect China to use the most drastic coercion on Vietnam. Furthermore, the Philippines and Malaysia are not drastically different in terms of the number of land features they control and one would expect China to coerce the Philippines as much as Malaysia. Finally, in China's view, Malaysia reaps the most economic benefit by drilling oil and gas in the South China Sea,¹⁸⁵ and China views oil and gas resources as its "quasi-sovereign" rights. China believed that Malaysia's oil and gas blocks had encroached into China's nine-dashed line by 205,000 square kilometers, Vietnam 22,000, and the Philippines 93,000.¹⁸⁶ Figure 4.8 below comes from the SOA and illustrates how much oil China believes Malaysia has "stolen."

¹⁸³ Peter Kreuzer has similar observations, see Peter Kreuzer, "A Comparison of Malaysian and Philippine Responses to China in the South China Sea," *The Chinese Journal of International Politics*, Vol. 9, Issue 3 (2016), p. 256.

¹⁸⁴ Guo Yuan, *Nanhai diyuan zhengzhi yanjiu [Study of the Geopolitics of the South China Sea]* (Harbin: Heilongjiang University Press, 2007), p. 81.

¹⁸⁵ Jiang Hongyi, *Guojia yu haiyang quanyi [The State and Maritime Rights]* (Beijing: People's Press, 2015), p. 136.

¹⁸⁶ Li Mingjie and Qiu Jun, "Zhoubian guojia zai nanhai de shiyou kaifa gaishu [Overview of other states' oil development in the South China Sea]," in Gao Zhiguo and Zhang Haiwen eds., *Haiyang guoce wenji*, p. 253.

Figure 4.8 Oil Blocks and Areas of Oil Production and Exploration of South China Sea Claimants By 2004¹⁸⁷

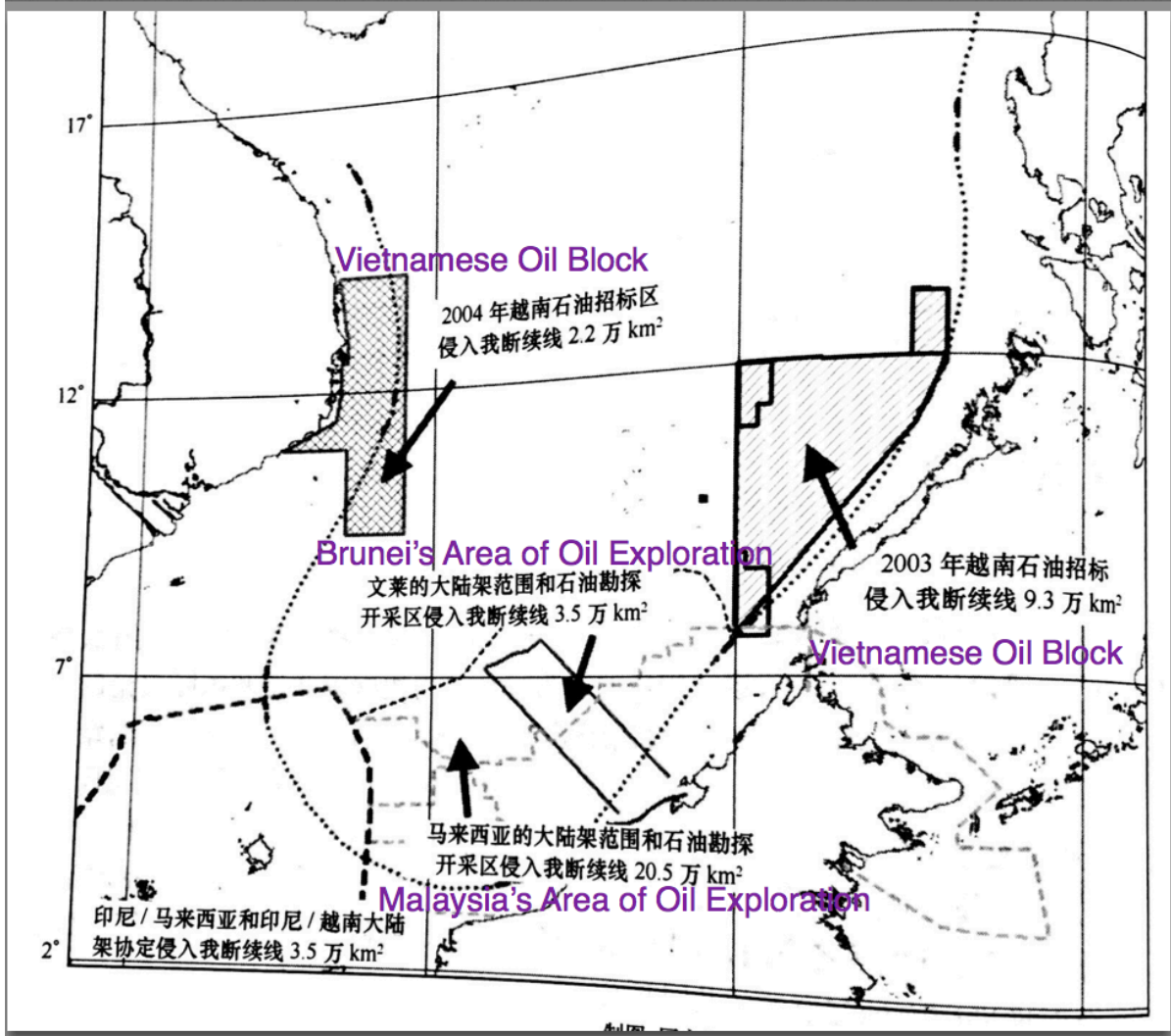
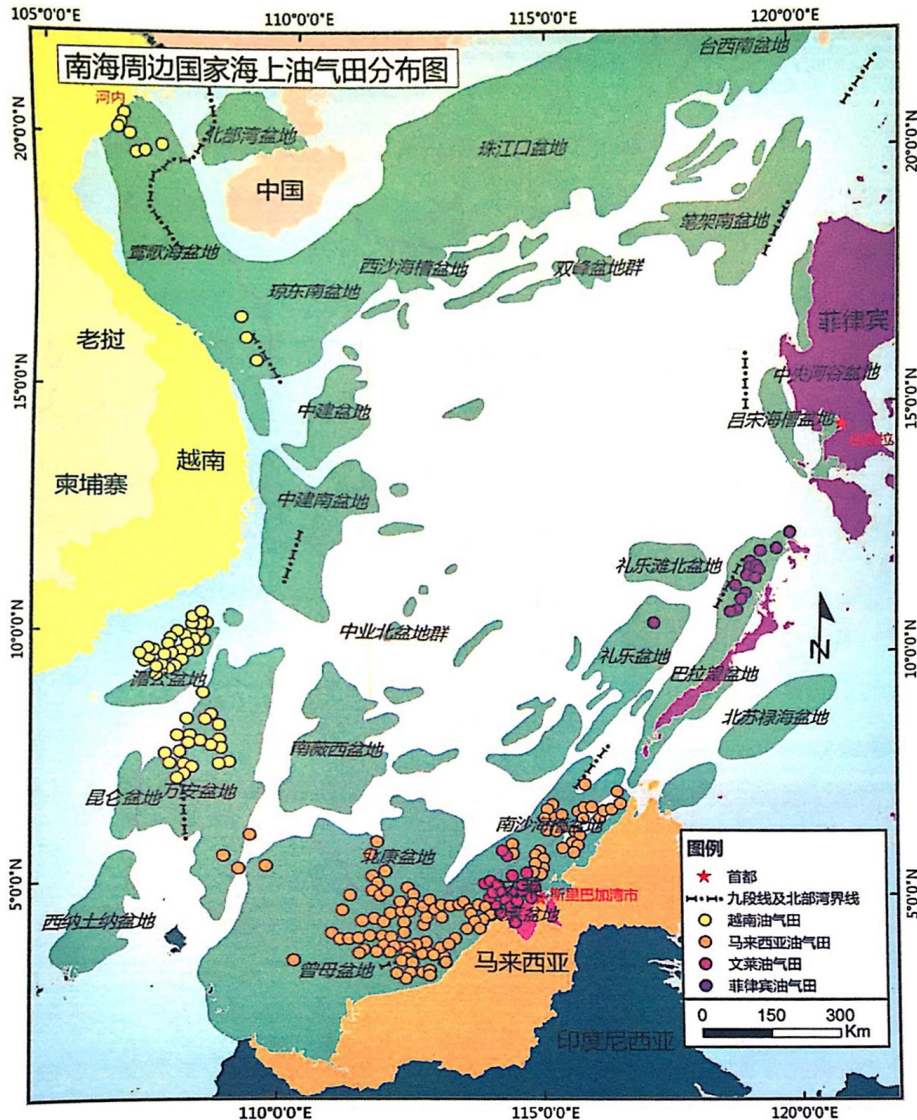


Figure 4.9 below is an updated internal report, which maps out other claimants' oil and gas fields in and outside of China's nine-dashed line (the dotted line). The yellow dots are Vietnamese, the orange Malaysian, the pink dots Brunei's, and the purple Philippine.

¹⁸⁷ This Figure is copied from *ibid.*, p. 254. Those in purple are my translation.

Figure 4.9 Oil Fields of Other Countries¹⁸⁸



With 73 oil fields within China’s nine-dashed lines, Malaysia clearly dwarfs Vietnam (which has 11) and the Philippines (which has only one in Reed Bank and which has been put on a halt after Chinese coercion).¹⁸⁹ According to data gathered by Chinese scholars in 2005, Malaysia’s oil production was 750,000 barrels per day, Vietnamese oil production was 356,000 barrels, and the

¹⁸⁸ Data comes from an internally circulated report conducted by the Geology Department at China’s Academy of Sciences. The project leader is Wang Ying from Nanjing University. The title of this report is “resources and maritime rights in the South China Sea” and was printed in March 2015. A copy of this internal report is available in the library of NISCSS in Haikou, China. This Figure appears on page 195 of the report.

¹⁸⁹ *Ibid.*, p. 195.

Philippines a mere 9,469.¹⁹⁰ During an internal conference, Chinese government analyst admitted that despite having oil blocks carved out within the nine-dashed line, Vietnamese's actual oil and gas production within the nine-dashed lines was quite meager.¹⁹¹ The same thing can be said about the Philippines. In fact, the Philippines rarely struck deals with foreign oil companies or engaged in actual oil exploration activities – it was mainly Vietnam and Malaysia that carved out oil blocks for bidding.¹⁹² Nevertheless, China rarely coerced Malaysia but coerced the Philippines the one time it conducted exploration. In short, China prefers to coerce the Philippines and Vietnam over Malaysia, despite knowing Malaysia also encroaches upon Chinese sovereign rights in the South China Sea, especially with regard to oil and gas resources. Chinese coercion seems more drastic towards the Philippines. The following passages use the cost balancing theory to explain these trends.

Explaining Selective Coercion

Turning first to the need to establish a reputation for resolve, the Philippines gives China the greatest challenges to establish its reputation for resolve, Vietnam stands in the middle, and Malaysia generates the least pressure, as shown below in Figure 4.10.

¹⁹⁰ Qtd. in Liu Zhongmin, *World Maritime Politics and China's Maritime Development Strategy*, p. 438.

¹⁹¹ Internal Conference #4, Haikou, China, April 14, 2016. For cross check, another scholar also agrees. Interview KZ-#90, Guangzhou, China, May 25, 2016.

¹⁹² See appendix II.

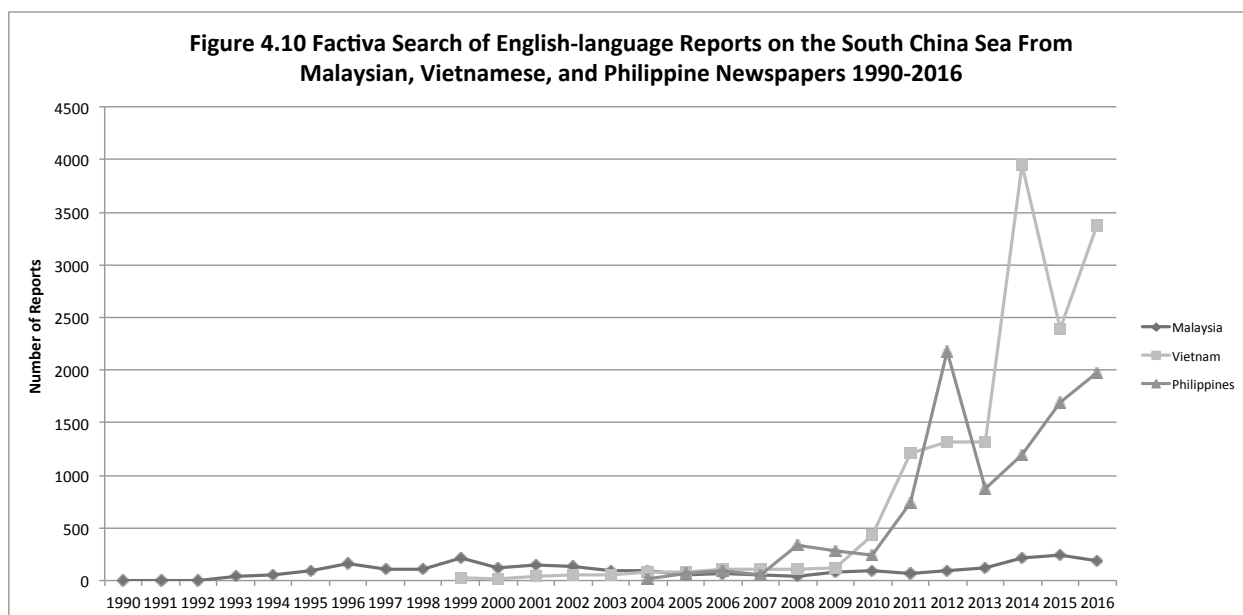


Figure 4.10 is a Factiva search of major English-language Malaysian, Vietnamese, and Philippine newspapers. For Malaysia, the newspapers include the *New Straits Times*, the *Sun*, and *Business Times*, all of which were available starting from 1990.¹⁹³ For Vietnam, the newspapers include *Vietnam News Agency Bulletin*, *Vietnam News Brief Service*, *Vietnam News Summary*, and *VietNamNet Bridge*.¹⁹⁴ Unfortunately, these newspapers were not available until 1999, making it impossible to calculate the frequency of Vietnamese media reports on the South China Sea before 1999. For the Philippines, the newspapers include the *Philippine Daily Inquirer*, the *Manila Times*, and the *Philippine Star*.¹⁹⁵ Similarly, these newspapers were not available until 2004, making it impossible to calculate the frequency of Philippine media reports on the South China Sea prior to 2004. Despite the incomplete data, it is clear that in the post-2007 period Philippine and Vietnamese reports on the South China Sea were much greater regarding frequency when compared with their Malaysian counterparts. Philippine and Vietnamese media reports especially picked up after 2010. In contrast, throughout the 1990-2016 period, Malaysian media reports fell well below 250 on an annual basis.

¹⁹³ The wording of the search includes both the South China Sea and the Spratlys.

¹⁹⁴ The wording of the search includes the South China Sea, the East Sea and the Spratlys.

¹⁹⁵ The wording of the search includes the South China Sea, the West Philippine Sea, and the Spratlys.

In this sense, the Philippines and Vietnam placed more pressure on China to establish its reputation for resolve, because of the media exposure, especially in the post-2007 period.

Speech evidence also conforms to objective measures. Chinese government policy analysts pointed out that the Philippines has been “the loudest and the noisiest” (*naode bijiao da, diaozi gao*), and in contrast, Malaysia “does not go to extremes.”¹⁹⁶ For example, government official Zhang Haiwen stated that the Philippines and Vietnam frequently used the international media to make the South China Sea disputes a hot issue, making especially salient public announcements prior to their cooperation with foreign oil and gas companies.¹⁹⁷ It is true that Malaysia has also built infrastructure on land features it controls, yet Malaysia does not “make noises” or sensationalize its disputes with China (*bu chaozuo*), which reduces demonstration effect — the likelihood that other states might follow suit.¹⁹⁸ From China’s perspective, Malaysia is a country that “makes money silently” (*mensheng fa dacai*), reaping off oil benefits but not “internationalizing” its disputes with China, calling for bilateral negotiations instead.¹⁹⁹ In contrast, according to several senior former Chinese diplomats, Vietnam and especially the Philippines are much more vocal, publicizing oil contracts and making it seem that the situation in the South China Sea is quite tense, and if China does not respond to the Philippines and Vietnam, it will show weakness (*shiruo*) to the outside world and indicate that China has given up its claims.²⁰⁰ Government policy analysts are highly concerned that due to Philippines’ efforts in sensationalizing and “internationalizing” the disputes,

¹⁹⁶ Interview KZ-#1, Beijing, China, August 19, 2015; Interview KZ-#8, Beijing, China, October 6, 2015; Interview KZ-#9, Beijing, China, October 9, 2015; Interview KZ-#11, Beijing, China, October 14, 2015; Interview KZ-#41, Beijing, China, January 22, 2016; Interview KZ-#54, Haikou, China, April 8, 2016; Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#88, Guangzhou, China, May 25, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

¹⁹⁷ Zhang Haiwen, “Cong guojifa shijiao kan nanghai zhengyi wenti [Viewing the South China Sea Issue from the perspective of international law],” *Shijie Zhishi [World Knowledge]*, Issue 4 (2012), p. 15.

¹⁹⁸ Interview KZ-#16, Guangzhou, China, November 30, 2015; Interview KZ-#103, Philadelphia, USA, September 2, 2016.

¹⁹⁹ Interview KZ-#27, Nanjing, China, December 31, 2015; Interview KZ-#30, Haikou, China, January 6, 2016; Interview KZ-#86, Guangzhou, China, May 23, 2016; Interview KZ-#92, Xiamen, China, June 13, 2016; Guo Yuan, *Study of the Geopolitics of the South China Sea*, p. 84; Interview KZ-#6, Beijing, China, September 28, 2015; Interview KZ-#120, Beijing, China, March 29, 2018.

²⁰⁰ Interview KZ-#90, Guangzhou, China, May 25, 2016; Interview KZ-#120, Beijing, China, March 29, 2018.

other states might imitate Philippines' behavior if China does not use coercion.²⁰¹ They fear that the publicity the Philippines generates might reduce China's reputation for resolve in the eyes of other claimants. China thus coerces the Philippines the most to warn other states: killing the chicken to scare the monkey.²⁰²

Moreover, despite signing new oil contracts in the 2000s, most of Malaysia's contracts were signed in the 70s and 80s, and those oil fields have been put into production. The deals struck by Vietnam and the Philippines, in contrast, are quite new and mostly signed in the post-90s period.²⁰³ China fears that if it cannot use coercion against these newly signed and quite publicized oil and gas deals, there will be more deals and unilateral oil and gas development in the future, and thus uses coercion to warn against the signing of new deals.²⁰⁴ It is therefore the contracts and their potential that China is more afraid of.

In addition to "internationalizing" the South China Sea issue, using coercion on the Philippines has another the need to establish a reputation for resolve. Since the Philippines is a U.S. ally, coercing the Philippines will signal to other U.S. allies and other states that alliance with the United States is not sufficient to deter China and may instead increase their security pressure.²⁰⁵ Other government policy analysts add that China fears that if it does not coerce a U.S. ally, other states might embrace alliances with the United States (*toukao meiguo*), that is, China is afraid of the demonstration effect if other states think that it is feasible to ally with the United States for security

²⁰¹ Interview KZ-#20, Beijing, China, December 9, 2015; Interview KZ-#30, Haikou, China, January 6, 2016; Interview KZ-#32, Haikou, China, January 7, 2016; Interview KZ-#34, Haikou, China, January 8, 2016; Interview KZ-#84, Guangzhou, China, May 21, 2016.

²⁰² Interview KZ-#35, Beijing, China, January 18, 2016; Interview, Beijing, China, January 8, 2015.

²⁰³ Interview KZ-#92, Xiamen, China, June 13, 2016; Interview KZ-#103, Philadelphia, USA, September 2, 2016.

²⁰⁴ Interview KZ-#92, Xiamen, China, June 13, 2016; Interview KZ-#57, Haikou, China, April 14, 2016.

²⁰⁵ Lu Shengjun, *Shenlan jinglue*, p. 239.

protection.²⁰⁶ Therefore, China would gain the greatest the need to establish a reputation for resolve from coercing Philippines and least from Malaysia.

Turning next to geopolitical backlash cost, because of the high geopolitical cost as a background since the 2000s, China dared not coerce all South China Sea claimants. Chinese scholars, government policy analysts, and current SOA officials all emphasize that China should be clear about whom to unite with, whom to strike against, whom to isolate, and whom to win over, so as to avoid creating too many enemies.²⁰⁷ China has a strategy of “divide and conquer” and strikes a balance between using coercion and inducement, which one government policy analyst terms as intentional selectivity (*youyishi de qubie duidai*).²⁰⁸ China thus wanted to strengthen the Sino-Malaysian relationship, making it a role model of friendship.²⁰⁹ Simply put, China wants “friends” in Southeast Asia, and Malaysia has such potential.²¹⁰ Malaysia can be a wedge that China places into ASEAN.²¹¹ Even in the 1990s when the geopolitical backlash cost was low, China’s logic of differentiation was evident: in the 1996 internal publication of CASS, Shang Guozhen stated that China should create a wedge and tackle them one by one (*gege jipo, zuohao fenhua gongzuo*).²¹²

Turning finally to economic vulnerability cost, although China is not dependent on Malaysia for energy demands, scholars and government analysts point out that China needs to import oil and

²⁰⁶ Interview KZ-#16, Guangzhou, China, November 30, 2015; Interview KZ-#30, Haikou, China, January 6, 2016; Interview KZ-#32, Haikou, China, January 7, 2016; Interview KZ-#48, email exchanges with scholars from Kunming, February 21, 2016.

²⁰⁷ Lu Shengjun, *Shenlan jinglue*, p. 174; Interview KZ-#4, Beijing, China, September 15, 2015; Interview KZ-#5, Beijing, China, September 16, 2015; Public lecture by Ms. Xu Heyun, an official from the State Oceanic Agency, Tsinghua University, Beijing, China, 3-5pm, September 17, 2015; Interview KZ-#17, Guangzhou, China, December 1, 2015; Interview KZ-#86, Guangzhou, China, May 23, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

²⁰⁸ Interview KZ-#19, Guangzhou, China, December 4, 2015; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

²⁰⁹ Interview KZ-#4, Beijing, China, September 15, 2015; Interview KZ-#9, Beijing, China, October 9, 2015; Interview KZ-#12, Beijing, China, October 21, 2015.

²¹⁰ Interview KZ-#16, Guangzhou, China, November 30, 2015; Interview KZ-#61, Wuhan, China, April 18, 2016.

²¹¹ Interview KZ-#85, Guangzhou, China, May 23, 2016.

²¹² Shang Guozhen, “Luelun nansha wenti guojihua qushi ji women de duice,” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 293.

gas resources from Malaysia.²¹³ In particular, since China became a net importer of natural gas in 2006, China's import of natural gas has grown over the years.²¹⁴ Malaysia is among the top four sources of China's import of liquefied natural gas (LNG), one of the two kinds of natural gas China imports.²¹⁵ China has recently strengthened its policy of importing Malaysian LNG, the vast majority of which is pumped from wells in waters claimed by China as its own, and China has become the third largest customer of Malaysian LNG.²¹⁶ In 2013, Malaysian LNG export to China constitutes 14.76% of total LNG import.²¹⁷ In 2014 and 2015, Malaysian LNG export constitutes 6.98% and 8.9% of China's total natural gas import, respectively.²¹⁸ Therefore, China needs Malaysia as one of its suppliers for natural gas and the economic vulnerability cost of destabilizing this import source is quite high, making China reluctant to use coercion on Malaysia. China, in contrast, does not depend on either Vietnam or the Philippines for supply or markets.

Some may suggest alternative factors explaining China's selective coercion. First, it is possible China does not coerce Malaysia as much because it lies far away from China. This argument is false. In 1999, both the Philippines and Malaysia planned to establish infrastructure on land features in the South China Sea. China used diplomatic pressure to force the Philippines to discard its plan of taking the Scarborough Shoal but did not use coercion when Malaysia began to establish infrastructure on *Yulin* Shoal and *Boqi* Reef. According to a former diplomat who was then on board

²¹³ Interview KZ-#7, Beijing, China, September 30, 2015; Interview KZ-#17, Guangzhou, China, December 1, 2015.

²¹⁴ See Sinopec's official company reports, http://www.sinopecgroup.com/group/xwzx/hgzc/20140627/news_20140627_370638126180.shtml, accessed September 1, 2016.

²¹⁵ *Ibid.*

²¹⁶ See Peter Kreuzer, "A Comparison of Malaysian and Philippine Responses to China in the South China Sea," p. 33.

²¹⁷ See Sinopec's official company reports, http://www.sinopecgroup.com/group/xwzx/hgzc/20140627/news_20140627_370638126180.shtml, accessed September 1, 2016.

²¹⁸ Data come from Chinese energy consulting firms SIA Energy and web-based consulting firm China Energy Website: <http://www.china5e.com/news/news-896193-1.html>; <https://www.usea.org/sites/default/files/event-/2015-09-17%20PM%2012%20by%20Li%20Yao%20CN%20%E2%98%85.pdf>, accessed September 1, 2016.

a fishery administrative ship, China had the capability to approach Malaysian controlled land features and went close to the *Yulin* Shoal and *Boqi* reef, yet merely observed and confirmed Malaysian action.²¹⁹ The capability variable thus does not explain the variation in China's treatment towards the Philippines and Malaysia. Second, it is true that being communist regimes, Vietnam and China have party-party relations.²²⁰ Yet this relationship only explains why China and Vietnam have more channels of communications and negotiations over the South China Sea disputes.

To summarize, China coerces the Philippines with greater magnitude because it challenges China's reputation for resolve the most. Chinese coercion against Vietnam is milder compared with the Philippines because China considers Vietnam a "swing state" with geopolitical importance. China coerces Malaysia the least because of the low the need to establish a reputation for resolve and high geopolitical and economic costs. As such, China chose to coerce the "loudest" (*rangde zui huan de*) to establish a model of what would come if one does not behave.²²¹ China's selective coercion fits its "wedge strategy" that exploits interest differences among ASEAN states.²²² Government policy analysts term this behavior "beating one and luring others" (*yida yila*).²²³

Section III. Land Reclamation – Proactive and General Coercion

Apart from reactive and immediate coercion, China also employs proactive coercion – land reclamation. This section first describes China's land reclamation in the South China Sea, then uses

²¹⁹ Zhang Liangfu, *Nansha qundao dashiji*, p. 165-165.

²²⁰ Interview KZ-#41, Beijing, China, January 22, 2016; Interview KZ-#47, email exchanges with scholars from Kunming, February 17, 2016.

²²¹ Interview KZ-#9, Beijing, China, October 9, 2015; Interview KZ-#85, Guangzhou, China, May 23, 2016.

²²² Lu Shengjun, *Shenlan jinglue*, p. 155, 174; Interview KZ-#92, Xiamen, China, June 13, 2016.

²²³ Interview KZ-#1, Beijing, China, August 19, 2015; Interview KZ-#12, Beijing, China, October 21, 2015.

the cost balancing theory to explain when China engages in this kind of proactive and general coercion.

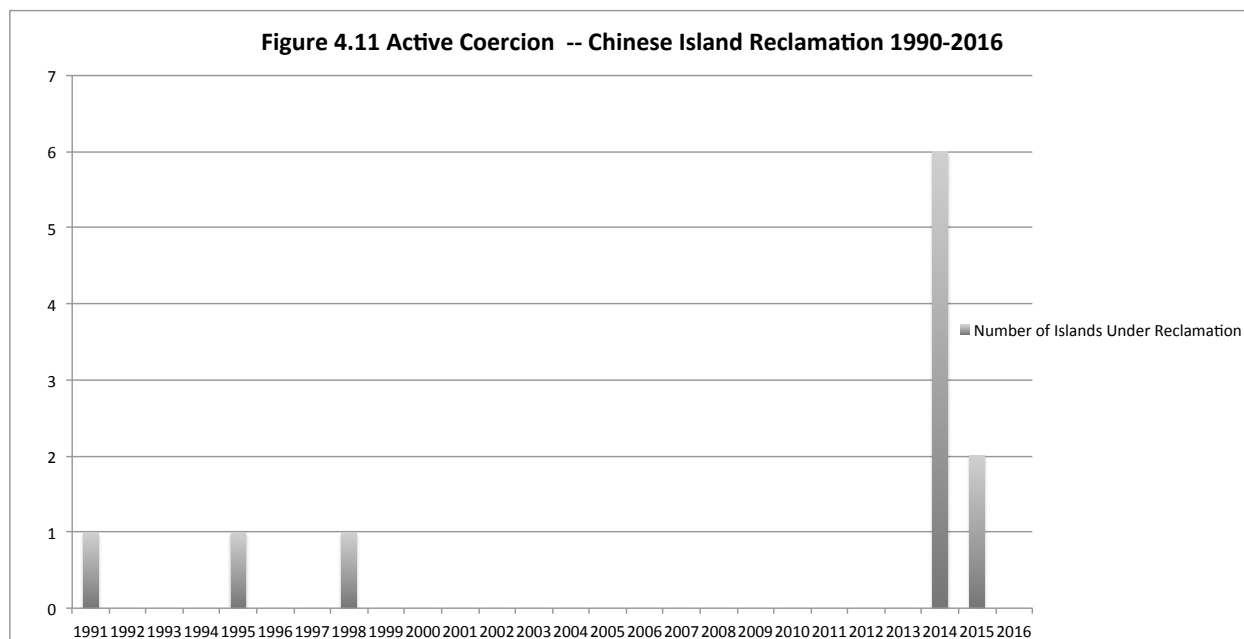


Figure 4.11 above is an overall trend of Chinese land reclamation activities in the South China Sea from 1990 to 2016. In 1991, China allowed its navy to construct airports on Woody Islands in the Parcel Islands.²²⁴ China seized and built infrastructure on the Mischief Reef in 1995 and refurbished the infrastructure in 1998. Chinese activities then stopped altogether and did not resume until the end of 2013, on an unprecedented scale. The fact that China built infrastructure on land features in the 1990s and came to a halt in the 2000s is in line with the general trend of Chinese reactive and immediate coercion.²²⁵ Yet interestingly, China's land reclamation activity started in 2013, took off 2014, and then gradually paused in 2015. IHS Jane's monitored the movements of the Chinese dredger *Tian Jing Hao* and found it located on-station at Johnson South Reef on December 17, 2013, and land reclamation operations began at Johnson South Reef on

²²⁴ Editorial commission of the book, *Guangdong haifang shi [History of Guangdong's Maritime Defense]* (Guangzhou: Sun Yat-san University Press, 2010). This book was written by the South China Sea bureau of the SOA.

²²⁵ The Mischief Reef case, in particular, will be discussed in detail in the next chapter.

February 26, 2014.²²⁶ This Chinese dredger subsequently moved to Hughes Reef, Gaven Reefs, Fiery Cross Reefs, and other reefs in 2014 and 2015.²²⁷ Based on satellite images, China reclaimed about 13 square kilometers of land on its seven land features in the Spratly Islands between 2014 and 2015.²²⁸ The size of Chinese land reclamation in 2014 and 2015 is so large that it dwarfs the land reclamation of all other claimants combined.

Chinese land reclamation is a proactive and general form of coercion. I argue that Chinese land reclamation constitutes coercion because the sheer size of it can be overwhelming to other claimants.²²⁹ In a sense, Chinese land reclamation is a show of strength. China's goal for land reclamation is general — according to one government policy analyst, it is not about re-taking other land features in the Spratlys; rather, the goal is to stop others from continuing to reclaim land features.²³⁰ China also aims at making other claimants “take China seriously” (*renzhen kandai zhongguo*) for joint development.²³¹ That is, if other states are not willing to carry out joint development, China shows that it can and has the ability to develop the South China Sea itself.²³² Mira Rapp-Hooper and Harry Krejsa argue that Chinese land reclamation was a response to the Philippines' formal petition to the Permanent Court of Arbitration in March 2014, in which the Philippines “challenged the legality of China's “nine-dashed lines” and the statuses of Chinese controlled land features.”²³³ Although Chinese land reclamation may indeed have a coercive effect

²²⁶ Ben Dolven et al., “Chinese Land Reclamation in the South China Sea: Implications and Policy Options,” Congressional Research Service Report R44072, June 18, 2015, <https://fas.org/sgp/crs/row/R44072.pdf>, accessed May 9, 2018.

²²⁷ *Ibid.*

²²⁸ See CSIS Maritime Transparency Initiative, <https://amti.csis.org/island-tracker/>, accessed September 6, 2016.

²²⁹ One government policy analyst also admits that Chinese land reclamation is a coercive measure (*qiangzhixing shouduan*). Interview KZ-#12, Beijing, China, October 21, 2015.

²³⁰ Interview KZ-#4, Beijing, China, September 15, 2015; Interview KZ-#57, Haikou, China, April 14, 2016.

²³¹ Interview KZ-#57, Haikou, China, April 14, 2016.

²³² Interview KZ-#85, Guangzhou, China, May 23, 2016.

²³³ Mira Rapp-Hooper and Harry Krejsa, “Reefs, Rocks, and the Rule of Law: After the Arbitration in the South China Sea,” *CNAS Report* (April 2016), <http://www.cnas.org/sites/default/files/publications-pdf/CNASReport-AfterArbitration-FINAL.pdf>, accessed September 6, 2016. Some Chinese government policy

on the Philippines, China's overall goal of land reclamation is less reactive than proactive. After all, as IHS Jane's images show, China had already begun land reclamation as early as 2013, which Chinese scholars and deputy Foreign Minister Liu Zhenmin confirmed.²³⁴ Also, back in 2009, China had tested whether Fiery Cross Reef could be reclaimed into an island by drilling wells on the reef, although it was not until 2012 that China had the technology for large-scale land reclamation.²³⁵ Both in 2011 and 2012, during internal official meetings in the Chinese government, some officials, especially the military, had discussed the plan for land reclamation in the South China Sea.²³⁶ In 2012, China's SOA had given permissions to Hainan province regarding land reclamation in the Paracels and Spratly Islands.²³⁷ One scholar close to the MFA states that the decision on land reclamation was made in 2012, sometime after the Scarborough incident.²³⁸ One long-time government policy analyst adds that the specific plan of land reclamation began in August 2013.²³⁹ As such, China's land reclamation was planned, rather than a narrow response to the Philippines.

analysts agree that land reclamation is an indirect countermeasure against Philippines' action. Interview KZ-#69, Shanghai, China, May 5, 2016; Interview KZ-#57, Haikou, China, April 14, 2016. But the general sense is that land reclamation constitutes a planned act that goes beyond responding to the Philippines.

²³⁴ Interview KZ-#92, Xiamen, China, June 13, 2016; Interview KZ-#103, Philadelphia, USA, September 2, 2016; Interview KZ-#16, Guangzhou, China, November 30, 2015; see also MFA official Liu Zhenmin's remarks, May 23, 2016, http://www.fmprc.gov.cn/web/wjbxw_673019/t1365621.shtml, accessed September 6, 2016.

²³⁵ Interview KZ-#90, Guangzhou, China, May 25, 2016.

²³⁶ Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

²³⁷ Xu Quanlong and Li Hong, "Nanhai zhengduan xianzhuang yu qushi [The current status and trend in the South China Sea disputes]," in Lu Jianren and Fan Zhajun eds., *Zhongguo-dongmeng hezuo fazhan baogao [Report on the Development of Sino-ASEAN Cooperation 2014-2015]* (Beijing: China Social Sciences Press, 2015), p. 247; Interview KZ-#90, Guangzhou, China, May 25, 2016.

²³⁸ Interview KZ-#60, Wuhan, China, April 18, 2016.

²³⁹ Interview KZ-#57, Haikou, China, April 14, 2016.

Explaining China's Large-Scale Reclamation

Behaviorally, the Philippines and Vietnam began land reclamation in the late 2000s, especially around 2007, as seen in Figure 4.3 in the introduction.²⁴⁰ Government policy analysts and scholars also indicated that since other states had been reclaiming lands, China needed large-scale land reclamation to frighten (*zhenshe*) others into stopping.²⁴¹ Moreover, realizing that it was no good showing weakness, China used land reclamation to establish its reputation for resolve and to send a signal to the United States that China would not act weakly just because the United States stood behind other South China Sea claimants.²⁴² As such, the need to establish a reputation for resolve was high in the late 2000s.

Economic vulnerability cost has been low to China in recent years. If anything, there is an economic need for China to reclaim land in the South China Sea. Government policy analysts indicated that land reclamation was related to China's economic development: maritime fishery calls for land reclamation.²⁴³ After all, Chinese fishers previously had to go to features controlled by the Philippines and Vietnam in order to avoid windy weather.²⁴⁴ In addition, government policy analysts and former PLA personnel pointed out that land reclamation in the South China Sea was conducive to safeguarding maritime trade.²⁴⁵ According to one former diplomat, given the economic downturn following the global financial crisis, near-shore reclamation shrank drastically and there were many spare draggers that would be more than willing to go to the Spratlys for reclamation for the purpose of making profits.²⁴⁶ In line with Chinese reactive and immediate

²⁴⁰ The data regarding other states reclamation activities came from a government policy analyst based in Haikou who computed satellite images over the years. This was given to me via email exchanges between April 8 and April 12, 2016.

²⁴¹ Interview KZ-#55, Haikou, China, April 12, 2016; Interview KZ-#64, Beijing, China, April 27, 2016.

²⁴² Interview KZ-#32, Haikou, China, January 7, 2016.

²⁴³ Interview KZ-#55, Haikou, China, April 12, 2016.

²⁴⁴ Interview KZ-#6, Beijing, China, September 28, 2015.

²⁴⁵ Interview KZ-#26, Nanjing, China, December 30, 2015; Interview KZ-#34, Haikou, China, January 8, 2016.

²⁴⁶ Interview KZ-#112, Beijing, China, December 27, 2016.

coercion in the post-2007 period, it is no surprise that China had wanted to reclaim lands in the South China Sea due to the reputation for resolve as well as the economic need. Yet these two benefits have been high throughout this period, and China did not engage in large-scale land reclamation until early to mid-2014, even though the technical condition has been ripe for a while.²⁴⁷

The core reason explaining the timing of Chinese land reclamation is the low geopolitical backlash from the United States in late 2013 to early 2014 window. Semi-official assessments from CASS and CIIS both indicated the decreasing U.S. efforts with regard to the South China Sea disputes, despite the U.S. rebalancing strategy. The 2013 CASS report on China's regional security environment stated that the implementation of U.S. rebalancing "had a problem of divergence between willingness and capability," citing examples of lack of U.S. commitment in the Scarborough Shoal incident.²⁴⁸ Similarly, the CIIS bluebook and the CICIR annual review in 2014 believed that U.S. rebalancing faced restraint on resources and that with increasing inputs into the Middle East, the United States shifted its strategy of putting pressure solely on China to "pressuring both sides" [of the South China Sea disputes] (*liangmian shiya*).²⁴⁹ The 2014 CICIR annual review also noted the Obama administration's caution against military intervention and attention to diplomatic means in resolving the Syrian issue.²⁵⁰ In short, the late 2013 and early 2014 provided China with a geopolitical loophole – pressure from the United States was lower – which is also why China used coercion in the 981 oilrig standoff with Vietnam, as will be shown in Chapter 5.

²⁴⁷ According to one former diplomat close to the CNOOC, China's near-shore reclamation has been ripe technically for quite sometime. And off-shore reclamation is similar to that of near-shore reclamation, and the government can approve reclamation in the Spratlys whenever it would like to. Interview KZ-#112, Beijing, China, December 27, 2016; cross-checked with another government policy analyst, Interview KZ-#113, Beijing, China, December 29, 2016.

²⁴⁸ Zhang Jie and Zhong Feiteng eds., *2013nian Zhongguo zhoubian anquan xingshi pinggu [The 2013 Assessment of China's Regional Security Environment]* (Beijing: Social Sciences Academic Press, 2013), p. 19.

²⁴⁹ CIIS, *2013-2014 Bluebook of International Situation and China's Foreign Affairs*, p. 5-6, published in March 2014. CICIR, *2013/2014 Strategic and Security Review*, p. 128-133, published in February 2014.

²⁵⁰ CICIR, *2013/2014 Strategic and Security Review*, p. 312-313, p. 320,

Chinese scholars and government policy analysts noted that even though China had started land reclamation in late 2013, its large-scale reclamation began in early to mid-2014, because of President Obama's reaction with regard to the Ukrainian crisis in 2014.²⁵¹ That is, China read the lack of U.S. counter-reactions during the Ukrainian crisis as a sign that Obama was weak, and the logic was such that if the United States did not use force despite the Ukrainian issue, it certainly would not take drastic measures against China over land reclamation.²⁵² China therefore jumped the loophole (*zuan kongzi*), engaging in land reclamation when Obama was still in his tenure and when the Ukrainian crisis erupted.²⁵³ The Ukrainian crisis, therefore, provided a favorable international environment for China.²⁵⁴ Another government policy analyst agreed that the internal discussion back in 2014 was that the Middle East was in chaos, so was Ukraine, and Obama was mild (*wenhe*), indicating that Chinese policy analysts believed a geopolitical backlash from the United States over land reclamation would be quite unlikely.²⁵⁵ Convinced that the United States would not go to war with China over issues in the South China Sea, the particularly low geopolitical backlash cost seemed to have given China the green light for land reclamation.²⁵⁶ The points made by above government policy analysts are in line with the 2014 CASS annual report on the United States — which stated that starting from his second term in 2013, the Obama administration had become increasing “inward-looking,” reacting mildly to the Crimea issue while emphasizing diplomatic solutions.²⁵⁷ These, according to this report, indicated that Obama preferred to gradually retrench, reduce promises, and avoid wars.²⁵⁸ Government policy analysts from CICIR,

²⁵¹ Interview KZ-#16, Guangzhou, China, November 30, 2015.

²⁵² *Ibid.*

²⁵³ *Ibid.*

²⁵⁴ Interview KZ-#90, Guangzhou, China, May 25, 2016.

²⁵⁵ Interview KZ-#35, Beijing, China, January 18, 2016; confirmed by one U.S. policy analyst, Interview KZ-#109, Washington D.C., USA, December 5, 2016.

²⁵⁶ Interview KZ-#32, Haikou, China, January 7, 2016; Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#69, Shanghai, China, May 5, 2016; Interview KZ-#64, Beijing, China, April 27, 2016.

²⁵⁷ Huang Ping and Zheng Bingwen eds., *Meiguo yanjiu baogao [2014 Report on the United States]* (Beijing: Social Sciences Academic Press, 2014), p. 1, p. 11.

²⁵⁸ *Ibid.*, p. 12.

CASS, and CIIS as well as former Chinese diplomats wrote repeatedly in March, April, and May 2014 that the United States tacitly acknowledged the fact that Russia annexed Crimea. These analysts particularly noted that the United States explicitly ruled out using military options against Russia and that U.S. reactions were, in fact, moderate and restrained, which according to them, indicated a decline of U.S. hegemony.²⁵⁹ One diplomat even stated in March 2014 that the Crimea crisis and ensuing U.S. efforts to resolve the crisis was an opportunity for China.²⁶⁰ In other words, Chinese analysts read U.S. reactions in the Crimea crisis as relatively weak and moderate, while viewing the U.S.-Russian tension as an opportunity to reduce U.S. pressure on China.

In particular, one Chinese scholar provided details that China first engaged in reclamation at the Johnson South Reef, because it had the best location and would generate the least international backlash — China was watching carefully the reaction from the international society and went along with large-scale reclamation after realizing that there was not much of a reaction internationally.²⁶¹ As for why China halted its land reclamation in the summer of 2015, China's pause also had to do with concerns about a possible geopolitical backlash as China sensed a change in U.S. rhetoric. Chinese MFA spokesperson Lu Kang announced in June 2015 that “China’s island-building in the South China Sea is drawing to a close.”²⁶² Lu’s remarks came right after a renewed United States push to get all claimants in the South China Sea to stop building projects: as U.S. Secretary of Defense Ashton Carter put it in his speech at the Shangri-La Dialogue, “there should be

²⁵⁹ Li Yongquan, “Wukelan weiji zheshe chude daguo boyi [Great power game in the Ukraine crisis],” *Academic Journal of E’luosi xuekan [Russian Studies]*, No. 3 (2014), p. 9; Zhou Fangyin, “Xianshi zhuyi de shengmingli [The power of realism],” *Guoji guanxi yanjiu [Journal of International Relations]*, No. 3 (2014), p. 10; Ding Yuanhong, “Wukelan weiji de lishi jingwei yu xianshi qishi [The history behind the Ukraine crisis and its lessons],” *Heping yu fazhan [Peace and Development]*, No. 2 (2014), p. 4-6; Feng Yujun, “Wukelan weiji: duowei shiye xia de shenceng toudi [A multi-layer analysis of the Ukraine crisis],” *Guoji wenti yanjiu [International Studies]*, No. 3 (2014), p. 54.

²⁶⁰ Chu Maoming, “Wukelan weiji yu zhongguo de xuanze [The Ukraine crisis and China’s choices],” *Zhanlue juece yanjiu [Journal of Strategy and Decision-Making]*, No. 3 (2014), p. 10.

²⁶¹ Interview KZ-#90, Guangzhou, China, May 25, 2016.

²⁶² Shannon Tiezzi, “Why China Is Stopping Its South China Sea Island-Building (For Now),” *The Diplomat*, June 16, 2015, <http://thediplomat.com/2015/06/why-china-is-stopping-its-south-china-sea-island-building-for-now/>, accessed September 7, 2016.

an immediate and lasting halt to land reclamation by all claimants.”²⁶³ Chinese government policy analysts sensed this shift of U.S. reaction. One analyst stressed that up until the end of 2014, the United States had shown restraint in South China Sea disputes and its involvement had been limited, yet starting 2015, the United States began to react to China’s actions differently.²⁶⁴ Another government policy analyst also indicates that Chinese leaders paid keen attention to negative reactions from the United States and therefore halted land reclamation.²⁶⁵ Government policy analysts added that an important reason why China did not reclaim the Scarborough Shoal — on top of the shoal being a Typhoon-prone area — was that China was cautious about possible U.S. reaction: after all, senior Chinese leaders paid attention to U.S. statements indicating that reclaiming the Scarborough Shoal would cross the red line.²⁶⁶ In short, China was quite sensitive to even the slightest changes in the geopolitical backlash cost when contemplating land reclamation in the South China Sea. Given the high the need to establish a reputation for resolves, China behaved like an opportunist waiting for the right moment when geopolitical backlash was low. As one PLA personnel summarizes, China’s strategy in the South China Sea involves “grasping the right opportunity.”²⁶⁷

²⁶³ *Ibid.*

²⁶⁴ Liu Zaorong, “Meiguo nanhai zhengce xin dongxiang [New Moves in U.S. South China Sea Policy],” p. 232, presented at the Academic Seminar Commemorating the 70th Anniversary of the Victory of China’s War of Resistance Against Japan, which was held in Beijing by the Collaborative Innovation Center of South China Sea Studies from August 15 to 16, 2015. This is a print copy of the conference materials, seemingly internally circulated and available in the library of the China Institute of Boundary and Ocean Studies (CIBOS) of Wuhan University in Wuhan, China.

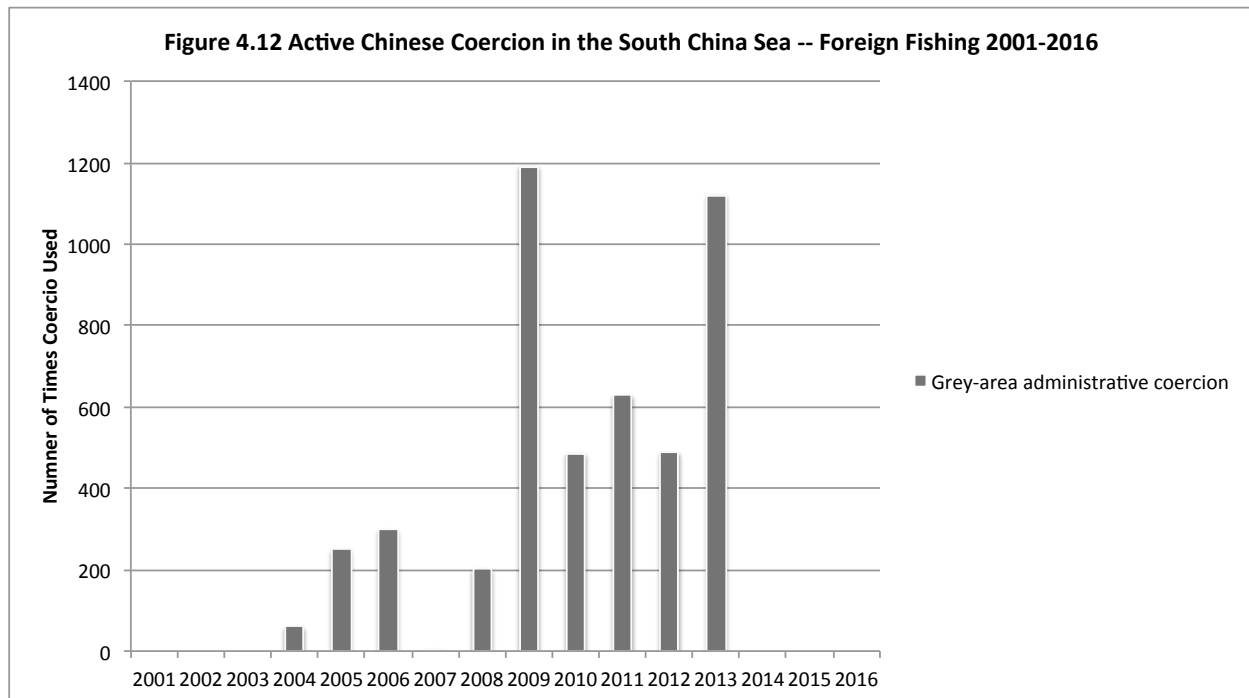
²⁶⁵ Interview KZ-#4, Beijing, China, September 15, 2015.

²⁶⁶ Interview KZ-#113, Beijing, China, December 29, 2016.

²⁶⁷ Lu Shengjun, *Shenlan jinglue*, p. 156.

Section IV. Proactive Coercion in the Realm of Fishery

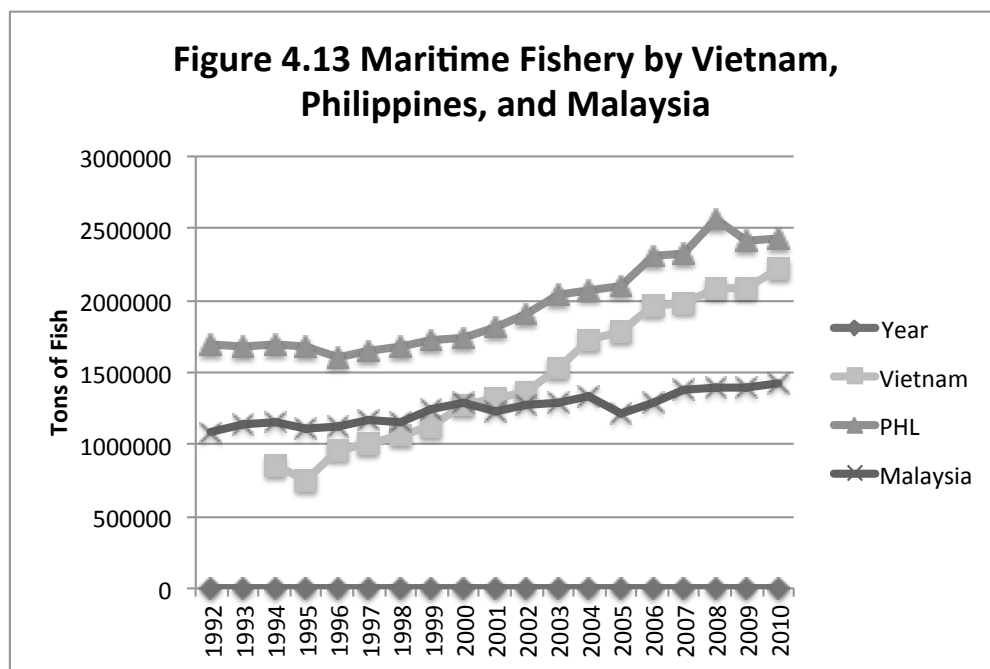
Just as land reclamation, Chinese coercion of foreign fishers in the South China Sea is a form of proactive coercion. Figure 4.12 below shows the number of times when China used gray-zone coercion in the South China Sea. The data come from *China Fishery Yearbooks (zhongguo yuye nianjian)*. Although some of the data are missing, it is the only publicly available data that has aggregate statistics on China's coercion in fishing. The blue bar indicates the times that China used its fishery administrative ships to coerce foreign vessels. These actions include expelling, boarding and investigating, arresting, and fining foreign fishing ships.



In 2001, China might have used gray-zone coercion, yet the data in the Fishery Yearbooks lumps the investigation of foreign as well as domestic Chinese ships together, thus making it difficult to determine if China used coercion regarding fishery in the South China Sea. 2002 is more telling in that in the entire South China Sea, Yellow Sea, and East China Sea, only a mere total of 12 foreign ships were boarded and fined. No information on coercion is provided for the year 2003 and 2007,

and for 2004, data is only available for the period between July and December. Nevertheless, based on this partial data, it seems that Chinese gray-zone coercion began to pick up around 2005 and 2006, and increased dramatically starting from 2009. In 2009 alone, China boarded and investigated 1020 foreign ships, expelled 147 ships, fined 19, and confiscated 4. One might wonder if China’s increasing use of gray-zone coercion especially around 2009 has to do with increasing numbers of foreign fishers. Although it is plausible that Chinese coercion in the fishery realm is proportion to the amount of foreign catches, in reality, it is not the case.

Figure 4.13 below shows the amount of fishery catches by the Philippines, Malaysia, and Vietnam from 1992 to 2010. The data come from the *China Oceanic Statistical Yearbooks (zhongguo haiyang tongji nianjian)*.²⁶⁸



In Figure 4.13 the vertical axis indicates the amount of fishery catches by tons. It is clear that Malaysian fishing catches have been stable over the last two decades, whereas the fishery catches of

²⁶⁸ The data does not specify the geographical location of the maritime catches, but presumably it comes mostly from the South China Sea, given the location of Vietnam, the Philippines, and Malaysia.

Vietnam and the Philippines began to dramatically increase around 2002, which was way before China increased its gray-zone coercion. Thus, it is puzzling why China increased its coercion particularly around 2009. One government policy analyst indicates that China has strengthened its coercion in the fishery realm starting 2007 and 2008, yet due to the incomplete aggregate data it is difficult to pinpoint the exact year of the increase.²⁶⁹ The following passages first justify why the incidences in Figure 4.13 count as coercion and then explain Chinese coercive behavior in the realm of fishing.

The actions of Chinese fishery administrative ships constitute as coercion. First, these fishery administrative ships are government agency ships and their behavior is state action. Second, these ships inflict damage on the foreign fishers both through onsite expelling (physical damage) as well as fining and confiscation (monetary damage). For example, Chinese administrative ships have reportedly attacked Philippine fishers with water cannons.²⁷⁰ Even worse, Chinese administrative ships have often rammed into Vietnamese or Philippine fishing vessels.²⁷¹ Sometimes Chinese authorities seized the equipment and possession of Vietnamese fishers, according to the MFA of Vietnam.²⁷² These actions are coercive, and even Chinese legal scholars admit that they are “temporary and instant coercion.”²⁷³ Therefore, these actions fall into the category of gray-zone

²⁶⁹ Interview KZ-#57, Haikou, China, April 14, 2016.

²⁷⁰ Rachael Bale, “One of the World’s Biggest Fisheries Is on the Verge of Collapse,” *National Geographic*, August 29, 2016, http://news.nationalgeographic.com/2016/08/wildlife-south-china-sea-overfishing-threatens-collapse/?utm_content=buffer2ef5&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer, accessed September 9, 2016.

²⁷¹ The database is from “Are maritime law enforcement forces destabilizing Asia?,” CSIS China Power Project, <http://chinapower.csis.org/maritime-forces-destabilizing-asia/>, accessed April 17, 2018.

²⁷² All from the Vietnamese Foreign Ministry, http://www.mofa.gov.vn/en/search?b_start:int=0&SearchableText=china, with search word being China, accessed September 9, 2016.

²⁷³ Interview KZ-#87, Guangzhou, China, May 24, 2016; Zhou Lanling and Song Yanhui, *Woguo yuwai haiyang zhifa wenti yanjiu [Studies Regarding China’s Maritime Administration]* (Beijing: China Democracy and Legal Press, 2012), p. 46.

coercion. Third, the goal of Chinese coercion in fishing is pretty straightforward, that is, to stop the illegal encroachment of foreign fishers] and to demonstrate presence in the South China Sea.²⁷⁴

As for why China began to increase its gray-zone coercion especially around 2009, despite a lack of sufficient publically available materials, it seems the rationale behind was by and large economic. One government policy analyst, for example, stresses that China uses more coercion against foreign fishing vessels in recent years because of the development of China's own fishery industry.²⁷⁵ In particular, even though the total amount of Vietnam's fishery catches has been increasing since the early 2000s, the Chinese government did not increase coercion against Vietnamese fishers until the late 2000s, because the Vietnamese did not encroach much upon China's fishery resources.²⁷⁶ China's South China Sea bureau of the SOA, for instance, noted that the scale of foreign encroachment upon China's fishery resources increased drastically around 2007 — the number of foreign vessels increased from 100 in 2001 to 700 in 2007.²⁷⁷ Chinese government policy analysts, however, did not view the behavior of Vietnamese fishers fishing in China's claimed waters as a threat to its reputation for resolve, presumably because unlike controlling land features or conducting oil and gas exploration,²⁷⁸ fishing is not government behavior and is not exposed to the media as much. Meanwhile, the need of China's own fishers became urgent. After the Sino-Vietnamese treaty on fishery cooperation in the Gulf of Tonkin took effect in 2004, about 4000 of Chinese fishing vessels had to exit the Gulf of Tonkin area to find new waters to fish, and there were about 90,000 Chinese fishing vessels and several millions of Chinese fishers in the entire South China Sea region.²⁷⁹ As the internal document of the China Institute of Maritime Affairs under the SOA indicated, China faced the issue of over-fishing in northern offshore and near-sea regions of the

²⁷⁴ Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#87, Guangzhou, China, May 24, 2016.

²⁷⁵ Interview KZ-#5, Beijing, China, September 16, 2015.

²⁷⁶ Interview KZ-#57, Haikou, China, April 14, 2016.

²⁷⁷ *History of Guangdong's Maritime Defense*, p. 465.

²⁷⁸ Most of which are government companies.

²⁷⁹ Xia Zhangying ed., *Nansha qundao yuye shi [History of Fishery in the Spratly Islands]* (Beijing: Oceanic Press, 2011), p. 205.

South China Sea.²⁸⁰ Thus, according to the 2007 annual report of maritime development by the China Institute of Maritime Affairs under the SOA, the ministry of agriculture had set the goal of “zero-growth” regarding near-sea fishing in 2005 and had instead supported further developing fishing (*yuanyang yuye*) into the distant waters.²⁸¹ As such, the SOA called for further development of maritime fishery especially in mid Spratlys, *the only* way to ensure the production and livelihood of Chinese fishers in the south.²⁸² It is thus no wonder that the State Council approved the “guideline of the development of the maritime industry” in early 2008, which was the very first guideline in the maritime realm.²⁸³ Anecdotal quotes from Chinese fishers seem to support this trend: according to one fisherman interviewed in 2012, beginning three or four years ago (i.e., about 2008 or 2009), China’s offshore fishing dropped rapidly, driving fishers further out to sea in search of catches.²⁸⁴ Similarly, fishers in Tanmen village in Hainan Island were also encouraged to go to the distant waters in the South China Sea for maritime catches, including fish and coral reefs.²⁸⁵ Tanmen fishers were willing to venture into the Spratlys, both because the catches there were large in quantity and sold well, and the lucrative business of selling Tridacninae – the giant clams that can be made into expensive sculptures and bracelets.²⁸⁶ It is illegal to fish for Tridacninae, yet the high profit – sometimes as much as 70,000 RMB per giant clam – lured Tanmen fishers to go to the South China Sea, including the Scarborough Shoal, to catch them.

²⁸⁰ Internal Materials edited by CIMA, *EEZs and the Continental Shelf*, p. 222.

²⁸¹ CIMA, *China Maritime Development Report 2007* [*Zhongguo haiyang fazhan baogao 2007*] (Beijing: Oceanic Press, 2007), p. 116.

²⁸² *Ibid.*, p. 205-206.

²⁸³ CIMA, *China Maritime Development Report 2009*, p. 41.

²⁸⁴ “All fished out but hungry for more,” *South China Morning Post*, August 1, 2012, <http://www.scmp.com/article/1008217/all-fished-out-hungry-more>

²⁸⁵ See data from the Hainan Provincial government at <http://www.hnzs.gov.cn/ASPX/XMShowContent.aspx?Seq=2006025629>; <http://wx.abbao.cn/a/4635-48383161d4abaa34.html>, accessed August 20, 2017.

²⁸⁶ See *Xinhua News*, June 17, 2011, http://news.xinhuanet.com/herald/2011-06/17/c_13933347.html; Zhang Yi and Zhang Qiwang, “Hainan chequ jiage baozhang beihou de yin you [the hidden concerns behind the soaring prices of tridacninae in Hainan],” *Nanguo dushibao* [*Southern Metropolitan Newspaper*], April 14, 2013, <http://www.hinews.cn/news/system/2013/04/14/015604695.shtml>, accessed April 20, 2018.

In short, China's increasing use of gray-zone coercion against foreign vessels in the South China Sea originates more from economic needs, which in turn serves to improve the legitimacy of the Chinese government in the eyes of the several millions of Chinese fishers in the South China Sea. Concerns about external reputation for resolve and geopolitical backlash, however, do not appear on the radar of Chinese policy analysts and scholars in Chinese coercion in the fishery realm.

Conclusion

In short, China used immediate and reactive coercion in the 1990s (especially the mid-1990s) and the post-2007 period. It refrained from using coercion between 2000 and 2006 for fear of high geopolitical backlash and economic vulnerability costs. China's land reclamation follows this pattern and can also be explained by changes in specific benefits and costs of coercion. China singles out the Philippines for coercion due to the high the need to establish a reputation for resolve and low geopolitical backlash and economic vulnerability costs. As for fishery coercion, China's increasing coercion has more to do with economic development. In short, except for fishery coercion, the cost balancing theory aptly explains when, why, and to whom China coerces. The next chapter delves into particular cases of Chinese coercion, compares the cost balancing theory against alternative explanations, and explains China's choices of coercive measures in the South China Sea.

Chapter 5

Chinese Coercion in the South China Sea – Cases and Choices of Tools

Chapter 4 explains the general trends in China’s coercive behavior. Table 5.1 below recaps the general temporal trend of Chinese coercion and the changing costs and benefits of coercion.

Table 5.1 Cost Balancing and China’s Use of Coercion

	Need to Establish A Reputation for Resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
1990-1999	High	Low	Low	Yes (some of which militarized)
2000-2006	Low	High	High	No
2007- present	High	High	Low	Yes (no cases of militarized coercion)

This chapter processes traces three cases and argues that the cost balancing theory explains when, why, and how China uses coercion in the South China Sea. The chapter proceeds as follows. I first introduce the cases. Section I discusses the Mischief Reef incident of 1994-1995. Section II focuses on the Scarborough Shoal incident in 2012. Section III turns to the “*Haiyang Shiyou 981*” oilrig incident. Section IV refutes alternative explanations favoring bureaucratic interests and individual leaders. Section V explains why China prefers non-militarized coercion in the disputes, refuting alternatives favoring military coercion. I then conclude with theoretical and empirical implications.

The Three Cases

The first case is the Mischief Reef incident of 1994-1995 between China and the Philippines. As shown below, the Mischief Reef – in the purple square – is located in the eastern Spratlys.

Figure 5.1 The Mischief Reef¹



From December 1994 to February 1995, China seized and built shelters (*gaojiaowu*) on the Mischief Reef (*Meijijiao*), also claimed by the Philippines and Vietnam.² In February 1995, the Philippines announced that it discovered Chinese infrastructure on the Mischief Reef and lodged strong

¹ The map comes originally from a larger map of the U.S. government, available at the Center for International Law at National University of Singapore at http://cil.nus.edu.sg/wp/wp-content/uploads/2011/06/75967_South-China-Sea-1.pdf, accessed September 25, 2016.

² See Zhang Liangfu, *Nansha qundao dashiji*, p. 218.

protests.³ From mid to late March in 1995, the Philippine navy destroyed Chinese shelters on the reef.⁴ In May 1995, the Philippines also dispatched journalists to the reef.⁵

The Mischief incident is a typical case of Chinese coercion in the 1990s in two respects. First, it was active Chinese coercion, as China initiated the incident by establishing shelters and eventually took the reef. The seizure of land is by definition militarized coercion. Second, it also involved reactive Chinese coercion. In January 1995, when one Philippine fishing boat entered into the Mischief Reef, personnel from the Chinese Fishery Administrative Bureau (FAB) interrogated the Philippine fishers and later released them.⁶ This incident escalated, however, when the Philippines dispatched domestic and foreign journalists to the reef on May 13, 1995, via naval ships. Chinese fishery administrative ship no. 34 used gray-zone coercion to force Philippine naval vessels out of the reef. Chinese coercion succeeded: according to the memoir of one official from the South China Sea bureau of the Chinese SOA who was involved in the incident, the Philippines had to unwillingly accept Chinese control of the reef.⁷

The second case concerns the Scarborough Shoal incident between China and the Philippines in 2012. As shown below, the Scarborough Shoal – highlighted in the yellow circle – is not part of the Spratlys, but rather lies between the Macclesfield Bank and the Luzon Island.

³ Zhang Liangfu, *A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys*, p. 59. Zhang was previously in the MFA and is now a research analyst working for China National Offshore Oil Corporation (CNOOC).

⁴ *Ibid.*

⁵ Li Jinming, “Meijijiao shijian de qianqian houhou [The Details Regarding the Mischief Incident],” *Nanyang wenti yanjiu [Southeast Asian Affairs]*, No. 1 (2000).

⁶ Zhang Liangfu, *A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys*, p. 57.

⁷ Yi Shi, Yao Zhongcai, and Chen Zhenguo, *Nanhai! Nanhai! [South China Sea! South China Sea!]* (Guangzhou: Guangdong People’s Press, 2009), p. 77.

Figure 5.2 The Scarborough Shoal⁸



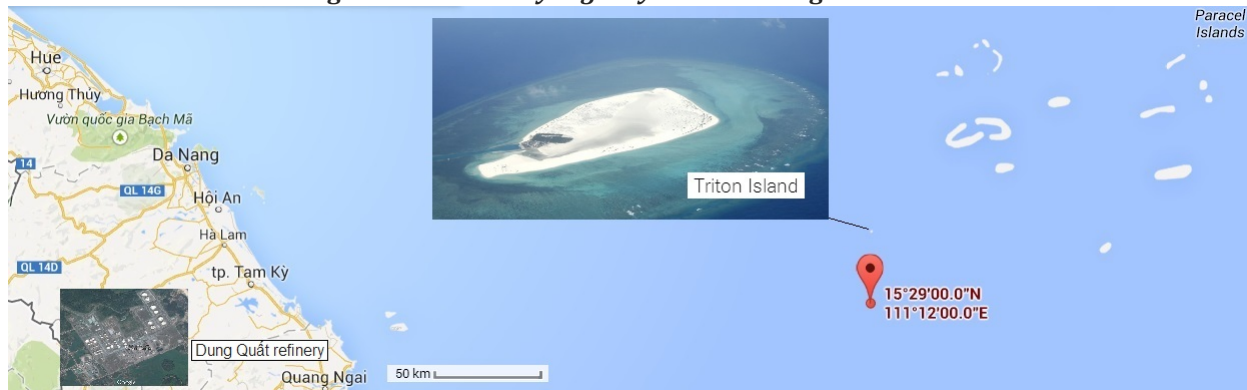
In April 2012, a Philippine naval ship tried to arrest Chinese fishers around the disputed waters of Scarborough Shoal. China immediately sent two maritime surveillance vessels to block the Philippine ship and rescued the fishers.⁹ Just as the Mischief Reef incident, China used both active and reactive coercion in the Scarborough incident in 2012. First, China reacted with gray-zone coercion to block the Philippine naval ship. Second, China used its maritime surveillance ships to keep Philippine naval ships out of the shoal, and eventually took effective control of it. China also began to impose economic sanctions on the Philippines. Starting from May 2012, China began quarantining Philippine bananas, among other fruits.

The third case concerns the “*Haiyang shiyou 981*” oilrig incident of May 2014 between China and Vietnam. In May 2014, Chinese oilrig “*Haiyang shiyou 981*” began drilling in the area close to the Triton Island in the Paracels (shown below), which Vietnam claims but China occupies.

⁸ Map adapted from a larger map of the U.S. government, available at the Center for International Law at National University of Singapore at http://cil.nus.edu.sg/wp/wp-content/uploads/2011/06/75967_South-China-Sea-1.pdf, accessed September 25, 2016.

⁹ Patrick M. Cronin, “Muddy Waters,” *New York Times*, April 24, 2012, http://www.nytimes.com/2012/04/25/opinion/the-philippines-china-and-the-us-meet-at-sea.html?_r=1&..., accessed December 8, 2013.

Figure 5.3 The “Haiyang Shiyou 981” Oilrig Incident¹⁰



Vietnam accused China of illegal drilling on its continental shelf and dispatched fishery patrol ships to prevent China from drilling. China, however, used gray-zone coercion with its coast guard ships ramming and expelling Vietnamese vessels. China also used brief diplomatic sanctions by pausing senior level exchanges with Vietnam. Relations resumed fairly quickly, however, when Chinese State Councilor Yang Jiechi visited Vietnam on June 18, 2014.¹¹

Justifying the Case Selection

First, I use these three cases for detailed process tracing to show that the causal mechanisms are indeed what the cost balancing theory argues. Whereas the previous chapter focuses on explaining the variations of when and whom China coerces, this chapter illustrates the causal mechanisms of the cost balancing theory with specific cases while explaining China’s choices of coercive tools in the end.

¹⁰ Google map adapted from Matt Mushalik, “Asian century sails into troubled waters in the South China Sea,” *Resilience*, May 13, 2014, <http://www.resilience.org/stories/2014-05-13/asian-century-sails-into-troubled-waters-in-the-south-china-sea>, accessed April 20, 2018.

¹¹ Li Xianggang ed., *Yatai fazhan baogao 2015 [Annual Report on Development of the Asia-Pacific 2015]* (Beijing: Social Sciences Academic Press, 2015), p. 239-240.

Second, these are hard cases because China should be quite unlikely to use coercion in these cases, especially since the costs of coercion appear high. The Mischief Reef incident took place four years after the Tiananmen incident. China then embraced the notion of “hiding one’s strength.” China should not have coerced when the geopolitical backlash and economic costs seemed high. This period was during President Jiang Zemin’s reign, and alternatives prioritizing individual leadership would predict that a weaker president such as Jiang would not use coercion. In 2012, when the Scarborough Shoal incident took place, the United States had already announced and implemented its rebalancing policy. The geopolitical backlash cost for China in 2012 thus appeared to be high. Moreover, it was not the first time that the Philippines used its Navy to arrest Chinese fishers, yet China had not resorted to coercion previously.¹² As for the oilrig incident in 2014, given Vietnam’s strategic importance, China should have been concerned about pushing Vietnam to the United States. In all three cases, however, China engaged in coercion.

Third, these cases are important “first-time” cases. The Mischief Reef incident was the first time after the 1988 battle when China used coercion to take control of land features in the Spratlys. The Scarborough incident was the first time in the 2000s that China used coercion and took control of a land feature. The oilrig incident with Vietnam in 2014 was the first time China utilized coercion when carrying out drilling activities. China conducted exploration before but backed down upon encountering Vietnamese vessels. These cases are thus turning points and beg the question: what explains these changes and Chinese coercion?

Fourth, these cases are representative cases of the temporal trend as shown in Table 4.1. The Mischief incident is one typical case of Chinese coercion in the 1990s, given some cases of Chinese coercion were militarized in the 1990s. The Scarborough and 981 oilrig incidents are typical cases of Chinese coercion in the post-2007 period when Chinese coercion remains non-

¹² See, for example, MFA Press Conference, March 19, 2001, reported by the official *Guangming Daily* at <http://text.news.sohu.com/95/23/news144382395.shtml>, accessed August 20, 2017.

militarized. Finally, practically speaking, these three cases are the ones where materials are the richest, which is quite conducive to a detailed process tracing.

Section I. The Sino-Philippine Mischief Incident in 1994-1995

This section first describes the Mischief incident, lays out the magnitude of coercion, and finally explains why China coerced the Philippines with the cost balancing theory. China used coercion in this case because the need to establish a reputation for resolve was high whereas economic vulnerability cost was low. Because the geopolitical backlash cost was low due to the U.S. withdrawal from the Subic Bay in the Philippines, China jumped the window of opportunity provided by this geopolitical power vacuum and used military coercion to seize the Mischief Reef.

The Mischief Incident

In August 1994, Liu Guojun, the head of the South China Sea section of the Chinese FAB had a secret meeting with the Deputy Minister of Agriculture, who told Liu that the central leaders had made the decision of establishing shelters on the Mischief Reef to “make salient” (*tuchu*) China’s presence in the South China Sea.¹³ Liu was told that this mission was “politically critical” and that the South China Sea section of the FAB should “unconditionally” implement it.¹⁴ The Philippines patrolled the Mischief Reef in rotation, yet China jumped the loophole in between the rotation and took the reef.¹⁵ China began building shelters on the Mischief Reef in December 1994.

¹³ Yi Shi, Yao Zhongcai, and Chen Zhenguo, *South China Sea! South China Sea!*, p. 36. Chen Zhenguo was in the South China Sea section of the FAB and was involved in the Mischief incident.

¹⁴ *Ibid.*, p. 36.

¹⁵ Interview KZ-#26, Nanjing, China, December 30, 2015.

China fishery administrative ship No. 31 was tasked with the guarding of the reef and had the authority of blocking and warning unarmed foreign ships (*lanzu, jinggao*).¹⁶ On January 17, 1995, the Chinese crew found that a Philippine fishing boat entered the Mischief Reef and therefore blocked and boarded this fishing boat.¹⁷ Fishery administrative ship no. 31 was later replaced by ship no. 34 for rotation. This incident escalated when the Philippines found Chinese shelters on the reef. On May 13, 1995, the Philippine navy planned to enter the waters surrounding the Mischief Reef with new naval vessels and one civilian ship.¹⁸ According to the *Strait Times*, Manila “invited 37 journalists, mostly from the foreign media.”¹⁹ The captain of China’s fishery administrative ship no. 34 laid out three plans: the first was to blockade Philippine ships eight nautical miles from the reef; the second was to forcefully expel were they to enter the reef; the third was to block the entrance to the reef, even if it meant sinking ship no. 34 itself.²⁰ The situation was quite tense: on May 13, 1995, ship no. 34 was only 0.75 nautical miles from the Philippine naval frigate, and both sides were still charging towards one another.²¹ With its maneuver, ship no. 34 eventually succeeded in blocking the Philippine frigate and patrol boat at the entrance of the reef.²² Crewmembers of ship no. 34 had a 70-minute standoff with the Philippines, hiding on the deck and holding assault rifles.²³ Foreign media reports corroborated this account. As the Philippine naval

¹⁶ *Ibid.*, p. 9.

¹⁷ Zhang Liangfu, *A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys*, p. 58.

¹⁸ *South China Sea! South China Sea!*, p. 71.

¹⁹ Nirmal Ghosh, “Menacing moves by Chinese vessels raise tension,” *The Straits Times (Singapore)*, May 17, 1995.

²⁰ *Ibid.*

²¹ Tang Ke, *Nansha! Nansha! — Nansha jingshen qishi lu [Lessons from the Nansha Spirit]* (Beijing: China Environment Press, 2013), p. 182. Tang is an official in China’s Ministry of Agriculture, which supervises the FAB.

²² *Ibid.*, p. 184.

²³ *Ibid.*, p. 76.

ship neared the reef, “two Chinese vessels began to cut across its bows.”²⁴ The standoff ended with the Philippines backing off, and China took control of the Mischief Reef.

The Magnitude of Coercion

Chinese coercion in this episode was great in terms of magnitude. The seizure of the reef constituted military coercion. The navy was involved in the construction of shelters on the Mischief Reef. According to one ex-naval personnel who used to serve in the South Sea fleet, China used the Navy’s “type 991 landing ship” to transport construction materials.²⁵ In addition, China mainly used gray-zone coercion – once on January 17, 1995 and once on May 13, 1995. During both times, Chinese fishery administrative ships expelled Philippine vessels. The navy was not at the forefront of confrontation with the Philippines, only trailing behind and hiding secretly.²⁶

Why the Mischief Incident Counts as Coercion

Chinese actions in January and May 1995 were coded as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, the use of fishery administrative ships was strictly state action. Second, the target and goals of coercion were clear. The immediate goal was to stop the Philippines from controlling the Mischief Reef. As the Mischief Reef lies in the eastern part of the Spratly Islands, the Chinese viewed it as a good location for taking control of another land feature in

²⁴ Nirmal Ghosh, “Standoff between Chinese, Philippine ships in Spratlys,” *The Straits Times (Singapore)*, May 17, 1995.

²⁵ Interview KZ-#26, Nanjing, China, December 30, 2015.

²⁶ *Ibid.*

the South China Sea.²⁷ After all, previous Chinese seizure of the land features in the Spratlys was all in the western part closer to Vietnam. Yet most of the re-supply lines of Vietnam and the Philippines to land features in the Spratlys lie in the eastern part, and China thus wanted to take control of one land feature in the eastern Spratlys to “cut off their supply lines.”²⁸ The broader goal, however, was to enforce the “policy of restraint” on claimants.²⁹ In May 1994, Philippines’ Ramos government secretly approved an application from a Philippine company, Alcorn Petroleum, to conduct a paper assessment of the oil and gas potential in an area off the coast of Palawan. Although it did not involve any survey or drilling work at sea, this was, arguably, a violation of the Manila Declaration, a 1992 agreement between the then-six members of ASEAN to “exercise restraint in their actions in the South China Sea.”³⁰ After news of the survey leaked, China protested against what it saw as “an infringement of its sovereignty.”³¹ And the location of Mischief Reef was “almost exactly in the middle of the area being surveyed by Alcorn Petroleum.”³² Therefore, China also aimed at using coercion to force the Philippines to return to the policy of restraint. Third, behaviorally, China used military and gray-zone coercion that inflicted pain.

Explaining the Case – Why China Used Coercion

Turning first to the need to establish a reputation for resolve, behaviorally, the Philippines took several land features in the Spratlys in the early 1990s and expanded infrastructure on occupied land features, as shown in Chapter 4. Moreover, from China’s perspective, it was the

²⁷ Interview KZ-#55, Haikou, China, April 12, 2016; Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#84, Guangzhou, China, May 21, 2016; Interview KZ-#91, Beijing, China, June 7, 2016.

²⁸ Interview KZ-#92, Xiamen, China, June 13, 2016.

²⁹ Interview KZ-#54, Haikou, China, April 8, 2016.

³⁰ Bill Hayton, *The South China Sea: Struggle For Power in Asia* (New Haven: Yale University Press, 2014), p. 84.

³¹ *Ibid.*

³² *Ibid.*, p. 86.

Philippines who increased the international salience of the South China Sea disputes by involving non-claimants – other ASEAN countries as well as the external powers – in the issue. For example, it was the Philippines who first raised the idea of a "Spratlys Declaration" during the ASEAN Ministerial Meeting in Manila in July 1992, making diplomatic efforts to elevate discussions on the Spratlys dispute to official ASEAN levels.³³ Immediately after this declaration, a senior U.S. official who arrived in Manila with Secretary of State James Baker for a meeting with Philippine President Ramos stated that the United States would be "prepared to play a role if all of the [South China Sea] claimants want[ed] us to."³⁴ China subsequently warned ASEAN against "internationalizing" the issue, especially the meddling by the United States and Japan.³⁵ The Philippines further proceeded to "internationalize" the conflict by invoking ASEAN and the UN in 1994, thereby directly challenging the longstanding Chinese preference for bilateral management.³⁶ In response to Philippine President Fidel Ramos' discussion with U.S. experts that the Spratlys dispute should be referred to the United Nations, one Chinese MFA spokesman reiterated that Beijing was opposed to "internationalizing" the issue because this would "only add complicated factors" and would not be conducive to a settlement.³⁷

Speech evidence from semi-official sources also indicated that China viewed the Philippines as being vocal and "internationalizing" the South China Sea dispute. For example, internal CASS report noted that the Philippine Foreign Minister demanded in September 1992 for U.S. protection if attacked on disputed islands and announced in July 1993 during the ASEAN foreign ministerial

³³ "Manila in two-pronged bid to reaffirm Spratlys claim," *Straits Times*, September 14, 1992; "Spratlys declaration 'gives Asean new role in dispute'," *The Straits Times* (Singapore), July 31, 1992, <http://eresources.nlb.gov.sg/newspapers/digitised/issue/straitstimes19920731-1>, accessed May 9, 2018.

³⁴ Carol Giacomo, "U.S. says it could mediate in spratlys dispute," *Reuters*, July 25, 1992.

³⁵ Al Labita, "Spratlys seen dominating Ramos' meeting in China," *The Business Times*, April 26, 1993.

³⁶ To cross check with English-language secondary sources, see Peter Kreuzer, "A Comparison of Malaysian and Philippine Responses to China in the South China Sea," p. 19.

³⁷ "China opposes referring Spratlys dispute to UN," *Agence France-Presse*, September 1, 1994.

meeting that ASEAN should generate international attention to the South China Sea issue.³⁸ Writing in July 1992, Xiong Changyi noted Philippine President Ramos' "positive reply to a journalist from Associated Press who asked whether he supported convening international conferences to resolve disputes."³⁹ In particular, during the fourth annual "Workshop on Managing Potential Conflicts in the South China Sea" — an informal annual symposium organized by Indonesia — in August 1993, President Ramos explicitly said that "the United States, Japan, and Australia should all participate in this symposium," which Chinese government analysts resented as a salient tactic of "internationalizing" the dispute.⁴⁰ China also opposed suggestions of formalizing this symposium and bringing in foreign governments and international organizations.⁴¹ In short, government analysts worried that the Philippines was too vocal in "internationalizing" the South China Sea disputes.

The immediate trigger, as previous paragraphs mention, was the approval for Alcorn Petroleum to conduct a paper assessment of the oil and gas potential in an area close to the Mischief Reef: China knew the news from the English report of *Agence France-Presse* on June 13, 1994, and made the final decision to establish infrastructure on the Mischief Reef in August.⁴² In addition, once the Philippines found out Chinese infrastructure on the reef, it tried to publicize Chinese shelters on the Mischief Reef by having the Ministry of National Defense show pictures of Chinese

³⁸ Cao Yunhua, "Situation in the South China Sea," p. 46-47. Cao's article was written in 1995, but given that the events that he described end in February 1995, it is quite plausible that this article was written well before the May 13, 1995 standoff.

³⁹ Xiang Changyi, "Feilvbin zai nansha qundao shangde lichang [Philippine stance on the Spratly issue]," in *ibid.*, p. 51.

⁴⁰ Zhang Liangfu, "Lici chuli nanzhongguo hai qianzaichongtu feizhengshi taolunhui shuping [The annual Workshop on Managing Potential Conflicts in the South China Sea]," in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 108. This was written before the May 13, 1995 standoff.

⁴¹ *Ibid.*, p. 111.

⁴² Zhang Liangfu, *Nansha qundao dashiji*, p. 259; cross-checked by report by "World Wire: More Drillers Enter Spratlys," *Wall Street Journal*, June 15, 1994.

shelters to foreign media while making Chinese actions a focal point in its domestic news.⁴³ In March 1995, the Philippines subsequently demolished the markers and structures that China placed on land features in the Spratlys, which was reported extensively by Singaporean and Australian newspapers.⁴⁴ According to Chinese officials in the South China Sea bureau of the SOA, the Philippines invited foreign journalists to the Mischief Reef in May 1995 to “attract international attention.”⁴⁵ Remarks by spokesperson Shen Guofang from China’s MFA – a few days after the May 13 standoff – shed light on China’s rationale. In response to this standoff, Shen accused the Philippines of breaching Chinese sovereignty by taking reporters to the reef, advising the Philippines “not to misinterpret China's restraint, but instead return to the correct path of negotiations to resolve this dispute” and warning that any similar actions could result in “serious consequences.”⁴⁶ China specifically tried to stop the Philippines before the May 13 standoff: Shen accused the Philippines of encroaching on Chinese sovereignty by taking journalists to the Mischief Reef area despite a warning from Beijing that taking foreign journalists to the reef would “internationalize” their disagreement.⁴⁷ That is, China did not want the Philippines to treat Chinese restraint as a sign of weakness and engage in further transgressions, which is the logic of using coercion to credibly establish one’s reputation for resolve in defending sovereign rights. Taking foreign journalists to the reef was especially a serious issue to China – it further publicized the dispute and might put China’s resolve (or lack thereof) in the spotlight.

⁴³ Editorial commission of the book, *History of Guangdong’s Maritime Defense [Guangdong haifang shi]*. For foreign reports, see William Branigin, “China Takes Over Philippine-Claimed Area of Disputed Island Group,” *The Washington Post*, February 11, 1995, p. A18; Philp Shenon, “Manila Sees China Threat On Coral Reef,” *The New York Times*, February 19, 1995; see also, David Jenkins, “Remote islands a flashpoint for Asia,” *Sydney Morning Herald (Australia)*, March 25, 1995; Raymond Whitaker, “Dragon flexes its muscles in islands dispute,” *The Independent (London)*, March 19, 1995; James Pringle, “Protest to China by Manila,” *The Times*, February 16, 1995.

⁴⁴ “Spratly Islands: China likely to continue claiming territory,” *The Straits Times (Singapore)*, March 25, 1995; Nirmal Ghosh, “No co-operative ventures in Spratlys until atmosphere improves,” *The Straits Times (Singapore)*, April 7, 1995; Lindsay Murdoch, “Spratly bombing fuels row,” *The Age (Melbourne, Australia)*, March 25, 1995.

⁴⁵ *Ibid.*, p. 434.

⁴⁶ Nirmal Ghosh, “Menacing moves by Chinese vessels raise tension.”

⁴⁷ Nirmal Ghosh, “Ramos defends press visit to Spratlys,” *The Straits Times (Singapore)*, May 18, 1995; Abby Tan, “Chinese forts rise from sand to build the Spratlys tension.”

Interviews with former officials and government policy analysts also suggest that if China did not take action, the Philippines might think that its future encroachment would also go unnoticed, and China thus needed to establish its reputation for resolve in defending its territory.⁴⁸ Policy analysts close to the central government coined the development of the situation in the early 1990s as “rather unfavorable” to China because countries such as Vietnam were all grabbing resources and land features in the South China Sea.⁴⁹ As one scholar stated, the Philippines’ action of “internationalizing” the Mischief issue and taking land features in the South China Sea touched China’s “bottom line,” and China had to act.⁵⁰ China also needed to signal to other ASEAN countries that alliances with the United States would not deter China and that such alliances would not add to these states’ security interests.⁵¹ In short, China needed to demonstrate its resolve in defending its national security interests in the South China Sea in front of ASEAN countries to convince them that China would behave in a similarly resolved manner for future attempts to infringe upon China’s interests. This was particularly crucial because as seen in Chapter 4, the 1993-1994 period witnessed a total of 22 cases in which the Philippines, Vietnam, and Malaysia signed new PSC deals and strengthened control of land features. Thus, the need to establish a reputation for resolve was high.

Turning next to economic vulnerability cost, China’s focus in the economic realm in the 1990s was improving economic and trade relations with western countries, especially the United States, as shown in Chapter 4. Sino-Philippine trade relations were not China’s priority. The Philippines’ lack of importance to China manifested itself in Sino-Philippine trade relations in the early to mid-1990s. In fact, the trade volume between China and the Philippines was the lowest

⁴⁸ Interview KZ-#17, Guangzhou, China, December 1, 2015.

⁴⁹ Interview KZ-#54, Haikou, China, April 8, 2016; Interview KZ-#92, Xiamen, China, June 13, 2016.

⁵⁰ Interview KZ-#34, Haikou, China, January 8, 2016.

⁵¹ Zhou Fangyin, “*The Asia-Pacific Alliances of the United States and China’s Countermeasures.*”

compared with China’s bilateral trade relations with other ASEAN countries.⁵² Figure 5.4 below shows Sino-Philippine trade as a share of China’s total foreign trade between 1993 and 2014.⁵³



The light gray line indicates import from the Philippines as percentage points of China’s total import and the darker line is export to the Philippines as percentage points of China’s total export. One can see that Sino-Philippine trade constitutes only a minor portion of China’s foreign trade, be it import or export, which is especially the case in the 1990s. China did not depend on the Philippines for its import or export. One policy analyst stated that because China and the Philippines had a minimal trade volume, coercing the Philippines would not have much impact on

⁵² Liu Dihui and Zhou Mingwei, *Dongnanya jingmao zhinan [Guide to Trade and Economics in Southeast Asia]* (Guilin: Guangxi People’s Press, 1993), p. 128; Aileen S.P. Baviera, “Philippines-China Bilateral Relations,” in Do Tien Sam ed., *ASEAN-China: How to Improve Cooperation Effectiveness?* (Hanoi: The Gioi Publishers of the Vietnamese Academy of Social Sciences, 2007), p. 170.
⁵³ Data come from the *China Statistical Yearbooks*, available at the China Data Online and accessed through the MIT library at <http://chinadataonline.org.libproxy.mit.edu/>, accessed September 15, 2016.

China's foreign trade at all.⁵⁴ Instead, due to the growing economy and the burgeoning need for fishery resources, China was looking for places to develop fishery. According to one former senior official in the SOA, one factor leading to China's control of the Mischief Reef was to turn it into a "distant-water fishing base," which it indeed became.⁵⁵ Thus, economic vulnerability was low.

An important factor to explain China's seizure of the reef – an act of military coercion – was the low geopolitical backlash cost. For one, China in the 1990s viewed the Philippines as relatively weak and preoccupied with domestic issues, meaning that it took a "subordinate role" in regional security affairs.⁵⁶ For another, the United States withdrew its troops from the Subic Bay in the Philippines in 1992. As seen in Chapter 4, the Chinese government had been tracking the U.S.-Philippine negotiations and noticed this move immediately, quoting the U.S. Embassy in Manila in November 1992 that "the United States will defend the Philippines, but will not support any specific demands [from the Philippines]."⁵⁷ The official chronology of Liu Huaqing – then vice chairman of the Central Military Commission – also corroborated the timing of the seizure. As early as December 5, 1990, Liu had agreed with the suggestion that China control some reefs or banks in the Southern part of the Spratlys, yet it was not until late 1994 — after the complete U.S. withdrawal from the Subic Bay — that China officially decided to seize the Mischief.⁵⁸

Internal CASS reports also noted in early 1995 that after the Cold War ended, Russia was preoccupied with its internal affairs and the United States began "strategic retrenchment" in Asia.⁵⁹ Due to the end of the Cold War, the importance of the Subic base to the United States decreased, so

⁵⁴ Interview KZ-#55, Haikou, China, April 12, 2016.

⁵⁵ Interview KZ-#88, Guangzhou, China, May 25, 2016; Interview KZ-#92, Xiamen, China, June 13, 2016.

⁵⁶ Huang Jianguo, "Feilvbin zai dongnanya diqu anquan zhong de diwei yu zuoyong [The Role and Status of the Philippines in Southeast Asian Regional Security]," *Dongnanya zongheng [Around Southeast Asia]*, No. 3 (1996).

⁵⁷ Zhang Liangfu, *Nansha qundao dashiji* p. 238.

⁵⁸ *Liu Huaqing Nianpu [Chronology of Liu Huaqing]* (Beijing: the PLA Press, 2016), p. 904.

⁵⁹ Wang Bo, "Nansha zhengduan zhongde chongtu yu feichongtu yinsun [Factors of conflict and peace in the South China Sea dispute]," in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 88.

did the strategic significance of the Philippines.⁶⁰ Worse, the annual subsidy that the United States had provided to the Philippines disappeared too and being underfunded, the Philippine Navy and Air Force were unable to fill the gap left by the U.S. departure.⁶¹ Of course, the United States, “still upset about the termination of the bases agreement and more worried about events in Bosnia,” would not be willing to help the Philippines in the event of Chinese coercion.⁶²

U.S. statements seem to confirm Chinese assessments. Despite the U.S.-Philippine Mutual Defense Treaty, U.S. officials stated that the treaty would not apply to the Spratlys and that it “does not bind the United States to come to the rescue of the Philippines in a case involving a third country.”⁶³ In particular, Admiral Richard Macke, Commander-in-Chief of the U.S. Pacific Command, emphasized on March 8, 1995 “not to confront China. The answer to China is to work with them... to become partners with them.”⁶⁴ While suggesting that China and the Philippines engage in talks, Admiral Macke added, “alliances and treaties were not as important as dialogue in the Asia-Pacific region.”⁶⁵ Indeed, Filipino officials admitted that they could not invoke this if they went to war with China over the Spratlys, explaining that the Spratlys were “not part of the Philippine territorial limits covered under the defense pact.”⁶⁶ This U.S. aloofness reduced the geopolitical pressure that China faced. Sure enough, the internal CASS report picked up this U.S. statement and was convinced that the U.S.-Philippine defense treaty would not cover the Spratlys.⁶⁷

⁶⁰ Zhou Fangyin, “The Asia-Pacific Alliances of the United States and China’s Countermeasures.”

⁶¹ Hayton, *The South China Sea: Struggle For Power in Asia*, p. 84-85; see also Li Tao and Chen Bingxian, *Feilvbin gailun [Introduction to the Philippines]* (Guangzhou: World Books Press, 2012), p. 348.

⁶² Hayton, *The South China Sea: Struggle For Power in Asia*, p. 84-85.

⁶³ William Branigin, “China Takes Over Philippine-Claimed Area of Disputed Island Group,” *the Washington Post*, February 11, 1995; “U.S. backs Philippines in Spratlys,” *Japan Economic Newswire*, March 30, 1995.

⁶⁴ Jayandra Menon, “China’s blue-water fleet not a threat,” *The Straits Times (Singapore)*, March 8, 1995.

⁶⁵ *Ibid.*

⁶⁶ Martin Abbugao, “Updates with US ambassador’s appeal,” *Agence France-Presse*, February 10, 1995.

⁶⁷ Li Geping, “Qianxi jinqi youguan guojia zai nansha zhengduan zhong de taidu [An analysis of relevant countries and their attitudes in the Spratly disputes],” in Asia-Pacific Office of CASS ed., *Nansha wenti yanjiu ziliao*, p. 168.

Interviews with government policy analysts and former officials also confirmed that China read U.S. withdrawal as a sign that the Philippines would not gain U.S. support and many stressed that China therefore took the geopolitical vacuum “as an opportunity.”⁶⁸ One former government official stated that before the Mischief Reef incident, the United States was genuinely neutral.⁶⁹ The United States did not pay much attention to the South China Sea disputes and would not intervene in the incident.⁷⁰ In addition, one long-time policy analyst of the South China Sea indicated that by 1992, China had withstood the drastic collapse of the Soviet Union and had since stabilized.⁷¹ One former MFA official especially noted that by the early to mid-1990s, China had gradually broken through Western economic sanctions, previously imposed due to the Tiananmen incident.⁷²

In fact, China responded immediately to this geopolitical vacuum in 1992. As one former naval personnel who was involved in maritime patrol in the South China Sea in the 1990s recalled, the decision to build infrastructure on the Mischief Reef and to occupy it originated in around 1992 and 1993, which was confirmed by another long-time watcher of Sino-ASEAN relations.⁷³ Although the center released the official decision to establish sheltering infrastructure on the Mischief Reef secretly to the FAB in August 1994,⁷⁴ it took around a year or so to prepare.⁷⁵ Even though it was the Chinese navy who first had the intention of taking the Mischief Reef and the FAB also lobbied for more attention to the South China Sea, these two organizations could do nothing without

⁶⁸ Interview KZ-#17, Guangzhou, China, December 1, 2015; Interview KZ-#26, Nanjing, China, December 30, 2015; Interview KZ-#55, Haikou, China, April 12, 2016; Interview KZ-#64, Beijing, China, April 27, 2016; Interview KZ-#69, Shanghai, China, May 5, 2016; Interview KZ-#103, Philadelphia, USA, September 2, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

⁶⁹ Interview KZ-#54, Haikou, China, April 8, 2016.

⁷⁰ Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

⁷¹ Interview KZ-#55, Haikou, China, April 12, 2016.

⁷² Interview KZ-#91, Beijing, China, June 7, 2016.

⁷³ Interview KZ-#26, Nanjing, China, December 30, 2015.

⁷⁴ Yi Shi, Yao Zhongcai, and Chen Zhenguo, *South China Sea! South China Sea!*, p. 34.

⁷⁵ Interview KZ-#26, Nanjing, China, December 30, 2015. By center, I mean top Chinese leaders.

gaining approval from the central government.⁷⁶ The decision to take the Mischief Reef was from the center; the SOA and the military only “followed orders from the center unconditionally.”⁷⁷ In short, U.S. withdrawal and Philippine weakness reduced China’s geopolitical backlash cost.

To summarize, the need to establish a reputation for resolve was high in this case, whereas geopolitical backlash and economic vulnerability costs were low. China therefore decided to take the Mischief Reef and use military coercion. China’s coercion was quite successful as it brought the Philippines back to bilateral negotiations: “Beijing refused to discuss the issue at the official regional meetings that President Ramos would have preferred, and Ramos had to agree to bilateral discussions.”⁷⁸ China and the Philippines signed an agreement on joint development and shortly after in August, agreed to resolve their disputes through “friendly bilateral negotiations.”⁷⁹

Section II. The Sino-Philippine Scarborough Incident in 2012

This section provides details of the Scarborough incident in 2012, codes the magnitude of coercion, and explains why China used coercion with the cost balancing theory. This was not the first time when the Philippines arrested Chinese fishers, yet it was the first time China reacted with coercion of a great magnitude and took the shoal, making it an interesting case to analyze. China used coercion in this case because the need to establish a reputation for resolve was high and economic vulnerability cost was low. China resorted only to non-militarized coercive tools,

⁷⁶ See KZ-#26, Nanjing, China, December 30, 2015; Yi Shi, Yao Zhongcai, and Chen Zhenguo, *South China Sea! South China Sea!*.

⁷⁷ *Ibid.*, p. 36.

⁷⁸ Hayton, *The South China Sea: Struggle For Power in Asia*, p. 88.

⁷⁹ Zhang Liangfu, *A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys*, p. 73.

however, due to concerns about the geopolitical backlash cost and the fact that the South China Sea issue is not the highest-stake issue that calls for military coercion despite the high geopolitical backlash cost.

On April 10, 2012, a Philippine naval ship tried to arrest Chinese fishers for illegal fishing around the disputed Scarborough Shoal.⁸⁰ In previous years, China used diplomatic channels to rescue detained fishers.⁸¹ Yet in 2012, for fear of the Philippines “taking sudden actions” in the Spratlys, China increased maritime patrol around the Scarborough Shoal.⁸² Therefore, a Chinese maritime surveillance ship was close by. Then head of the South China Sea section of the SOA immediately ordered maritime surveillance ships no. 75 and 84 to rescue Chinese fishing boats.⁸³ The two ships blocked Philippine vessels.⁸⁴ Fishery administrative ship no. 303 arrived later on April 11, 2012.⁸⁵ On April 17, the Philippines urged China to bring the dispute to the International Tribunal on the Law of the Sea (ITLOS), which China refused.⁸⁶ On May 2, 2012, China escalated by

⁸⁰ Floyd Whaley, “Philippines and China In a Standoff at Sea,” *The New York Times*, April 12, 2012; cross-checked by *Xinhua News* report, April 12, 2012, http://news.xinhuanet.com/mil/2012-04/12/c_111767459.htm; Interview KZ-#34, Haikou, China, January 8, 2016; Interview KZ-#84, Guangzhou, China, May 21, 2016; Interview KZ-#91, Beijing, China, June 7, 2016.

⁸¹ Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

⁸² Interview KZ-#57, Haikou, China, April 14, 2016.

⁸³ Interview KZ-#92, Xiamen, China, June 13, 2016; *Xinhua News* report, April 12, 2012, http://news.xinhuanet.com/mil/2012-04/12/c_111767459.htm; to cross-check with English sources, see Floyd Whaley, “Philippines and China In a Standoff at Sea,” *The New York Times*, April 12, 2012.

⁸⁴ “Zhongguo jizhe dengshang huangyandao qinli yu feilvbin haijingchuan duizhi [Chinese journalists’ experience of the standoff with Philippine ships],” http://bbs.tiexue.net/post2_5827744_1.html, accessed August 24, 2016.

⁸⁵ “Philippines, China ‘set aside’ protests to ease tensions over sea dispute,” *BBC Monitoring Asia Pacific*, April 14, 2012 Saturday.

⁸⁶ Jaime Marie Elona, “Philippines urges China to bring shoal row to international court,” *Inquirer*, April 17, 2012, <http://globalnation.inquirer.net/33579/philippines-urges-china-to-bring-Shoal-row-to-international-court>, accessed May 9, 2018.

dispatching four maritime surveillance ships.⁸⁷ By May 9, 2012, China had blocked Philippine fishers from entering the shoal.⁸⁸

Since April 2012, China had started and continued regularized patrol around the shoal.⁸⁹ From several government policy analysts close to the MFA, after Chinese fishers were rescued, the foreign ministries of China, the Philippines, and the United States began a diplomatic maneuver in which the United States asked the Chinese side to withdraw the fishing boats and the Philippine side to withdraw its naval vessels.⁹⁰ When China demanded that Philippine naval ships withdrawal from the shoal, the Philippine navy stayed. Chinese maritime surveillance ships thus remained.⁹¹ Philippine vessels eventually withdrew, yet Chinese maritime surveillance ships stayed and continued to block the Philippines from entering the shoal.⁹² The timing of this backdoor maneuver seemed to be in late May and early June: according to one former Chinese diplomat, senior U.S. and Chinese officials met on May 30, after which the Philippine president visited the United States.⁹³ That is, instead of a trilateral meeting, it was the United States that was maneuvering between China and the Philippines, trying to broker an agreement, which China never agreed to in the first place.⁹⁴ The Philippines complied with the U.S. suggestion and withdrew, although China did not.⁹⁵

⁸⁷ See Carnegie Endowment report, "Chronology of South China Sea events since 2006," September 4, 2012, http://carnegieendowment.org/files/SCS_Timeline_since_2006.pdf, accessed April 17, 2018.

⁸⁸ "Zhongguo zhifachuan beizhi quzhu fei yumin [Chinese law enforcement ships were accused of expelling Philippine fishers]," *PLA Daily*, May 9, 2012, http://newspaper.jfdaily.com/xwwb/html/2012-05/09/content_800701.htm, accessed August 24, 2016.

⁸⁹ *2014 Report of China's Maritime Development*, p. 347.

⁹⁰ Interview KZ-#34, Haikou, China, January 8, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

⁹¹ Interview KZ-#91, Beijing, China, June 7, 2016.

⁹² Confirmed by Chinese MFA Press Conference, June 7, 2012, http://www.mfa.gov.cn/web/fyrbt_673021/jzhsl_673025/t938664.shtml, accessed August 20, 2017.

⁹³ Interview KZ-#112, Beijing, China, December 27, 2016.

⁹⁴ *Ibid.*; cross-checked with Interview KZ-#113, Beijing, China, December 29, 2016. The CSIS report suggested such possibility as well. See Michael Green et al., "Countering Coercion in Maritime Asia: The Theory and Practice of Gray-zone Deterrence;" in the MFA Press Conference, when asked about whether there was a mutual agreement regarding withdrawal, the spokesperson did not provide a positive answer, indicating that there was not such an agreement. See Chinese MFA Press Conference, June 7, 2012, http://www.mfa.gov.cn/web/fyrbt_673021/jzhsl_673025/t938664.shtml

The Magnitude of Coercion

Compared with the Mischief incident in 1995, the magnitude of coercion in the Scarborough incident was smaller, because China did not choose military coercive tools in the 2012 case. China utilized three kinds of non-militarized coercion. First, China used gray-zone coercion with its maritime surveillance and fishery administrative ships. These ships blocked and expelled Philippine ships. For example, the captain of fishery administrative ship no. 310 recalled that during the standoff between China and the Philippines on April 29, ship no. 310 passed through two Philippine coast guard ships that were allegedly in the way with a high speed of 20 knots, leaving a wave of 2 meters; and the Philippine side accused China of breaking the international regulations for preventing collisions at sea.⁹⁶ According to the *China Fishery Yearbook of 2013*, in 2012, Chinese fishery administrative ships directly blocked foreign vessels around the Scarborough Shoal for ten times, most of which took place presumably during the standoff in May 2012.⁹⁷

In addition to maritime coercion, China also used economic sanctions starting early May 2012 by quarantining Philippine fruits. By May 11, China had blocked 1,500 containers of Philippine bananas for “pest infestation.”⁹⁸ Philippine media estimated that this ban led to the loss of one billion Philippine pesos (about \$23 million).⁹⁹ Finally, on May 22, Philippine media reported

⁹⁵ See “US strategists face dilemma over Beijing claim in South China Sea,” *Financial Times*, July 9, 2014, <https://www.ft.com/content/b2176dea-0732-11e4-81c6-00144feab7de>; Rodel Rodis, “Did Trillanes commit treason in the loss of Scarborough Shoal?,” *Inquirer*, May 25, 2016, <http://globalnation.inquirer.net/139658/139658>, accessed April 20, 2018.

⁹⁶ “Chinese journalists’ experience of the standoff with Philippine ships.”

⁹⁷ *China Fishery Yearbook 2013*.

⁹⁸ The Chinese National Bureau for Tourism also suggested that Chinese tourists postpone travel to the Philippines, see “Feilvbin xiangjiaoshang: 3yue yilai yizai zhongguo sunshi yue 10yi bisuo” [Philippine banana sellers have lost about 1 billion pesos in China since March], May 14, 2012, *Qianjian Wanbao* [*Qianjian Evening News*], http://news.ifeng.com/mainland/special/nanhaizhengduan/content-3/detail_2012_05/14/14502214_0.shtml?_from_ralated, accessed December 8, 2013.

⁹⁹ “Feixiangjiao sunshi yida 1.5yi renminbi, nongye guanyuan fanghua qiuqing” [The Philippine banana loss has reached 0.15 billion RMB, agricultural officials visited China for forgiveness], May 17, 2012, *Renmin Wang* [People’s Net], http://news.ifeng.com/mainland/special/nanhaizhengduan/content-3/detail_2012_05/17/14608569_0.shtml?_from_ralated, accessed December 8, 2013. The People’s net is the Internet complement of *People’s Daily*.

that China relaxed the banana ban by “allowing around 30 to 40 containers of bananas into China.”¹⁰⁰ This ban lasted for about a month.¹⁰¹ Since banana is not a strategic good to the Philippines and the ban was short, economic sanctions assumed a smaller magnitude in this case.

Finally, China imposed long-term diplomatic sanctions on the Philippines. According to government policy analysts, China terminated all senior-level (ministerial level and above) bilateral visits. From 2013 to 2015, there were no formal meetings between the foreign ministers of the two countries.¹⁰² And this was despite Philippine Foreign Minister’s “wish to discuss ways to temporarily resolve issues.”¹⁰³ Since this constitutes a long-term termination of high-level meetings, this was an episode of greater-magnitude diplomatic sanctions.

Why the Scarborough Shoal Counts as Coercion

Chinese action in this episode constitutes as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, the actions of civilian law enforcement ships, the

¹⁰⁰ Li Zongze, “Feimei: feilvbin bufen xiangjiao yi chongxin huozhun jinru zhongguo” [Philippine media: some Philippine bananas are allowed into China again], *Guoji zaixian* [International Online], May 22, 2012, http://news.ifeng.com/mainland/special/nanhaizhengduan/content-3/detail_2012_05/22/14729419_0.shtml, accessed December 8, 2013; to cross-check, the Philippine banana planters also confirmed the ban and stated that the ban took effect after the Scarborough incident took place. See Andrew Higgins, “In Philippines, banana growers feel effect of South China Sea dispute,” *The Washington Post*, June 10, 2012, https://www.washingtonpost.com/world/asia_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gIQA47WVTV_story.html?noredirect=on&utm_term=.b4852397e277, accessed May 9, 2018.

¹⁰¹ Some argue that China did not impose economic sanctions on the Philippines. To see specific details that China indeed sanctioned the Philippines, see appendix II.

¹⁰² Interview KZ-#9, Beijing, China, October 9, 2015; Interview KZ-#17, Guangzhou, China, December 1, 2015; see also Ge Hongliang, “Nanhai diqu anquan xingshi [Security situations in the South China Sea region],” in Ju Hailong ed., *Nanhai diqu xingshi baogao 2013-2014 [Report on the South China Sea]* (Beijing: Shishi Press, 2015), p. 7.

¹⁰³ Yang Jinglin, “Zhongguo yu feilvbin: chongtu yu dongdang [China and the Philippines: Conflicts and Instability],” in Yang Xiaoqiang and Zhuang Guotu eds., *Dongmeng fazhan baogao [Report of the Development of ASEAN]* (Beijing: Social Sciences Academic Press, 2014), p. 188.

banning of bananas, and termination of high-level exchanges were state action. Second, Chinese behavior was highly coercive and inflicted pain on the Philippines. Third, the target and goal of coercion were clear. The more direct goal was to stop the Philippines from taking control of the Scarborough Shoal: various MFA spokespersons and the Chinese ambassador to the Philippines had repeatedly demanded that Philippine vessels withdraw and immediately stop actions that further complicate the Scarborough issue.¹⁰⁴ The Chinese MFA also demanded that the Philippines return to bilateral diplomatic resolutions.¹⁰⁵ The broader goal was to stop other states from viewing China as weak and engaging in “confrontational” actions threatening Chinese interests in the South China Sea.¹⁰⁶ In this sense, the goal was to stop actions other countries have already undertaken.

Explaining the Case – Why China Used Coercion

Turning first to the need to establish a reputation for resolve, Chinese policy analysts believed that the Philippines kept a high profile regarding the Scarborough Shoal and tried to distort the facts to “misinform the [international] public opinion” (*hunxiao shiting, wudao yulun*).¹⁰⁷ As shown in Chapter 4, Philippine media reports on the South China Sea started to increase in 2008 and the rate of the increase picked up drastically in 2011, more than doubling the number of

¹⁰⁴ *Xinhua News*, April 12, 2012, http://news.xinhuanet.com/mil/2012-04/12/c_111767459.htm; MFA Press Conference, April 27, 2012, http://www.mfa.gov.cn/web/fyrbt_673021/jzhsl_673025/t927033.shtml; MFA Press Conference, April 28, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t927488.shtml; MFA Press Conference, April 30, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t927973.shtml; MFA Press Conference, May 11, 2012, http://news.xinhuanet.com/world/2012-05/11/c_111936204.htm; MFA Press Conference, May 30, 2012, <http://www.fmprc.gov.cn/ce/ceae/chn/wjbfyrth/t936494.htm>, accessed August 20, 2017.

¹⁰⁵ MFA Press Conference, April 30, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t927973.shtml, accessed April 17, 2018.

¹⁰⁶ Interview KZ-#54, Haikou, China, April 8, 2016; Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#69, Shanghai, China, May 5, 2016; Ye Hailin, “Lessons from the Scarborough Shoal Incident,” p. 152.

¹⁰⁷ Zhang Liangfu, *Jujiao zhongguo haijiang [Focusing on China’s Maritime Territory]* (Beijing: Oceanic Press, 2013), p. 109.

reports in 2008; similarly, international media exposure of the South China Sea issue by major news agencies witnessed a sharp increase in 2011. This media exposure increased China's pressure to establish its reputation for resolve. In addition, despite Beijing's rejection of Manila's request for UN arbitration, Philippine President told *Reuters* in September 2011 that the government was seeking other options and that resolving the dispute had to be "on a multilateral basis."¹⁰⁸ Prominent among the alternatives was the Philippines' push for a joint stance on the issue during the ASEAN leaders' meeting in November 2011.¹⁰⁹ The Philippines also proposed a "Zone of Peace, Freedom, Friendship, and Cooperation" in the South China Sea.¹¹⁰ Although rejected, Philippine officials stated that the Philippines had "many avenues for bringing this issue to discussion" and it would "explore all of those avenues."¹¹¹ That is, the Philippines had been trying to increase the international salience and exposure of the issue.

Behaviorally, the Philippines also increased the frequency of small challenges in the South China Sea. For example, the Philippines arrested or "harassed" Chinese fishers in the Spratly area on March 25, 2011, October 18, 2011, and December 3, 2011, respectively.¹¹² During the October 18 incident, the Philippines asserted that China and the Philippines "should use a third party to resolve the issue."¹¹³ In May 2011, the Philippine navy removed three markers that China placed on reefs and banks in the Spratlys.¹¹⁴ The Philippines also announced plans to award offshore gas and possibly oil-drilling rights to foreign companies in the Spratlys in June 2011, and China accused that

¹⁰⁸ "Interview, Philippines: S. China Sea code doesn't solve sovereignty," *Reuters*, September 16, 2011.

¹⁰⁹ "No united ASEAN stand vs. China," *The Philippine Star*, November 16, 2011.

¹¹⁰ "Manila criticizes ASEAN for lack of unity on row with China," *Reuters*, November 15, 2011; Pia Lee-Brago, "The Philippines won't raise Spratly issue before UN tribunal for now," *The Philippine Star*, September 18, 2011; "Manila criticizes ASEAN for lack of unity on row with China," *Reuters*, November 15, 2011.

¹¹¹ Aurea Calica, "The Philippines won't abandon 'zone of peace' proposal," *The Philippine Star*, November 17, 2011.

¹¹² Wu Shicun, Nong Hong, *Recent Developments in the South China Sea Dispute: The Prospect of a Joint Development Regime* (New York: Routledge, 2014), p. 38; Jaime Laude, "Navy apologizes to China over sea incident," *The Philippine Star*, October 20, 2011.

¹¹³ Zhang Jie and Zhong Feiteng eds., *The 2012 Assessment of China's Regional Security Environment*, p. 98.

¹¹⁴ "Navy and Coast Guard remove Chinese markers," *Gulf News (United Arab Emirates)*, June 16, 2011.

two of the three blocks lay within its nine-dashed lines.¹¹⁵ In July 2011, the Philippines planned to build a loading ramp and upgrade a runway on the Thitu Island.¹¹⁶

The above Philippine actions were not major events that tilted the balance of power in the South China Sea, yet China was not at all happy about them. As early as August 2, 2011, “zhongsheng” – a semi-official Chinese source meaning “voice of China” – had noted that Philippines’ infrastructure on the Flat Island would be completed soon and condemned that such action breached the Declaration of the Code of Conduct of the South China Sea, signed by ASEAN and China in 2002.¹¹⁷ “Zhongsheng” went on to state that China’s principle of “shelving disputes for joint development” did not mean that China would let particular countries (i.e., the Philippines) take it as an opportunity to encroach upon China’s territory and that if the Philippines had a serious strategic miscalculation, it would “definitely pay the price.”¹¹⁸

Similarly, one semi-official source — the regional security assessment of CASS published in January 2012 — noted above-mentioned Philippine actions in 2011.¹¹⁹ During the January 12, 2012 press conference of the MFA, spokesperson Liu Weimin responded to the Philippine Foreign Minister’s call for subjecting South China Sea disputes to UNCLOS by stating that China “supported bilateral negotiations.”¹²⁰ When asked about the Philippine statement of inviting foreign capital to explore oil and gas in oil blocks in the Spratlys, Chinese MFA spokesperson stated on February 28,

¹¹⁵ Lindsay Murdoch, “Islands off agenda but still split ASEAN,” *The Age (Melbourne, Australia)*, April 4, 2012; AFP, Philippines to ramp up oil exploration, April 26, 2011, <https://m.vietnambreakingnews.com/2011/04/philippines-to-ramp-up-oil-exploration/>, accessed August 20, 2017.

¹¹⁶ AFP, “Filipinos fly flag in South China Sea,” *Times of Oman*, July 23, 2011.

¹¹⁷ Zhongsheng, “Yanzhong de zhanlue wupan [A serious strategic miscalculation],” August 2, 2011, section 3, *People’s Daily*, http://paper.people.com.cn/rmrb/html/2011-08/02/nw.D110000renmrb_20110802_3-03.htm?div=-1, accessed April 17, 2018.

¹¹⁸ *Ibid.*

¹¹⁹ See Zhang Jie and Zhong Feiteng eds., *The 2012 Assessment of China’s Regional Security Environment*, p. 97-98.

¹²⁰ Press conference with Foreign Ministry spokesperson Liu Weimin on January 12, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t895096.shtml, accessed April 17, 2018.

2012 that “it is illegal for any country to drill oil in China’s waters without permission from China” and advised that relevant countries should not “take actions that further complicate and expand the South China Sea disputes.”¹²¹ Notably, the following day, “zhongsheng” blamed the Philippines for “instigating trouble” in the South China Sea (*tigao shengdiao, tiaopi shiduan*).¹²² “Zhongsheng” especially stated on February 29th that if the Philippines viewed China’s efforts to push for cooperation among South China Sea claimants as “a sign of weakness” and went on to encroach upon China’s legitimate rights, the Philippines had the wrong calculus.¹²³ “Zhongsheng” further emphasized that “development of [oil and gas] in these areas without China’s permission would not be met without trouble — China was resolute in defending its sovereign rights and would take necessary measures.”¹²⁴ A complete search of the *People’s Daily* on the wording of “weakness” or “weak and bulliable” indicated that China did not frequently use such wording in foreign affairs. In fact, this “zhongsheng” statement was the first time China ever used such criticism against the Philippines. That is, concerns about showing weakness and being bullied are not a standard “cliché.”

During the standoff, Deputy Foreign Minister Fu Ying summoned Philippine diplomats on May 7 and stated that, in the past month, the Philippines failed to realize its grave mistake and instead tried to further aggravate the issue, urging the Philippines to withdraw its ships.¹²⁵ Fu emphasized that the Philippines should not miscalculate the situation (*wupan xingshi*) and that

¹²¹ Press conference with Foreign Ministry spokesperson Hong Lei on February 28, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t909155.shtml, accessed April 17, 2018; for similar Chinese accusations, see Press conference with Foreign Ministry spokesperson Hong Lei on March 29, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t918673.shtml; Press conference with Foreign Ministry spokesperson Hong Lei on March 22, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t916303.shtml, accessed April 17, 2018.

¹²² Zhongsheng, “Feilvbn zai naihai wenti shang xuxuehui ziwo yueshu [The Philippines should learn about self restraint in the South China Sea issue],” February 29, 2012, *People’s Daily*, <http://world.people.com.cn/GB/17248392.html>, accessed August 24, 2016.

¹²³ *Ibid.*

¹²⁴ *Ibid.*

¹²⁵ Xinhua News, May 8, 2012, http://news.xinhuanet.com/world/2012-05/08/c_111907275.htm, accessed April 17, 2018.

faced with the Philippines, China had been fully prepared.¹²⁶ Fu's statement indicated the logic that China did not want the Philippines to misread China as lacking resolve concerning the Scarborough Shoal and that China was prepared to take harsher measures to force the Philippines to withdraw. The *People's Daily* subsequently echoed Fu on May 8 that China "had sufficient means" when faced with the Philippines. This lengthy address to the Philippines was worth quoting:

"The Philippines thought that China wanted to avoid trouble and would therefore take advantage of China's internal and external issues.... Yet the Philippines did not see things clearly — China would not give in to issues related to sovereignty, the Philippines should not view China's friendliness as weak and susceptible to bullying (*buneng jiang zhongguo de shanyi shiwei ruanruo keqi*)... China is justified to terminate this evil trend of [others making trouble] (*dadio zhegu waifeng xiehuo*), and China would not mind creating a "Scarborough model" to stop the opponent and to deter any transgression."¹²⁷

This May 8th statement also appeared on the front page of the overseas version of the *People's Daily*, indicating that it was directed towards the foreign audience, presumably the Philippines and the United States. It is clear from these statements in April and May that China did not want the Philippines to view China as a weak country when it came to defending its claimed territory in the South China Sea; instead, China took action to stop the Philippines from controlling the Scarborough Shoal and to prevent similar behavior in the future. Dai Bingguo — then State Councilor — reaffirmed on May 15 that China would like to be modest, but that did not mean it would stand being bullied by other countries, especially small countries like the Philippines.¹²⁸

Interviews with former government officials, government policy analysts, and scholars also confirm the logic of prioritizing reputation for resolve. One former senior official of the SOA who was involved in the Scarborough incident bluntly said that China took measures in 2012 because

¹²⁶ *Ibid.*

¹²⁷ Qin Hong, "Miandui feilvbin, women you zugou shouduan [Faced with the Philippines, we have adequate means]," *Overseas Edition of People's Daily*, May 8, 2012, <http://cpc.people.com.cn/pinglun/GB/17831131.html>; "zhongsheng" made a similar statement two days later, see "Zhongsheng," "Feilvbin dangyou zizhizhiming [The Philippines should know better]," *People's Daily*, May 10, 2012, http://news.ifeng.com/mil/4/detail_2012_05/10/14434893_0.shtml, accessed May 9, 2018.

¹²⁸ *Sin Chew Daily (Malaysia)*, May 17, 2012, <http://www.mediachinese.com/node/55786?tid=15>, accessed April 17, 2018.

the Philippines “had done too much in the past.”¹²⁹ Another former official agreed that China was facing pressure to establish a reputation for resolve to defend its rights in the incident.¹³⁰ One former diplomat expanded on this logic: China thought that if it withdrew, the Philippines would believe that China was following its historical practice of compromising and would compromise yet again.¹³¹ One scholar stated that the greater the actions (*ciji*) from the Philippines and Vietnam, “the bigger the card China was going to play.”¹³² This was because China wanted to stop the actions from Vietnam and the Philippines, which the scholar termed as “bullying the weak and fearing the strong.”¹³³ Fearing being viewed as weak, China acted assertively (*qiangying*).¹³⁴ Other government policy analysts echoed that in the Scarborough incident, China worried that if it did not take coercive measures, it would signal a green light to the Philippines and Vietnam, thereby encouraging more states to encroach upon China’s sovereignty.¹³⁵ One senior government policy analyst stressed that China needed to “achieve a deterrent effect on surrounding countries,” termed explicitly by another scholar as “establishing a reputation for resolve” (*li wei*).¹³⁶ Several other scholars believed that China’s fear was well-justified: China’s previous policy of restraint failed and led other countries to “advance further” (*decun jinchi*).¹³⁷ In particular, China’s point of contention was originally more towards Vietnam, yet the Philippines was chosen as a target of coercion precisely because Vietnam knew when to back down whereas the Philippines did not.¹³⁸ As such, China used coercion in the Scarborough Shoal to warn the Philippines, but also to “kill the chicken,

¹²⁹ Interview KZ-#88, Guangzhou, China, May 25, 2016.

¹³⁰ Interview KZ-#54, Haikou, China, April 8, 2016.

¹³¹ Interview KZ-#112, Beijing, China, December 27, 2016.

¹³² Interview KZ-#32, Haikou, China, January 7, 2016.

¹³³ *Ibid.*

¹³⁴ *Ibid.*

¹³⁵ Interview KZ-#58, Haikou, China, April 14, 2016; Interview KZ-#20, Beijing, China, December 9, 2015.

¹³⁶ Interview KZ-#57, Haikou, China, April 14, 2016, Interview KZ-#84, Guangzhou, China, May 21, 2016, respectively.

¹³⁷ Interview KZ-#92, Xiamen, China, June 13, 2016; Interview KZ-#64, Beijing, China, April 27, 2016

¹³⁸ Interview KZ-#90, Guangzhou, China, May 25, 2016.

Vietnam” (*zui xiangsha de ji shi yuenan*).¹³⁹ This statement originates from the logic of “killing the chicken to scare the monkey”¹⁴⁰ and indicates that China intended to use coercion on the Philippines to scare other South China Sea claimants – especially Vietnam. Indeed, one scholar believed that this logic of establishing a reputation for resolve was possibly the single factor sufficient enough to drive China to use coercion in 2012.¹⁴¹ Although this might be an exaggeration, other government policy analysts acknowledged that the need to establish a reputation for resolve was the main factor explaining Chinese coercion.¹⁴² China used coercion to establish its reputation for resolve during the Scarborough incident to demonstrate resolve. The need to establish a reputation for resolve was thus high.

Turning then to economic vulnerability cost, although Sino-Philippine trade was insignificant in 1995, bilateral trade has grown over the past 20 years, as seen in Figure 5.5 below.¹⁴³



¹³⁹ *Ibid.*

¹⁴⁰ Interview KZ-#6, Beijing, China, September 28, 2015.

¹⁴¹ Interview KZ-#64, Beijing, China, April 27, 2016.

¹⁴² Interview KZ-#6, Beijing, China, September 28, 2015.

¹⁴³ Data come from the *China Statistical Yearbooks*.

The darker line indicates China's import from the Philippines and the lighter line is China's export to the Philippines. It is clear that Sino-Philippine trade took off around 2002 and the Philippines has since run a trade surplus vis-à-vis China. In 2010, China was the Philippines' third largest trading partner.¹⁴⁴ By 2012, China had become the Philippines' third largest export destination.¹⁴⁵ In contrast, trade with the Philippines was not as important to China. The Philippines was only China's sixth largest trading partner among China's bilateral trade with ASEAN countries.¹⁴⁶ As for Sino-Philippine trade as a share of China's foreign trade, as Figure 5.4 shows, it at best only constituted a less than 2.5% of China's overall imports. This asymmetry favored China and gave China leverage. Figure 5.6 further demonstrates the Philippines' asymmetrical dependence on the Chinese market.



¹⁴⁴ See Chinese Ministry of Commerce data at <http://ph.mofcom.gov.cn/article/zxhz/hzjj/201001/20100106762477.shtml>, accessed September 14, 2016.

¹⁴⁵ Data at http://analysis.ec.com.cn/article/datamyfx/201305/1243142_1.html, accessed April 16, 2014.

¹⁴⁶ See Chinese Ministry of Commerce data at <http://ph.mofcom.gov.cn/article/zxhz/hzjj/201001/20100106762477.shtml>, accessed September 14, 2016.

Figure 5.6 above denotes the Philippines' dependence on the Chinese market and China's dependence on the Philippine market from 1992 to 2011.¹⁴⁷ It is clear that the Philippines depends on the Chinese market much more so than vice versa, and this dependence increased dramatically since the mid-2000s. In contrast, China's dependence on the Philippine market has been consistently close to 0 (averaging about 0.02%). Specifically pertaining to bananas, China is the second largest export destination for Pilipino Banana Growers and Exporters Association (PBGEA) member companies, constituting about 25% of PBGEA annual exports. China is also the largest export market for non-PBGEA member companies, i.e., independent growers and cooperatives.¹⁴⁸ This asymmetry is indeed to China's advantage.

Speech evidence concurs with objective measures of economic dependence. Government officials and policy analysts also noted the dependence of ASEAN countries and China's economic importance to ASEAN long before the coercion in 2012.¹⁴⁹ According to Bai Ming, an official in the Ministry of Commerce, Sino-Philippine trade was asymmetrical, with bilateral trade constituting 30% of total Philippine trade but only 0.89% for China.¹⁵⁰ Bai especially emphasized that China "could impose economic sanctions and isolate the Philippines," while strengthening economic relations with other ASEAN countries.¹⁵¹ Before imposing economic sanctions, Chinese government policy analysts believed that economic countermeasure was practical.¹⁵² Anecdotal evidence

¹⁴⁷ Data comes from Zhang Yan, "Zhongguo dongmeng maoyi yilaidu yu buduichen du fenxi [Analysis on levels of dependence and asymmetry in Sino-ASEAN trade]," *Shangye shidai [Business Times]*, Issue 29 (2013), p. 62.

¹⁴⁸ See slides from PBGEA, http://appfi.ph/images/2015/presentations/6_Pres_PBGEA_Philippine_Banana_Exports_to_China.pdf, accessed April 17, 2018.

¹⁴⁹ See He Shengda, "Dongmeng duihua guanxi de xianzhuang yu weilai" [The reality and future of Sino-ASEAN relations], in Zhang Yunling ed., *Zhongguo yu zhoubian guojia: goujian xinxing huoban guanxi [China and neighboring countries: constructing new partnerships]* (Beijing: Social Science Academic Press, 2008), p. 92.

¹⁵⁰ See news at the Chinese Ministry of Commerce at <http://chinawto.mofcom.gov.cn/article/e/s/201205/20120508122972.shtml>, accessed December 8, 2013.

¹⁵¹ *Ibid.*

¹⁵² Zhu Hao's remarks on January 21, 2012, at <http://www.zhige.net/html/2012/0121/34313.html>, accessed April 16, 2014. Zhu is at CICIR.

indicates that China indeed had exit options provided by other ASEAN countries. In Chengdu and Beijing, to fill in for Philippine bananas, fruit businesses increased their imports from Thailand and Vietnam.¹⁵³ As the second largest export destination of Philippine bananas, China could influence Philippine banana planters. The honorary president of the Philippine Industrial and Commerce Association commented that “China had always been [banana planters’] sole market, and they were unable to find new markets overnight.”¹⁵⁴ Interviews with former government officials also confirm that China believed using coercion would affect the Philippines much more than it did China, because the Chinese economy was so large that it would be hardly affected and because the Philippines was more reliant on China.¹⁵⁵ If anything, there was an economic benefit of coercion: the development of China’s maritime economy made it an imperative to control more land features in the South China Sea.¹⁵⁶ Economic vulnerability was therefore low.

Turning finally to geopolitical backlash cost, the geopolitical backlash cost for China was high in the post-2007 period, as analyzed in Chapter 4. This high geopolitical backlash cost limited China’s option of coercive tools, which will be explained in the section regarding alternative explanations. That is, concerned about the general geopolitical backlash and immediate escalation, China chose to non-militarized coercive tools. In particular, China believed that as long as Chinese coercion was not militarized, the United States would not get involved.

First, scholarly writing and semi-official assessments before China used coercion in the Scarborough incident indicated the U.S. unwillingness to use force to intervene in territorial disputes in the Spratlys. Ju Hailong, who has close ties to the government and the PLA, wrote in

¹⁵³ “Feilvbin xiangjiao beijiaoting xiaoshou, taiguo deny jinkou xiangjiao tianbu kongque” [With Philippine bananas banned, imports from Thailand filled the gap], *Fazhi wanbao* [Evening news regarding legal affairs], May 16, 2012, <http://finance.sina.com.cn/world/yzjj/20120516/154612078731.shtml>; cross-checked by <http://www.chnbanana.com/2012/0515/4274.html>, accessed March 16, 2014.

¹⁵⁴ “Feixiangjiao sunshi yida 1.5yi renminbi, nongye guanyuan fanghua qiuqing.”

¹⁵⁵ Interview KZ-#54, Haikou, China, April 8, 2016; Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#69, Shanghai, China, May 5, 2016.

¹⁵⁶ Interview KZ-#26, Nanjing, China, December 30, 2015.

2011 that despite the pivot to Asia, the United States would not have a serious confrontation with China over the South China Sea issues, because “the U.S. economy had not completely recovered and the situations in the Middle East remained unstable.”¹⁵⁷ Other government policy analysts and scholars also backed this view, and one emphasized that the United States would not “backlash” (*fantan*) against China, especially when the Philippines lost legitimacy by sending its naval vessels.¹⁵⁸ In an internal conference, one government policy analyst provided proof that on June 23, 2011, when U.S. Secretary of State Hillary Clinton met with Philippine Foreign Minister del Rosario, “Clinton avoided promising to unconditionally support the Philippines in South China Sea disputes.”¹⁵⁹ Despite del Rosario’s demand, Clinton did not make it explicit that the U.S.-Philippine defense treaty could be applied to South China Sea issues.¹⁶⁰ The analyst concluded that the United States did not want to go into direct conflict with China.¹⁶¹ *People’s Daily* also noted on May 8 that the United States claimed to remain neutral and would not take a stance in the disputes.¹⁶² Notably, scholars and government policy analysts indicated that China’s rationale in the Scarborough incident was that as long as Chinese action was controlled and non-militarized, the United States would not get involved in a Sino-Philippine standoff over the Scarborough Shoal.¹⁶³

Chinese analysts were probably right. During a press conference on April 22, 2012, the Commander of U.S. Marine Corps Forces Pacific took a Filipino reporter’s question about the applicability of the U.S.-Philippines Mutual Defense Treaty to the Scarborough Shoal crisis.

¹⁵⁷ Ju Hailong, “Aobama zhengfu nanhai zhengce yanjiu [Analysis of the Obama Administration’s South China Sea Policies],” *Dangdai yatai [Journal of Contemporary Asia-Pacific Studies]*, Issue 3 (2011), p. 111; also Interview KZ-#85, Guangzhou, China, May 23, 2016.

¹⁵⁸ Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#64, Beijing, China, April 27, 2016; Interview KZ-#90, Guangzhou, China, May 25, 2016.

¹⁵⁹ Liu Zaorong, “New Moves in U.S. South China Sea Policy,” p. 229.

¹⁶⁰ *Ibid*; also, Interview KZ-#103, Philadelphia, USA, September 2, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

¹⁶¹ *Ibid*.

¹⁶² Qin Hong, “Miandui feilybin, women you zugou shouduan.”

¹⁶³ Interview KZ-#53, Atlanta, United States, March 17, 2016; Interview Beijing, China, June 30, 2014; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

Lieutenant General Duane Thiessen answered ambiguously that the treaty “guarantees that we get involved in each other’s defense and that is self-explanatory.”¹⁶⁴ He did not elaborate on what kind of assistance would be provided, stating that “there is no direct linkage here” and that “there is no tie between Scarborough Shoal and U.S. movement in the Pacific.”¹⁶⁵ Similarly, when Secretary of Defense Leon Panetta and Secretary of State Hillary Clinton met their Philippine counterparts in Washington on April 30, U.S. officials did not clarify whether the Mutual Defense Treaty covered the Philippines’ offshore claims, nor did they promise any direct U.S. intervention.¹⁶⁶ Moreover, it was the United States that attempted to act as an intermediary between the Philippines and China during the initial stage of the incident, wanting both sides to withdraw their ships from the shoal.¹⁶⁷ This action did not seem to China an act of credibly defending the Philippines; rather, it appeared to be an attempt of tempering down the tension without favoring either side.

China also believed that ASEAN would not respond as enthusiastically as the Philippines had hoped in regards to “internationalizing” the South China Sea issue and collectively balancing against China. The regional security assessment of CASS, published in January 2012, noted that the Philippine attempt to unite ASEAN to balance against China did not go smoothly, which manifested itself in China’s success in persuading ASEAN to avoid using “multilateral” and “international” in the Declaration of Code of Conduct of the South China Sea (DOC).¹⁶⁸ One government policy analyst added that since only the Philippines and China claimed the Scarborough Shoal, other Southeast

¹⁶⁴ “U.S. Commander Reaffirms Philippines Defense Treaty,” *Rappler*, April 22, 2012, <http://www.rappler.com/nation/4205-us-commander-reaffirms-philippines-defense-treaty>, accessed April 17, 2018.

¹⁶⁵ *Ibid.*

¹⁶⁶ Hillary Clinton et al., “Remarks with Secretary of Defense Leon Panetta, Philippines Foreign Secretary Albert del Rosario, and Philippines Defense Secretary Voltaire Gazmin after Their Meeting” (remarks, U.S. Department of State, Washington, D.C., April 30, 2012); U.S. Department of State, “Joint Statement of the United States-Philippines Ministerial Dialogue” (press release, April 30, 2012), qtd. in Green et al., “Countering Coercion in Maritime Asia: The Theory and Practice of Gray-zone Deterrence,” p. 110.

¹⁶⁷ Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

¹⁶⁸ Zhang Jie and Zhong Feiteng eds., *The 2012 Assessment of China’s Regional Security Environment*, p. 99.

Asian countries were “collectively silent” regarding the standoff.¹⁶⁹ Moreover, just a few days before the Scarborough incident, ASEAN was still divided on how they should deal with China amid tensions in the South China Sea. Apparently at China's request, Cambodia – then chair of ASEAN – removed the South China Sea from its formal agenda at the two-day ASEAN leaders' summit in Phnom Penh.¹⁷⁰ China believed it could capitalize on the differences among ASEAN countries. Both before and after the incident, government policy analysts consistently argued that there were differences among ASEAN countries: Malaysia had increased its cooperation with China; Brunei only wanted to get “oil profits” and had no intention of worsening relations with China; due to Sino-Indonesian economic relations, Indonesia did not want China to be completely isolated.¹⁷¹

To briefly summarize, because of the high the need to establish a reputation for resolve and low economic vulnerability cost, China used coercion. In addition, a curious comparison involves the Second Thomas Shoal, located in the eastern part of the Spratly Islands. The Philippines took control of the shoal in 1999 and anchored one of its naval vessels there. China used gray-zone coercion to successfully block Philippine vessels trying to resupply the anchored naval ship with construction materials in March 2014, stating that there was a limit to the kindness of a great power and that China could not stand the Philippines as the troublemaker testing China's bottom line.¹⁷² Interestingly, unlike the Scarborough Shoal incident, China only used coercion to blockade the resupply but never took the Second Thomas Shoal. This is because the Philippine naval vessel that anchored itself by the Second Thomas Shoal, albeit old, still had its pennant number, and was

¹⁶⁹ Zhang Jie, “The Scarborough model and the shift in China's maritime rights protection in the South China Sea.”

¹⁷⁰ Lindsay Murdoch, “Islands off agenda but still split ASEAN.”

¹⁷¹ The China Foundation of International Studies, *Guoji wenti yanjiu baogao 2012-2013 [International Issues Report 2012-2013]* (Beijing: World Knowledge Press, 2013), p. 36.

¹⁷² Su Xiaohui, “Feilvbin deyiwangxing bi ziqu qiru [If the Philippines was too arrogant, it would end up being humiliated],” *People's Daily Overseas Edition*, March 31, 2014, http://paper.people.com.cn/rmrhwb/html/2014-03/31/content_1408949.htm; Su Xiaohui, “Buguan feilvbin hunshui moyu mamboing [We should not let the Philippines take opportunities during chaotic times],” *People's Daily Overseas Edition*, March 12, 2014, <http://politics.people.com.cn/n/2014/0312/c1001-24607852.html>, accessed August 25, 2016.

therefore still, in effect, Philippine territory. China was afraid that if China moved this Philippine naval vessel, it would constitute “an act of war” and the United States might then react.¹⁷³ Moreover, one government analyst reasoned that had China adopted a more assertive approach to the Second Thomas Shoal dispute such as removing the Philippine naval vessel, it would have risked giving the impression to the outside world that it would keep moving from one reef to the next in an attempt to extend its control over the entire South China Sea, which would, in turn, generate widespread anxiety and a sense of hostility towards China among the countries of Southeast Asia and even more broadly among other neighboring countries.¹⁷⁴ Therefore, China only used gray-zone coercion to block the Philippines from transporting construction materials to the Second Thomas Shoal but did not take action to move the Philippine vessel.¹⁷⁵ This indicates that China indeed calculated geopolitical backlash when contemplating the magnitude of coercion. As such, China is very selective and careful when it comes to when and how to use coercion. It finds the best and most appropriate opportunity to use coercion, and Scarborough Shoal in 2012 constituted as one.¹⁷⁶

Section III. The Sino-Vietnamese “*Haiyang shiyou 981*” Oilrig Incident in 2014

This section provides a detailed narrative of the “*Haiyang shiyou 981*” oilrig incident (hereafter the oilrig incident) in May 2014 between China and Vietnam, codes the magnitude of coercion, and finally explains why China used coercion with the cost balancing theory.

¹⁷³ Interview KZ-#84, Guangzhou, China, May 21, 2016.

¹⁷⁴ Zhou Fangyin, “Between assertiveness and self-restraint: understanding China’s South China Sea policy,” p. 875.

¹⁷⁵ Interview KZ-#84, Guangzhou, China, May 21, 2016; Interview KZ-#91, Beijing, China, June 7, 2016.

¹⁷⁶ Interview KZ-#85, Guangzhou, China, May 23, 2016.

The “Haiyang shiyou 981” Oilrig Incident

According to the Vietnamese Ministry of Foreign Affairs, on May 1, 2014, the oilrig and three oil and gas service ships of China was moving southward from the Northwest of Triton Island.¹⁷⁷ Upon noticing China’s activity, Vietnam immediately used its maritime law enforcement ships to counter China.¹⁷⁸ In fact, according to one former Chinese diplomat, as opposed to the official Chinese account that it was mostly Vietnam ramming Chinese ships, most of the time, it was Chinese ships ramming Vietnamese ships to stop them from breaking China’s line of defense.¹⁷⁹ To quote the official statement from the Vietnamese MFA on June 5, “China employed from 30 to 137 escort vessels on a daily basis.”¹⁸⁰ China constantly deployed 9 to 12 ships to closely follow Vietnamese vessels, ramming them and firing water cannons. Since May 2, Chinese vessels had caused damage to 24 Vietnamese law enforcement vessels.

According to official Chinese MFA statements, China’s exploration around the Triton Island, where the oilrig incident of 2014 took place, had started since 2004 and it fell into the block of China Petroleum & Chemical Corporation (Sinopec).¹⁸¹ In fact, China had already conducted seismic surveys in the area for two months in 2013.¹⁸² Since it required deep sea drilling, Sinopec rented

¹⁷⁷ Socialist Republic of Vietnam, Ministry of Foreign Affairs, “Vietnam’s International Press Conference on 7th May 2014” (press conference, Ministry of Foreign Affairs, Hanoi, May 7, 2014). <http://www.vietnambotschaft.org/viet-nams-international-press-conference-on-7th-may-2014/>, accessed April 17, 2018.

¹⁷⁸ Vietnamese MOFA, “Contents of the International Press Conference” (June 16, 2014), qtd. in Michael Green et al., “Countering Coercion in Maritime Asia: The Theory and Practice of Gray-zone Deterrence,” p. 208.

¹⁷⁹ Interview KZ-#90, Guangzhou, China, May 25, 2016; cross-checked by Vietnamese sources, “Politics: Vietnam Urged to Step up Measures to Deal with China’s Aggression,” *Vietnam News Brief Service*, May 8 2014.

¹⁸⁰ http://www.mofa.gov.vn/en/tt_baochi/tcbc/ns140609024213/view, accessed April 17, 2018. all details below including how many Vietnamese vessels were damaged come from this statement.

¹⁸¹ MFA Press Conference, June 13, 2014, http://www.fmprc.gov.cn/web/wjb_673085/zzjg_673183/bjhysws_674671/xgxw_674673/t1165600.shtml; cross-checked Interview KZ-#6, Beijing, China, September 28, 2015.

¹⁸² MFA Press Conference, June 13, 2014, http://www.fmprc.gov.cn/web/wjb_673085/zzjg_673183/bjhysws_674671/xgxw_674673/t1165600.shtml, accessed April 17, 2018.

the China National Offshore Oil Corporation (CNOOC's) oilrig.¹⁸³ The decision to conduct drilling in around the Triton Island was a technical choice carefully planned and calculated by Sinopec, and it was not strategic.¹⁸⁴ As one former diplomat close to CNOOC stated, the process of oil and gas exploration was usually to “conduct geological surveys first, then identify the ideal location for drilling, and finally conduct surveys regarding maritime conditions surrounding the drilling location,” after which the drilling activity may begin.¹⁸⁵ By the first half of 2014, Sinopec confirmed that maritime conditions around the Triton Island became good enough for drilling.¹⁸⁶ China's reaction when Vietnamese vessels showed up, however, was indeed intentionally coercive.¹⁸⁷

Interestingly, before 2014, China had tried to conduct drilling activities in the Paracel and Spratly Islands.¹⁸⁸ Yet unlike the oilrig incident of 2014, China backed down in almost all previous cases when Vietnamese law enforcement or naval ships came.¹⁸⁹ For example, in April 1994, under a contract with U.S. company Crestone, a Chinese exploration ship conducted exploration around the Vanguard bank in the Spratlys but was forced away by Vietnamese armed vessels. According to the captain, Vietnamese vessels surrounded them for three days and despite the promise that China's South Sea fleet would come to their aid, his ship received no assistance and by the third day, “the only message from the center was to withdraw.”¹⁹⁰ An internally circulated book by the head of the NISCSS — Wu Shicun — confirmed that China withdrew because “it feared the worsening and

¹⁸³ Interview KZ-#6, Beijing, China, September 28, 2015.

¹⁸⁴ *Ibid.*

¹⁸⁵ Interview KZ-#112, Beijing, China, December 27, 2016.

¹⁸⁶ *Ibid.*

¹⁸⁷ Interview KZ-#4, Beijing, China, September 15, 2015.

¹⁸⁸ See the appendix II, for example, for the 1997 episode: Jeremy Grant, “China rig leaves the disputed zone,” *Financial Times*, April 5, 1997.

¹⁸⁹ Except for one case in December 1995 when China was reportedly drilling for oil near Spratly Islands and a Chinese naval vessel fired warning shots at a Vietnamese vessel that was monitoring the drilling operations. See Hiroyuki Sugiyama, “China reportedly drilling for oil near Spratly Isles,” *The Daily Yomiuri*, January 30, 1996, via LexisNexis.

¹⁹⁰ Shan Zhiqiang, “1994nian zhongyue duizhi shijian [the 1994 standoff between China and the Philippines],” http://blog.sina.com.cn/s/blog_48bb0d010102e3qb.html, accessed April 18, 2018. Shan was the managing editor for *China National Geographic*.

escalation of the incident.”¹⁹¹ Similarly, on March 7, 1997, China sent mobile oil platform “Kantan no. 3” and two pilot ships to conduct exploratory oil drilling in the Tonkin Gulf, an area that Vietnam claimed was within its exclusive economic zone. On March 22, during the row with China, the commander of U.S. forces in the Pacific, Joseph Prueher, went to Hanoi, after which on April 1, China withdrew its vessels and agreed to resolve the problem through consultation.¹⁹² The withdrawal stands in sharp contrast to Chinese coercion in 2014.¹⁹³

The Magnitude of Coercion

China used drastic measures of gray-zone coercion in the oilrig incident. Ramming Vietnamese vessels inflicted physical damage on Vietnamese ships as well as crewmembers. The magnitude of the gray-zone coercion was thus great. Besides gray-zone coercion, China also employed short-term diplomatic sanctions. During the height of the incident, Vietnam raised solutions such as holding a telephone conference between the Vietnamese general secretary, Vietnamese president, and Chinese leaders, as well as sending its general secretary as a special envoy to China to relieve tension, all of which was refused.¹⁹⁴ Nevertheless, China resumed diplomatic ties in mid-June when its state councilor paid a visit to Vietnam to seek resolutions to

¹⁹¹ Wu Shicun, *Zonglun nansha zhengduan [On the South China Sea Dispute]* (Haikou: Hainan Press, Internal Circulation, 2005), p. 108.

¹⁹² Alexander L. Vuving, “Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways,” *Asian Survey*, Vol. 46, No. 6 (November/December 2006), p. 816.

¹⁹³ With regard to why the 981 oilrig incident was reactive, I code Chinese coercion after Vietnam used its maritime law enforcement vessels to the area where 981 was drilling. Using the 981 oilrig was a coercive action itself. China had sent exploration ships/rigs to areas in Paracels and Spratlys before, in 1994, 1997, 2004, 2007, and 2012. Sending oilrigs is an assertive behavior but it is not coercive in and of itself — because it does not inflict pain on the target state, unlike when one uses gray-zone ships to expel the vessels of the target or uses diplomatic sanctions to cut senior level communications. In addition, China did not express any goals akin to coercion vis-à-vis Vietnam before placing the rig – neither *People's Daily* nor MFA press conferences in 2013 and up to May 2014 expressed any goals aimed at forcing Vietnam to change its behavior.

¹⁹⁴ Ji Mingkui, “Yuenan teshi fanghua [Vietnamese special representative visits China],” China.Com, August 29, 2014, http://opinion.china.com.cn/opinion_39_108239.html, accessed August 25, 2016.

stabilize the situation.¹⁹⁵ On August 27, 2014, President Xi Jinping met with Vietnamese special envoy in Beijing, and bilateral relations resumed.¹⁹⁶ Diplomatic sanctions thus were of a smaller magnitude. Apart from gray-zone and diplomatic coercion, China did not use economic sanctions or military coercion.¹⁹⁷ According to the *South China Morning Post*, on June 9, 2014, the Chinese government temporarily stopped state-owned companies from bidding for fresh contracts in Vietnam.¹⁹⁸ Yet government policy analysts stated that this was mainly about safety concerns amidst anti-China protests in Vietnam.¹⁹⁹ As discussed in Chapter 4, Chinese coercion against the Philippines tends to be the harshest, and indeed, compared with coercion against the Philippines, Chinese coercion in the oilrig incident was less harsh.

Why 981 Counts as Coercion

Chinese behavior in the oilrig incident of 2014 constituted as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, it was state action, as Chinese coast guard ships and maritime surveillance ships followed central orders strictly. Second, behavior such as ramming Vietnamese ships and refusing to meet with Vietnamese leaders inflicted pain and pressure on Vietnam. Third, Chinese coercion had clear goals and target. For one, China wanted to

¹⁹⁵ MFA Press Conference, June 19, 2014, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1167022.shtml, accessed August 26, 2016.

¹⁹⁶ *Xinhua News*, August 27, 2014, http://news.xinhuanet.com/world/2014-08/27/c_1112255473.htm, accessed August 26, 2016.

¹⁹⁷ China remained the largest exporter of major items to Vietnam in the first half of 2014, including machinery, equipment, tools and accessories, fabrics, materials for garment, footwear and steel among others, said Vietnam Customs on Monday. China continued to be the largest supplier of machinery, equipment, tools and accessories for Vietnam during the first half of 2014, with total revenue of nearly 3.62 billion U.S. dollars, up 25.8 percent year-on-year. See *Xinhua News*, July 21, 2014, http://news.xinhuanet.com/english/business/2014-07/21/c_133500185.htm, accessed August 25, 2016.

¹⁹⁸ Keira Huang, "State firms barred from Vietnam contract bids," *South China Morning Post*, June 9, 2014, http://www.scmp.com/news/china/article/1528221/state-firms-barred-vietnam-contract-bids?utm_source=The+Sinocism+China+Newsletter&utm_campaign=a6c9, accessed August 26, 2016.

¹⁹⁹ Interview Beijing, China, June 11, 2014.

expel Vietnamese vessels to prove that disputes did not exist in the Paracel Islands,²⁰⁰ which was meant to force Vietnam to change its position from disputing the Paracels to accepting Chinese sovereignty. Chinese MFA official Yi Xianliang stated on May 8, 2014 that the Paracels were indisputable Chinese territory and demanded that Vietnam withdraw its ships from China's drilling site.²⁰¹ The Chinese MFA subsequently demanded on June 13, 2014 that Vietnam withdraw from the 29 islets and shoals in the Truong Sa (Spratly) Islands which China claims Vietnam occupied.²⁰² For another, China also aimed at "using unilateral measures to spur multilateral cooperation and joint development" (*yi danbian kaifa qiaodong duobian hezuo*).²⁰³ After all, the CNOOC and Vietnamese state-owned enterprise PetroVietnam had discussions in which PetroVietnam told CNOOC that it was welcome to become a commercial partner but "there was no way CNOOC could become the joint administrator of Vietnam's oil blocks."²⁰⁴ In this sense, China aimed at forcing Vietnam to adopt a new policy position on sovereignty claims and resource exploration.

Explaining the Case – Why China Used Coercion

Turning first to the need to establish a reputation for resolve, before the oilrig incident of 2014, it is true that Vietnam had carved out 57 oil blocks in disputed waters, seven of which had already been put into production, and Vietnamese oil wells even reached into waters in the Paracels such as blocks 117 and 119.²⁰⁵ It is also true that Vietnam had been "internationalizing" the South

²⁰⁰ Interview KZ-#92, Xiamen, China, June 13, 2016.

²⁰¹ MFA Press Conference, May 8, 2014,

http://www.fmprc.gov.cn/web/wjb_673085/zzjg_673183/bjhyshws_674671/xgxw_674673/t1154048.shtml

²⁰² Truong Son, "Vietnam slams China's distortion of East Sea situation," *Thanh Nien News*, June 17, 2014, <http://www.thanhniennews.com/politics/vietnam-slams-chinas-distortion-of-east-sea-situation-27315.html>

²⁰³ Xue Li and Hu Bo, "Shendu jixi zhongguo de haiyang qiangguo zhilu [A deep analysis of China's path to becoming a maritime power]," http://blog.sina.com.cn/s/blog_4e32b1a50102wbq2.html, accessed May 9, 2018.

²⁰⁴ Bill Hayton, *The South China Sea: Struggle For Power in Asia*, p. 139.

²⁰⁵ *Ibid.*

China Sea disputes from 2009. For example, Vietnam had held an annual international seminar on the South China Sea issue since 2009, inviting scholars and foreign diplomats from the United States, Russia, Japan, and Australia.²⁰⁶ When serving as the rotating chair of ASEAN in 2010, Vietnam made the South China Sea issue more heated by making it the main theme in the ASEAN regional forum and the ASEAN meeting of foreign ministers, suggesting that ASEAN take a unified stance to pressure China.²⁰⁷ However, in 2013 and early 2014, Vietnam did not take as much action in the South China Sea as it did in 2011 and 2012. As the 2014 CIIS bluebook stated, in 2013, the tense situation in the South China Sea manifested itself mainly between China and the Philippines.²⁰⁸ The 2013 NISCSS annual report did not list Vietnam as a major challenge either.²⁰⁹ If anything, Vietnam showed signs of cooperation with China. In October 2013, Premier Li Keqiang visited Vietnam, and the two sides established the working group on joint maritime development and in January 2014, Vietnam and China kick-started negotiations regarding joint maritime development.²¹⁰

Nevertheless, China used coercion during the May 2014 standoff to establish its reputation for resolve in defending its maritime rights. One former PLAN personnel who previously served in the South Sea fleet agreed that China used coercion in the oilrig incident because if China did not take action, it would be viewed by others as “weak and passive;” coercion could force (*poshi*) others back to the negotiation table.²¹¹ Another scholar reasoned that Vietnam intended to force China to

²⁰⁶ Wei Qiang, “Yuenan zai nanhai wentishang de yulun xuanchuan zelue [Vietnam’s Propaganda Strategy Regarding the South China Sea Issue],” *Guoji yanjiu cankao [International Studies Reference]*, Issue 4 (2014), p. 45; for a detailed discussion based on Vietnamese language materials, see Song Xiaosen, “Jinianlai yuenan nanhai zhuquan shengsuo he xuanchuan yulun kaocha fenxi (2007-2014) [An analysis of Vietnam’s recent sovereign claims on the South China Sea and propaganda],” Master Thesis: Zhengzhou University, 2015, p. 20-23.

²⁰⁷ Wei Qiang, “Vietnam’s Propaganda Strategy Regarding the South China Sea Issue,” p. 46.

²⁰⁸ CIIS, *International Situation and China’s Foreign Affairs 2014*, p. 370.

²⁰⁹ NISCSS, *The 2013 Report Regarding Situation in the South China Sea*.

²¹⁰ See the Chinese MFA, “Bilateral relations with Vietnam,” updated till March 2018, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677292/sbgx_677296/; *People’s Daily*, May 21, 2014, http://paper.people.com.cn/rmrb//html/2014-01/10/nw.D110000renmrb_20140110_5-21.htm, accessed April 17, 2018.

²¹¹ Interview KZ-#26, Nanjing, China, December 30, 2015.

compromise and that China must resolutely re-establish the previous condition in the Paracels (i.e., de facto Chinese control) to “avoid a dangerous precedent set by Vietnam” (*kaiqi yige weixian de xianli*).²¹² That is, if China did not clear Vietnam’s encroachment upon Chinese exclusive economic zones by expelling Vietnamese ships, then the Paracels might become another Senkaku Island (*diaoyudao hua*).²¹³ Interestingly, this scholar invoked the Senkaku Islands, in which China broke Japan’s exclusive control by exercising regularized patrol around it in 2012.²¹⁴ In short, China was afraid that Vietnamese behavior in the oilrig incident of 2014 might set a dangerous precedent and reduce Chinese reputation for resolve in defending its exclusive control of the Paracels: if China did not use coercion, Vietnam might read China as weak and preoccupied and thus take further actions in the Paracels. China feared Vietnam might do exactly what China did to Japan in 2012.

In addition to fearing that Vietnam would challenge Chinese control of the Paracels physically, one former official who was then at the Chinese Embassy in Hanoi further specified that China was afraid that Vietnam would follow the Philippines and resort to international arbitration, and therefore coerced Vietnam.²¹⁵ In particular, China wanted to “prevent Vietnam from continuing to count on its party-party relations with China, thinking that China would always back off.”²¹⁶ As one government policy analyst observed, China needed to “establish the reputation for resolve of a great power.”²¹⁷ In an internal publication, one scholar summarized Chinese behavior in maritime disputes since the oilrig incident as “assertively defending China’s rights” (*qiangshi weiquan*): restraint led to the permissive behavior of others, and China should show assertiveness to

²¹² This article is written by Zhao Weihua and appears in the second issue of the 2014 journal of “*Zhongguo bianjie haiyang dongtai [Information Regarding China’s Borders and Ocean]*,” published by the China Institute of Boundary and Ocean Studies (CIBOS) of Wuhan University, a research center established under the guidance of the MFA. This copy is available in the library of CIBOS in Wuhan, China.

²¹³ *Ibid.*

²¹⁴ *Ibid.*

²¹⁵ Interview KZ-#31, Haikou, China, January 6, 2016.

²¹⁶ Interview KZ-#34, Haikou, China, January 8, 2016.

²¹⁷ Interview KZ-#57, Haikou, China, April 14, 2016.

demonstrate its will in front of claimants of the South China Sea for deterrence.²¹⁸ As such, it was beneficial to use coercion to check Vietnamese behavior while sending warning signals to others.

Turning next to economic vulnerability cost, Sino-Vietnamese trade structure was favorable to China, as seen in Figure 5.7 below.²¹⁹



Similar to the Sino-Philippine trade relationship, Vietnam’s level of dependence on the Chinese market has been consistently much higher than China’s dependence on the Vietnamese market, which averages about 0.01%. This trend continues beyond 2011. Exports to China constituted 11% of total Vietnamese exports in 2012, and in terms of individual countries, China was Vietnam’s third

²¹⁸ Ma Bo, “Jiexi 981 zuanjing pingtai shijian jiqi yingxiang [Analyzing the 981 oilrig incident and its influence],” in Zhu Feng ed., *Nanhai jushi shendu fenxi baogao [Report of the South China Sea Situation]* (Nanjing: Nanjing University), 2015, p. 228. This seems to be an internally circulated report as it is only in print form and available at the library of NISCSS in Haikou, China. The Nanjing University branch of the Collaborative Innovation Center of South China Sea Studies released this report; also Interview KZ-#12, Beijing, China, October 21, 2015.

²¹⁹ Data comes from Zhang Yan, “Analysis on levels of dependence and asymmetry in Sino-ASEAN trade.”

largest export destination.²²⁰ China was the largest importer of several goods important to the Vietnamese economy. China imported about 60% of Vietnamese rubber, 78% of Vietnamese coal, and 90% of Vietnamese cassava.²²¹ China also became Vietnam's largest export destination for agricultural products, constituting about two-thirds of Vietnamese agricultural exports.²²² In contrast, Chinese scholars acknowledge that China has exit options. One cites a statement by the Vietnamese Ministry of Agriculture and Rural Development: the biggest challenge for Vietnamese agricultural exports to China is from other ASEAN countries – Thailand and the Philippines are competitors for fruits and vegetables, Thailand for rice, rubber for Indonesia and Malaysia, and pepper for Indonesia.²²³ The economic vulnerability cost for China was therefore low.

Nevertheless, low economic cost did not mean that China could easily use economic sanctions on Vietnam. As one Vietnam specialist from the PLA pointed out, due to different industrial structures, economic sanctions were useful against the Philippines but not necessarily effective regarding Vietnam.²²⁴ Another government policy analyst agreed that China did not consider economic sanctions during the oilrig incident because Vietnam had exit options in foreign direct investment.²²⁵ After all, Vietnam's biggest investors were South Korea, Taiwan, Japan, and Singapore, Malaysia, and the United States, and China trailed behind all these countries in investment in Vietnam.²²⁶ The capital, technology, and markets that Vietnam needed mainly come

²²⁰ See data at the General Statistics Office of Vietnam at

http://www.gso.gov.vn/default_en.aspx?tabid=626&ItemID=13579, accessed April 16, 2014.

²²¹ See the official website of the Economic and Commercial Counselor's Office at the Chinese Embassy in

Vietnam, <http://vn.mofcom.gov.cn/article/zxhz/tjsj/201305/20130500116573.shtml>,

<http://vn.mofcom.gov.cn/article/jmxw/201111/20111107813143.shtml>, accessed December 8, 2013.

²²² <http://vn.mofcom.gov.cn/article/jmxw/201202/20120207957733.shtml>, accessed December 8, 2013.

²²³ Pan Jin'e, "Zhongyue maoyi: xianzhuang, qianjing, yu maoyishiheng de yuanyin fenxi [Sino-Vietnamese trade relations]," *Dongnanya zongheng [Around Southeast Asia]*, No. 10 (2007), p. 49.

²²⁴ Cheng Hanping, "Zhongyue guanxi de xianzhuang, kunjing, yuchulu [The current state of Sino-Vietnamese relations, dilemma, and solutions]," in Song Dexing ed., *Zhanlue yu waijiao [Strategy and Diplomacy]* (Beijing: Shishi Press, 2014), p. 304.

²²⁵ Interview Beijing, China, June 30, 2014.

²²⁶ *Ibid.*

from western industrial countries such as the United States.²²⁷

Moreover, China might not want to use economic sanctions on top of gray-zone coercion, precisely because Vietnam was still of geopolitical importance to China. Even though China coerced Vietnam and despite Chinese scholars' belief that it was difficult for Vietnam and the United States to become allies in the near future, they were indeed concerned that "if China hit Vietnam too hard (*dade taizhong*), Vietnam might lean entirely towards the United States, even opening up the Cam Ranh Bay to the U.S. military."²²⁸ Unlike the Philippines – a staunch ally of the United States – Vietnam was still a "swing state" (*ruoji ruoli*).²²⁹ China wanted to prevent pushing Vietnam completely to the United States.²³⁰ From China's perspective, the Philippines paled in strategic importance when compared with Vietnam.²³¹ Between Vietnam and the Philippines, Vietnam had a greater potential of generating a balancing backlash from ASEAN against China.²³² Indeed, Sino-Vietnamese relations recovered shortly after the May 2014 oilrig incident in the Paracels. As one senior government analyst observed, China wanted to both coerce and woo Vietnam, because the internal opinion was that China cannot fight Vietnam or afford to alienate Vietnam (*dabude, libuliao, yangbuqi, mabuguo*).²³³ Out of geopolitical concerns and faced with the dilemma between a Vietnam shifting entirely to the west and a Vietnam unchecked in the South China Sea, China used smaller sticks on Vietnam.²³⁴

Turning then to geopolitical backlash cost, since this incident took place in the Paracels where only China and Vietnam disputed, other ASEAN countries were not involved, and the primary

²²⁷ Pan Jin'e, *Yuenan zhengzhi jingji yu zhongyue guanxi qianyan [Advanced Issues in Vietnam's Politics, Economy, and Sino-Vietnam Relations]* (Beijing: Social Sciences Academic Press, 2011), p. 136.

²²⁸ Lu Shengjun, *Shenlan jinglue*, p. 223-224.

²²⁹ Interview, Beijing, China, January 14, 2014.

²³⁰ Interview, Beijing, January 20, 2014; Interview KZ-#4, Beijing, China, September 15, 2015; Interview KZ-#5, Beijing, China, September 16, 2015; Interview KZ-#57, Haikou, China, April 14, 2016.

²³¹ Interview KZ-#7, Beijing, China, September 30, 2015.

²³² Interview KZ-#11, Beijing, China, October 14, 2015.

²³³ Interview KZ-#57, Haikou, China, April 14, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016.

²³⁴ *Ibid.*

concern for China should be the United States. Although the geopolitical backlash cost was high in general in the post-2007 period,²³⁵ China took advantage of loopholes. According to the 2013 CASS annual assessment, judging from U.S. reactions during the Scarborough standoff and the Senkaku incident in 2012, U.S. attitudes towards the Philippines and Japan differed significantly.²³⁶ The United States leaned explicitly towards Japan during the Senkaku incident, whereas U.S. intervention was relatively small regarding the Scarborough standoff. This was because the Philippines was the sole beneficiary of alliance and the United States could accept the reality of China trumping the Philippines in certain realms (i.e., disputes in the South China Sea), yet it could not accept China completely trumping (*chedi yadao*) Japan.²³⁷ Immediately following this comparison, the CASS report went on to discuss the difficulty of establishing real trust between Vietnam and the United States, stating that the two sides had significant differences on democracy and human rights and that the current U.S.-Vietnam relations were still symbolic.²³⁸ This report therefore concluded that there is a disconnect between willingness and capability regarding the implementation of U.S. rebalancing.²³⁹ It thus seemed that U.S. behavior during the Scarborough standoff had an impact on Chinese assessment of U.S. credibility in South China Sea disputes and particularly the possibility of a U.S.-Vietnam alliance.

Furthermore, according to the 2013 CASS assessment, Russia's selective strategic cooperation with China reduced the pressure of U.S. rebalancing.²⁴⁰ Similarly, the 2014 CIIS bluebook (published before the incident) believed that faced with restraints on resources²⁴¹ and

²³⁵ See for example, CICIR, *2013/2014 Strategic and Security Review*, p. 128, 130, and 133.

²³⁶ *Ibid.*, p. 18.

²³⁷ *Ibid.*

²³⁸ *Ibid.*

²³⁹ *Ibid.*, p. 19.

²⁴⁰ Zhang Jie and Zhong Feiteng eds., *The 2013 Assessment of China's Regional Security Environment*, p. 13.

²⁴¹ Which apparently seems to be a reaction from the U.S. defense budget cut. See "DOD Fiscal Year 2014 Budget Request," DOD, April 2013, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2014/FY2014_Budget_Request_Overview_Book.pdf, accessed April 17, 2018.

increasing input into the Middle East, the sustainability of U.S. rebalancing was challenged and the United States shifted its strategy from putting pressure solely on China to “pressuring both sides” in the disputes.²⁴² Meanwhile, an internally circulated publication by the Zhejiang Academy of Social Sciences stated in 2013 that due to internal differences, it would be impossible for ASEAN to be a piece of the U.S. chess board to contain China.²⁴³ In short, semi-official sources before the incident suggest that China did not believe the United States to be credible in defending the Philippines and Vietnam, nor did China believe that there was enough momentum for ASEAN to unite against China.

Government policy analysts also believed that the United States would not directly get involved in a dispute between China and Vietnam. One analyst stated in a seminar that back in 2011, the United States tried to restrain Vietnamese behavior — when Vietnam was about to conduct military exercises in the South China Sea in June 2011, the United States stated that it “did not support the show of force or other actions that increased tension.”²⁴⁴ Writing before the oilrig incident, another analyst noted that the United States seemed to have begun to accept a more assertive China, stressing that China had used assertive countermeasures in the Sino-Philippine Scarborough incident, yet the United States “acquiesced,” prioritizing stable Sino-U.S. relations and signaling that “when U.S. allies had conflicts with China, they would not always get U.S. support.”²⁴⁵

Moreover, interviews with government policy analysts similarly indicate that it was “impossible for Vietnam and the United States to ally soon,” due to ideological differences and

²⁴² CIIS, *2013-2014 Bluebook of International Situation and China's Foreign Affairs*, p. 5-6.

²⁴³ See Song Xiaohai, “Meiguo de siwei ji jucuo [The logic and actions of the United States],” *Donghai wenti yanjiu [Studies of the East China Sea]*, Issue 11 (August 2013), internally circulated and available in the library of CIBOS in Wuhan, China.

²⁴⁴ Liu Zaorong, “New Moves in U.S. South China Sea Policy,” p. 229.

²⁴⁵ Chen Hanxi, “2013nian guojizhengzhi he zhongguo waijiao xingshi fenxi [Analysis on the International Politics in 2013 and China's Foreign Policy Situation],” *Zhanlue juece yanjiu [Studies of Strategic Decision Making]*, No. 1 (2014).

human rights issues.²⁴⁶ Even if Vietnam and China got involved in militarized conflicts, the United States did not have the responsibility to assist Vietnam militarily.²⁴⁷ In addition, Ruan Zongze, a former diplomat, pointed out that as differences between Russia and the United States deepened after the Crimea crisis in early 2014, the United States seemed “overstretched.”²⁴⁸ “Tired of fighting on two fronts,” the United States would not be adversarial towards China for too long.²⁴⁹ The geopolitical backlash cost in the oilrig incident was thus low. The benefits exceed the costs of coercion. China therefore coerced Vietnam. As Li Guoqiang at CASS concluded, Chinese action in the incident demonstrated its determination in safeguarding maritime rights.²⁵⁰ Table 5.2 below summarizes the cost balancing theory in all three cases.

Table 5.2 Cost Balancing and China’s Use of Coercion

	The need to establish a reputation for resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
Mischief (1994-5)	High	Low	Low	Yes (Military coercion + Gray-zone coercion)
Scarborough (2012)	High	High	Low	Yes (Gray-zone coercion + economic sanctions + diplomatic sanctions)
Oilrig (2014)	High	Low	Low	Yes (Gray-zone coercion + diplomatic sanctions)

²⁴⁶ Interview Beijing, China, June 30, 2014; Ma Yanbing, “Meiyue guanxi shengwen jiqi fazhan qushi [Improving U.S.-Vietnamese relations and its development],” *Yafei zongheng [Around Asia and Africa]*, Issue 5 (2010), p. 44-50.

²⁴⁷ Zhu Feng, “New developments in the South China Sea: Strategic competition of the great powers and balance of interests of small powers.”

²⁴⁸ Ruan Zongze, *Quanli shengyan de huanghun: meiguo yatai zaipingheng zhanlue yu zhongguo duice [The U.S. Strategy of Rebalance and China’s Countermeasures]* (Beijing: Shishi Press, 2015), p. 347. Ruan is at CIIS.

²⁴⁹ *Ibid.*

²⁵⁰ Li Guoqiang, “China Sea Oil and Gas Resources,” http://www.ciis.org.cn/english/2015Y05/11/content_7894391.htm, accessed August 26, 2016.

Section IV. Alternative Explanations

There are two alternative explanations regarding when China decides to coerce. The first concerns the power struggle among different bureaucracies and interest groups such state-owned enterprises. In this view, when and why China uses coercion is a result of bureaucratic politics rather than centralized cost-benefit calculation. The second alternative argues that leadership differences explain when China uses coercion.

Turning first to the bureaucratic alternative, from official documents and interviews, it is clear that China's coercion regarding disputes in the South China Sea has been quite centralized. There are clear, detailed, and modularized plans (*yu'an*) for how maritime surveillance and fishery administrative ships should behave when faced with maritime incidents. For example, Guangdong province states in the emergency plan for fishery incidents involving foreign countries that when foreign fishing vessels engage in illegal fishing in Chinese EEZs or when foreign administrative ships attempt to harass Chinese fishers in Chinese EEZs, fishery administrative ships should initiate the emergency reporting procedure and report to the commanding center of FAB.²⁵¹ Measures such as expelling and arresting foreign ships have to be approved by sub bureaus.²⁵²

Interviews with scholars and former officials also indicate that the center is in control of when coercion should be used, and bureaucracies such as the MFA implement the decisions made by the center.²⁵³ For example, both scholar and government policy analyst stated that every

²⁵¹ Li Zhujiang and Zhu Jianzhen eds., *Haiyang yu yuye yingji guanli [Ocean and Fishery Emergency Administration]* (Beijing: Oceanic Press, 2007), p. 314.

²⁵² *Zhuanshu jingji qu yuzheng xunhang gongzuo guifan, shixing [Regulations Regarding The Fishery Administrative Patrol in EEZs]*, China Ministry of Agriculture, June 2007, see http://wenku.baidu.com/link?url=jg1A6HCSEdKQcDNLvkRLjkaxQElyBwEaagdQteISwXUlc0Eljc2BL6dD0FxNUw_jBQa9y9LpAocMb0UYjlqeJPV017cDH2Xl5s-ur-PL8pO, accessed February 26, 2016.

²⁵³ Interview KZ-#17, Guangzhou, December 1, 2015; Interview KZ-#53, Atlanta, United States, March 17, 2016; Interview KZ-#64, Beijing, China, April 27, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#113, Beijing, China, December 29, 2016.

incident involving foreign countries was reported to the center (*yishi yibaodao*).²⁵⁴ Citing internal seminars by officials from the SOA, China Coast Guard, and the maritime surveillance agency, government policy analysts from different localities in China noted that when carrying out patrol missions, Chinese administrative patrol ships strictly followed instructions and orders from above and proceeded according to plans (*an yu'an jinxing*).²⁵⁵ One former military official previously involved in the PLAN's patrol of the South China Sea agreed that there were institutionalized plans (*jizhixing de yu'an*).²⁵⁶ Even if the PLA may have more hawkish stances, one senior government policy analyst indicated that final decisions about coercion were elevated to the PSC.²⁵⁷ As stated in the Mischief Reef incident, despite the fact that the navy and the FAB had lobbied for a long time to take the reef, they failed until the central government told them to and they had to follow central orders unconditionally.

Moreover, Christopher Yung's interviews with China's naval research institute, the SOA and other government think tanks in 2012 suggested that the PLA actually supported the idea that "civilian law enforcement vessels should be on the front line."²⁵⁸ That is, even the PLA was well aware of the costs associated with military coercion and therefore remained cautious. One former diplomat also stressed that before maritime surveillance and fishery administrative ships went to the South China Sea, "there had to be authorization step by step from the center (*bubu shouquan*)."²⁵⁹ Several scholars pointed out that bureaucracies may have some leeway in specifics regarding how to carry out orders from the center, but the very decision about whether to take action or not lay in the hands of the center.²⁶⁰ Some local governments such as Hainan province did

²⁵⁴ Interview KZ-#7, Beijing, September 29, 2015; Interview KZ-#34, Haikou, January 8, 2016.

²⁵⁵ Interview KZ-#24, Nanjing, December 29, 2015; Interview KZ-#30, Haikou, January 6, 2015.

²⁵⁶ Interview KZ-#26, December 30, 2015.

²⁵⁷ Interview KZ-#103, Philadelphia, USA, September 2, 2016.

²⁵⁸ Christopher D. Yung, "The PLA Navy Lobby and its Influence over China's Maritime Sovereignty Policies," in Phillip Saunders and Andrew Scobell eds., *PLA Influence on China's National Security Policymaking*, p. 292.

²⁵⁹ Interview KZ-#91, Beijing, China, June 7, 2016.

²⁶⁰ Interview KZ-#29, Haikou, January 5, 2016; Interview KZ-#35, Beijing, January 18, 2016.

not have much leeway at all.²⁶¹ Finally, even in periods before the 2013 reconfiguration of the maritime surveillance agency and the fishery administrative ships into the China coast guard agency, these separate agencies follow the central leadership, lacking the bottom-up mechanism the bureaucratic alternative suggests.²⁶²

Concerning the South China Sea issue in the 1990s, the official chronology of Liu Huaqing – then vice chairman of China’s Central Military Commission and member of the Politburo Standing Committee – suggested that the South China Sea issue got reported to the central leadership, often times the Chinese president himself. For example, on November 16, 1990 and April 28, 1994, Liu Hauqing discussed the South China Sea issue with senior naval officials; on July 20, 1992 and June 7, 1995, Liu went to discuss the Spratly issue with Li Peng, the Chinese premier; on April 5, 1996, Liu went to discuss the South China Sea issue with Jiang Zemin, the Chinese president.²⁶³ In short, the discussion of the South China Sea issue had been elevated to the highest decision-making body in China, including the president and other members of the politburo standing committee.

Specifically regarding the oilrig incident of 2014, countering the notion that large SOEs such as CNOOC and Sinopec pushed for coercion, a scholar close to the government revealed that, in fact, CNOOC did not want to place oil rigs in the South China Sea during the oilrig incident at all due to high costs of placing them.²⁶⁴ Rather, the oilrig was placed in the Paracels in 2014 because the center ordered it to do so.²⁶⁵ One former Chinese diplomat close to CNOOC stated that oil enterprises such as CNOOC would send applications to explore the maritime area to the government on a yearly basis, which had to be approved by the government.²⁶⁶ If the government does not approve, then oil enterprises such as CNOOC would have to wait for another year or two

²⁶¹ Interview KZ-#32, Haikou, January 7, 2016.

²⁶² Interview KZ-#34, Haikou, January 8, 2016.

²⁶³ See *Chronology of Liu Huaqing*, p. 898, p. 984, p. 1113, p. 1197, p. 1271.

²⁶⁴ Interview KZ-#25, Nanjing, December 30, 2015.

²⁶⁵ *Ibid.*

²⁶⁶ Interview KZ-#91, Beijing, China, June 7, 2016.

before applying to explore in that block again.²⁶⁷ In 2014 the government approved the application of oil exploration in the Paracels.²⁶⁸ According to this former diplomat, both the National Development and Reform Commission (NDRC, *fagaiwei*) and the MFA would have to approve the application.²⁶⁹ The NDRC was in charge of projects of state-owned enterprises, and since this drilling might involve issues with Vietnam, the MFA had to approve.²⁷⁰ The MFA's risk assessment was such that since the drilling was within the contiguous zone of the Triton Island, Vietnam would not have much reaction.²⁷¹ Another government policy analyst added that the 981 oilrig had been quite busy previous, engaging with other projects, and the period of 2014 happened to be the time-frame when the oilrig was less busy.²⁷² Based on above accounts, the oilrig incident of 2014 originated from CNOOC's routine application, which was then approved by the center.

Similarly, regarding the Scarborough Shoal incident in 2012, one government policy analyst indicated that the center had a baseline (*jidiao*) and the bureaucracies then took action according to this baseline, and if the center thought it necessary to take actions, the bureaucracies would then take action.²⁷³ Of course, the bureaucracies — the SOA, the military, and the MFA — had some discretion about the specifics.²⁷⁴ As the Scarborough incident was “important and urgent,” it was reported to the center.²⁷⁵ One former senior official at the SOA confirmed that actions regarding such important emergencies as the Scarborough incident “had to be approved by the highest center because nothing was small when it involved foreign relations.”²⁷⁶ Without authorization from the center, one former SOA official stated that maritime surveillance ships could not be sent during the

²⁶⁷ *Ibid.*

²⁶⁸ *Ibid.*

²⁶⁹ Interview KZ-#112, Beijing, China, December 27, 2016; cross-checked with one government policy analyst, Interview KZ-#113, Beijing, China, December 29, 2016.

²⁷⁰ *Ibid.*

²⁷¹ *Ibid.*

²⁷² Interview KZ-#113, Beijing, China, December 29, 2016.

²⁷³ Interview KZ-#35, Beijing, China, January 18, 2016.

²⁷⁴ *Ibid.*

²⁷⁵ Interview KZ-#85, Guangzhou, China, May 23, 2016.

²⁷⁶ Interview KZ-#88, Guangzhou, China, May 25, 2016.

standoff.²⁷⁷ One government policy analyst confirmed and indicated that immediately after the Philippine navy surrounded Chinese fishers on April 10, 2012, the PSC convened a temporary meeting to make decisions on how China should react.²⁷⁸ There were differences at the very beginning, yet by early May the PSC had reached a consensus to control the Scarborough.²⁷⁹ In this sense, decisions about what actions to take during serious incidents such as the Scarborough Shoal standoff came from the highest decision-making body in China. As one former diplomat summarized, important emergencies such as the Scarborough incident were all reported to the center, and the decisions were centralized at the top.²⁸⁰ There might have been an internal power struggle among different ministries — the military, the security system, the commerce system, the SOA, and the MFA — yet they were organizations that implemented decisions made by the center (*zhixing jigou*).²⁸¹ Once the center made the decision, it was final.²⁸² The military, civilian government agencies, and large Chinese SOEs may have their narrow organizational interests, yet it was the central government – often times the PSC – that made decisions of coercion. In addition, if it is large state-owned energy companies that determine when and whom China coerces, then we should see China using coercion mostly towards Malaysia, because Malaysia reaps the most economic benefit by drilling oil and gas within the Chinese nine-dashed line in the South China Sea. Neither Vietnamese nor Philippine oil and gas drilling fell extensively within the nine-dashed line area. In fact, the Philippines did not have any operating oil and gas fields within the nine-dashed line at all. What we see empirically, however, is that China coerced the Philippines the most and rarely coerced Malaysia. This also indicates that SOE interests are not central in coercion decisions.

²⁷⁷ Interview KZ-#92, Xiamen, China, June 13, 2016.

²⁷⁸ Interview KZ-#57, Haikou, China, April 14, 2016; another scholar also confirms, Interview KZ-#90, Guangzhou, China, May 25, 2016.

²⁷⁹ *Ibid.*

²⁸⁰ Interview KZ-#77, Shanghai, China, May 12, 2016.

²⁸¹ *Ibid.*

²⁸² *Ibid.*

China's land reclamation was also coordinated action. The decision came from the center.²⁸³ One former PLA official stated that Xi Jinping himself approved land reclamation in 2013.²⁸⁴ Other government policy analysts also indicated that China's land reclamation was well planned and that the center took firm control of organizations including the PLA.²⁸⁵

The next alternative is the argument that hawkish leaders will be more prone to use coercion, despite adverse international and domestic environments. It is true that different Chinese leaders – Presidents Jiang Zemin, Hu Jintao, and Xi Jinping – may have distinctive personalities and characteristics, and President Hu was said to be the weakest (*rouhe*) among the three and Xi the most assertive (*qiangying*).²⁸⁶ Yet personality differences of leaders do not dictate when and why China uses coercion. If individual leaders are what matters, then we should see that Xi Jinping, the supposedly more assertive Chinese leader, uses coercion almost exclusively. Yet what we observe in the overall trend is that China used coercion in the 1990s, which was during Jiang Zemin's period. Besides, China also started to use coercion again for South China Sea issues in 2007, which was during Hu's second term. Regarding reactive cases in the South China Sea, Jiang, Hu, and Xi used coercion seven, fourteen, and seven times, respectively. Despite being the supposedly weakest president, Hu used more coercion than Jiang on average during their 10-year reign. Admittedly, Xi used more coercion on average up till now, yet China was also faced with more incidences calling for coercion. One former political secretary of Xi Jinping revealed that Xi's viewpoints were highly

²⁸³ Interview KZ-#113, Beijing, China, December 29, 2016.

²⁸⁴ Interview KZ-#26, Nanjing, China, December 30, 2015.

²⁸⁵ Interview KZ-#103, Philadelphia, USA, September 2, 2016; Interview KZ-#4, Beijing, China, September 15, 2015.

²⁸⁶ Interview KZ-#69, Shanghai, China, May 5, 2016. Written materials justify this statement. For example, Hu was said to be constrained by the gang of Jiang Zemin (*Jiangjia bang*) and had to strike a dangerous balance, not wanting to cause turbulence (*bu zheteng*). See Wen Siyong and Ren Zhichu, *Talingdao zhongguo: Hu Jintao xinzhuo* [*He Leads China: A New Biography of Hu Jintao*] (New York: Mirror Books, 2010), p. 477, 620, 621. In contrast, Xi Jinping is termed as practical, daring, decisive, assertive, willing to take action, and having the quality of a military personnel, see Gao Xiao, *Tajiang lingdao zhongguo: Xi Jinping zhuan* [*He Will Lead China: Biography of Xi Jinping*] (New York: Mirror Books, 2010), p. 14-16, 19, 21. Many state that Xi Jinping is trying to become a strongman like president Putin of Russia. See Liu Lihua and Ji Xiaojun, *Qiangshi lingxiu xi jinpingshi* [*Strong Leader Xi Jinping*] (New York: Mirror Books, 2014), p. 427.

in line with the center.²⁸⁷ More telling is a previously internal speech made by Hu Jintao during the Central Foreign Affairs Conference in August 2006, when Hu stated explicitly stated that while hiding one's strength and abiding time, "China needed to be more proactive in foreign affairs."²⁸⁸ Hu reaffirmed the need for being "proactive" in another conference in 2009, while stressing defending territorial integrity and maritime rights as one of China's strategic emphasis.²⁸⁹ Hu's speeches and his use of coercion undermine the conventional wisdom that it was not until Xi that China emphasized proactive action. In short, Jiang, Hu, and Xi all used coercion for maritime disputes, which runs against observable implications of the leadership hypothesis.

Furthermore, interviews with official scholars from different regions in China also confirm that individual leadership is not central. Take, for example, the Scarborough Shoal incident, as stated in previous passages, decisions to use coercion and to take the shoal came from a collective decision by the PSC. Initially, there were differences among the central leadership regarding how to react, yet they eventually reached a consensus and made the decision to control the shoal by blocking the Philippines in early May. This collective decision-making is not in line with the leadership alternative: if individual leaders were crucial – be they Hu Jintao or Xi Jinping – there would not have been a temporary conference where all PSC members had to reach a consensus. Another government policy analyst indicated that the Mischief Reef incident was the same – all decisions about coercion were decided at the PSC and individual leadership was not crucial.²⁹⁰

Regarding Chinese coercion in the South China Sea in general, several scholars concluded that Chinese decisions were basically rational and that China had a general strategy of

²⁸⁷ Liang Jian, *Xi Jinping xinzhuàn [New Biography of Xi Jinping]* (New York: Mirror Books, 2012), p. 498.

²⁸⁸ Hu Jintao, *Hu Jintao's Selected Works Vol. 2*, p. 518. Hu's speech during this conference was previously not made public.

²⁸⁹ Hu Jintao, *Hu Jintao's Selected Works Vol. 3*, p. 236, p. 239, p. 244.

²⁹⁰ Interview KZ-#103, Philadelphia, USA, September 2, 2016.

development, despite different leaders.²⁹¹ Even for the more assertive Xi Jiping, the baseline (*jidiao*) was to act rationally.²⁹² In fact, the more recent use of coercion for maritime disputes already started since the second term of Hu Jintao's reign, thus refuting the notion that individual leadership is the central factor.²⁹³ Hu Jintao and Xi Jinping are not different when it comes to reactions to external events: both acted similarly to establish reputation for resolve.²⁹⁴ Xi also wanted to strengthen his political standing among other Chinese leaders, which is not different from Jiang's rationale in the 1990s.²⁹⁵ As for land reclamation, as seen in the previous chapter, China had been planning to reclaim land in 2012, which was during Hu's reign.²⁹⁶ It was a continuous policy and not something that took place only after Xi came to power.²⁹⁷ Another former diplomat also stressed that land reclamation was not a result of individual leaders.²⁹⁸ After all, as seen in Chapter 4, even Xi – who is supposedly the most assertive – had to take into consideration the possibility of geopolitical backlash. Thus, individual leaders are not the crucial factor in explaining China's use of coercion. As one government policy analyst specializing in South China Sea issues concluded, the leadership is not the main factor; it is the cost analysis that explains Chinese coercion.²⁹⁹ In fact, Chinese leaders – regardless of weak or assertive ones – all used coercion to increase external reputation for resolve and boost regime legitimacy. In short, individual Chinese leaders are not indispensable in explaining when China uses coercion.

²⁹¹ Interview KZ-#4, Beijing, September 15, 2015; Interview KZ-#89, Guangzhou, China, May 25, 2016.

²⁹² Interview KZ-#80, Shanghai, China, May 13, 2016.

²⁹³ Interview KZ-#7, Beijing, September 29, 2015.

²⁹⁴ Interview KZ-#8, Beijing, September 29, 2015.

²⁹⁵ Interview KZ-#35, Beijing, China, January 18, 2016.

²⁹⁶ Interview KZ-#90, Guangzhou, China, May 25, 2016.

²⁹⁷ *Ibid.*

²⁹⁸ Interview KZ-#91, Beijing, China, June 7, 2016.

²⁹⁹ Interview KZ-#28, Haikou, China, January 5, 2016.

Section V. Explaining China's Preference for Non-Militarized Coercion

When choosing coercive tools for disputes in the South China Sea, China harbors a curious preference for non-militarized coercion. In all cases of reactive coercion, China only involved the navy to carry out coercion twice, once in 1994 and once in 1995. According to one former PLAN official who commanded a contingent in the South China Sea, in the 1990s, China did use the navy to expel and arrest Vietnamese fishers, but later changed to civilian law enforcement ships.³⁰⁰ Apart from these cases, China tends to refrain from using military coercion for disputes in the South China Sea. In the three case studies above, China used economic sanctions, diplomatic sanctions, and gray-zone coercion, yet did not use the navy.³⁰¹ Even the PLA stated that it was not “convenient” for the Navy to carry out “rights patrol” (*haijun bubian chumian*) and supported using maritime surveillance ships instead.³⁰² Even with the most recent reform in March 2018, which put the Chinese Coast Guard under the People’s Armed Police, the Chinese Coast Guard, like the rest of the Armed Police, is not part of the Chinese People’s Liberation Army (PLA).³⁰³ In short, the Chinese Coast Guard remains a “gray-zone” coercive tool. This is puzzling because China’s preference for non-militarized coercion runs against two major alternative hypotheses regarding coercive tools.

The first alternative is about seeking status. Status inconsistent states will tend to believe that the reason for the lack of respect accorded to them is a result of their insufficient material power and willingness to demonstrate this power. Thus, states will be more likely to resort to force when disputes involve territory and occur in periods where the perceived gap between desired and

³⁰⁰ Interview KZ-#26, Nanjing, China, December 30, 2015.

³⁰¹ Sometimes the navy stayed in far distant waters, but they were never at the forefront. Interview KZ-#26, Nanjing, China, December 30, 2015. Chinese military historian Xu Yan describes this as “naval forces on the second line, coast guard forces on the first line” (*haijun erxian, haijing yixian*), qtd. in M. Taylor Fravel, “The PLA and National Security Decision-making: Insights from China’s Territorial and Maritime Disputes,” in Phillip Saunders and Andrew Scobell eds., *PLA Influence on China's National Security Policymaking*, p. 260.

³⁰² Lu Shengjun, *Shenlan jinglue*, p. 145.

³⁰³ See Xinhua News, http://www.xinhuanet.com/politics/2018-03/21/c_1122570517_6.htm; see also Ministry of Defense Press Release, <http://news.163.com/17/1228/19/D6P2D0UE00018AOQ.html>

ascribed status is growing or large. The second alternative explanation upholds the utility of military coercion because it is a costly signal. The prediction is thus states tend to prioritize military coercion over non-military tools of coercion. This section explains China's preferences for non-militarized coercion in the South China Sea and refutes the above alternative explanations.

Why China Prefers Non-Military Coercion

Despite the need to establish external reputation for resolve, China rarely chooses military coercion because it is cost conscious, which is particularly the case for Chinese coercion in the post-2007 period. For example, in internal conferences, MFA official Yi Xianliang stressed that in the oilrig incident, China put the coast guard ships in the front line as opposed to naval vessels because "China wanted to prevent an escalation that would be too costly."³⁰⁴ Specifically, the first cost is geopolitical backlash. As shown in Chapter 4, the geopolitical backlash cost has been high in general since the 2000s. For China, military coercion was too costly to use, because China valued Sino-ASEAN relations.³⁰⁵ Chinese government policy analysts believed it was fine to use coercive measures "with rooms left for maneuver" (*you huixuan yudi*), but militarization would escalate the disputes and push ASEAN countries towards the United States.³⁰⁶ More critically, the United States was an important factor in restraining China's choices of coercive tools. In internal conferences and internal publications, Chinese government policy analysts stressed that China needed to avoid direct confrontation with the United States in the South China Sea, fearing U.S. military

³⁰⁴ Interview KZ-#24, Nanjing, China, December 29, 2015.

³⁰⁵ Interview KZ-#12, Beijing, China, October 21, 2015.

³⁰⁶ Xue Li and Hu Bo, "Shendu jixi zhongguo de haiyang qianguo zhilu;" Interview KZ-#85, Guangzhou, China, May 23, 2016; Interview KZ-#92, Xiamen, China, June 13, 2016; Interview KZ-#106, Washington, D.C., USA, September 22, 2016.

containment.³⁰⁷ China wanted to avoid being seen as implementing “gunboat diplomacy” and reduce the likelihood of the United States getting involved in the South China Sea disputes.³⁰⁸ One former PLA personnel was particularly concerned that if China used military coercion, the U.S. Navy might be directly involved, admitting that the United States was still the “no. 1.”³⁰⁹ In short, China believed that military means were too costly to use in South China Sea disputes and peace remained the most important priority.³¹⁰ The logic is therefore China can use coercion, but on condition that it does not escalate to military coercion, which might invoke U.S. alliance treaties – China is exploiting the loopholes and ambiguities in U.S. alliances.

Moreover, Chinese government policy analysts pointed out China feared that using military coercion may lead to regional instability, which could result in unpredictable outcomes.³¹¹ One scholar reaffirmed that because China was still in “the period of strategic development” (*zhanlue fazhan jiyuqi*) and therefore needed a stable environment, China would rarely use military means.³¹² Since China’s current focus was peaceful development, it needed to reduce costs and prevent crisis escalation.³¹³ Unless it was absolutely necessary (*budao wanbu deyi*), China would not use the military.³¹⁴ Even the PLA’s official stance favored the use of maritime surveillance ships as opposed to military coercion during the Scarborough standoff in 2012, because “escalation would cost the peaceful development of the Asia-Pacific.”³¹⁵

³⁰⁷ Liu Zaorong, “New Moves in U.S. South China Sea Policy,” p. 242; Wu Shicun, *On the South China Sea Disputes*, p. 189.

³⁰⁸ Interview KZ-#64, Beijing, China, April 27, 2016.

³⁰⁹ Interview KZ-#84, Guangzhou, China, May 21, 2016.

³¹⁰ Interview KZ-#4, Beijing, China, September 15, 2015.

³¹¹ Interview KZ-#6, Beijing, China, September 28, 2015.

³¹² Interview KZ-#86, Guangzhou, China, May 23, 2016.

³¹³ Interview KZ-#90, Guangzhou, China, May 25, 2016.

³¹⁴ *Ibid.*

³¹⁵ Wang Xinjun, “Zhongguo haijian weiquan kezhi erfei ruanruo [China used maritime surveillance ships due to restraint instead of weakness],” April 17, 2012, http://www.china.com.cn/news/txt/2012-04/17/content_25167908.htm, accessed September 11, 2016.

Finally, in terms of issue importance, as stated in the theory chapter as well as the previous chapter, China prioritizes the Taiwan issue over maritime disputes in the South and East China Seas.³¹⁶ If there were an area where China might use military coercion in the post-1990s period, it would be over Taiwan, not over maritime disputes. In fact, even when the South China Sea issue became increasingly salient in 2009, senior Chinese official never once listed the South China Sea issue as a “core interest.” For example, during a luncheon at the Sino-U.S. Strategic and Economic Dialogue on July 29, 2009, Chinese State Councilor Dai Bingguo made the Chinese stance to U.S. officials clear: “the South China Sea is highly sensitive (*gaodu min’gan*); we hope that the United States will respect China’s interests and concerns (*liyi he guanqie*) regarding the South China Sea.”³¹⁷ Given that this was a private luncheon and was therefore a private speech, there was no reason for senior Chinese leaders to hold back the information they wanted to convey to the United States, especially when they wanted to send clear signals of intent to the United States. Thus, according to interviews with current Chinese government officials and government analysts, China did not consider the South China Sea issue itself a “core interest,” unlike the Taiwan issue which China has repeatedly stated explicitly as its core interest, which holds truth particular for senior Chinese leaders.³¹⁸ Former U.S. official Jeffrey Bader also confirmed that the Chinese executive vice Foreign Minister gave a presentation on China’s rights in the South China Sea in March 2010, highlighting it as a national priority but never calling it a “core interest” like Taiwan or Tibet.³¹⁹ South China Sea disputes call for China’s use of coercion, but the issue importance is not high enough to justify military coercion.

³¹⁶ Interview KZ-#12, Beijing, China, October 21, 2015.

³¹⁷ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo’s Memoir]* (Beijing: People’s Press, 2016), p. 157.

³¹⁸ Interview KZ-#114, Beijing, China, December 29, 2016; Interview KZ-#113, Beijing, China, December 29, 2016.

³¹⁹ Jeffrey A. Bader, *Obama and China’s Rise*, p. 77.

Therefore, due to concerns about geopolitical backlash, China tends to use non-militarized forms of coercion to prevent escalation.³²⁰ China is a cost-conscious coercer, “paying the least price to gain the greatest interests.”³²¹ Government policy analysts summarized China’s behavior as “strong preferences for risk aversion.”³²² To quote one former diplomat, China’s foreign policy behavior focuses on cost estimation: “China asks for the least loss and demands zero failure” (*buqiu yougong, danqiu wuguo, sunshi zuixiao*).³²³ Another scholar added that civilian law enforcement ships such as coast guard ships were fast and mobile, and along with economic and diplomatic coercion, they were more precise and operational.³²⁴ In fact, the new coast guard ships that China has built are adept at ramming other ships and can protect themselves from being rammed.³²⁵ Furthermore, the use of white-hull ships – maritime surveillance and fishery administrative ships – will make China seem less violent and forceful.³²⁶ China’s preference for civilian ships instead of military coercion is thus the Goldilocks’ choice – facing both costs and benefits of coercion, China chooses “the middle path.”³²⁷ China’s rationale directly refutes the alternative hypothesis that states tend to use military coercion more than other means because it sends the clearest coercive signal.

Why China Used Military Coercion in A Few Cases in the 1990s

³²⁰ An Yingmin ed., *Innovation in Maritime Administration Based on the South China Sea Strategy*, p. 166.

³²¹ Lu Shengjun, *Shenlan jinglue*, p. 154.

³²² Zhou Fangyin, “Zhongguo de shijie zhixu yu guoji zeren [China’s View on World Order and International Responsibility],” in Zhang Yunling ed., *Zhongguo yu shijie: xin bianhua, xinrenshi, yu xindingwei [China and the World: New Changes, Recognition, and Positioning]* (Beijing: China Social Sciences Press, 2011), p. 51; Interview KZ-#6, Beijing, China, September 28, 2015.

³²³ Interview KZ-#77, Shanghai, China, May 12, 2016.

³²⁴ Hu Bo, *2049nian de zhongguo haishang quanli [China’s Maritime Power in 2049]* (Beijing: China Development Press, 2015), p. 237.

³²⁵ Interview KZ-#26, Nanjing, China, December 30, 2015.

³²⁶ Interview KZ-#84, Guangzhou, China, May 21, 2016; Interview KZ-#91, Beijing, China, June 7, 2016.

³²⁷ Interview KZ-#6, Beijing, China, September 28, 2015; Interview KZ-#57, Haikou, China, April 14, 2016.

Apart from the militarized seizure of Mischief Reef, there were a few cases in the 1990s when China used naval ships to coerce Vietnamese and Philippine vessels. For example, one former PLAN official who commanded patrol in the South China Sea in the 1990s stated that the Navy was involved in expelling Vietnamese fishing boats. Nevertheless, fearing being seen as threatening, the navy operated in disguised fishing ships — the crew on board was the Chinese navy and the ships had “special equipment.”³²⁸ This indicated that China was well aware of the cost of escalation and that the military was tightly controlled by the center. After all, from the perspective of lower-rank military personnel, it was not honorable to hide in civilian clothing and disguise their ships.

The geopolitical vacuum facilitated China’s militarized seizure of the Mischief Reef, but there were also practical reasons why China used the navy in the 1990s: Chinese civilian law enforcement ships were not as capable. According to one senior government policy analyst, Chinese maritime surveillance ships were not fast enough to catch up with the Philippines.³²⁹ Only the navy was capable of distant patrol.³³⁰ Had civilian law enforcement ships been more capable, China could have used them. Thus, China’s use of the military is in line with the Gartzke et al. argument that states possessing a range of means have less need to resort to the most destructive (and costly) techniques.³³¹ When China has more means, it does not use military coercion in the South China Sea. When China had weaker civilian law enforcement capabilities, it sometimes had to resort to the military.³³² Neither interviews nor internal and public written materials suggest that China used military coercion to improve its status. China’s use of the military in the 1990s but not later also

³²⁸ Interview KZ-#26, Nanjing, China, December 30, 2015.

³²⁹ Interview KZ-#6, Beijing, China, September 28, 2015.

³³⁰ Interview KZ-#26, Nanjing, China, December 30, 2015.

³³¹ Erik Gartzke, Quan Li, and Charles Boehmer, “Investing in the Peace,” p. 400.

³³² Similarly, escalation dominance – the ability to prevail at every level of military conflict below that of all-out war – might reduce the need to resort to military coercion. In discussing the nuclear revolution, Jervis indicates that in situations where the United States lacks escalation dominance it would have to take the initiative of increasing the level of violence and risk in the event of a Soviet attack on Europe. See Robert Jervis, “Nuclear Superiority Doesn’t Matter,” *Political Science Quarterly*, Vol. 94, No. 4 (Winter, 1979-1980), p. 617-633.

refutes the leadership alternative – if Xi Jinping is the most assertive, China should use militarized coercion in the late 2000s, not the 1990s, yet Xi was equally unwilling to use military coercion.

Conclusion

Chapters 4 and 5 show that the cost balancing theory explains when, why, to whom, and how China uses coercion for disputes in the South China Sea. It is the balance of costs and benefits of coercion that affects China's decisions to use coercion, as opposed to bureaucratic politics or individual leaders. When the need to establish a reputation for resolve exceeds economic vulnerability cost, China uses coercion. Yet China tends to use non-militarized coercion because of the costs of geopolitical backlash and economic vulnerability. These findings have theoretical and empirical implications.

Theoretically, states do calculate the costs and benefits of coercion, as pointed out by previous scholars. Yet these costs and benefits need further specification. China's coercive behavior in South China Sea disputes indicates that external reputation for resolve, geopolitical backlash, and economic vulnerability are costs and benefits crucial to a state's calculus. Rather than simply stating that "cost" matters, states balance specific kinds of costs and benefits. Reputation for resolve matters critically. Having capabilities but not demonstrating the willingness to use them may lead to deterrence failure. In a sense, China is coercing to deter, blurring the line between coercion and deterrence – to quote a Chinese proverb many interviewees have used, it is killing the chicken to

scare the monkey.³³³ Instead of a classic security dilemma, there might be credibility dilemma — the need to demonstrate resolve pushes states to stand strong, leading to more coercion.³³⁴

Moreover, China weighs the need to establish a reputation for resolve as crucial, suggesting the centrality of the reputation for resolve in the calculus of the coercer. Establishing a reputation for resolve trumps domestic legitimacy benefit and the latter seems more of an added benefit of coercion, as MFA officials point out.³³⁵ In particular, salience – the degree of publicity of a particular incident – is an important aspect in measuring whether the pressure to establish a reputation for resolve is high from the perspective of coercers.

Further, even though Daryl Press argues that adversaries do not take into account past actions when assessing military threats, it is clear from China's coercion calculus that China did take into account U.S. credibility when calculating geopolitical backlash cost – whether and how the United States will get involved in South China Sea disputes significantly affects China's decisions regarding when and how to use coercion. For example, according to U.S. scholars, the closing of the Subic Bay did not cause instability.³³⁶ Yet as seen from the Mischief case, China actually took advantage of this geopolitical vacuum. Simply put, other countries – especially the United States – also have to appear credible in front of coercers such as China. Thus, the United States might benefit

³³³ In older literature, the distinction between deterrence and coercion seems sharper than they really are. Glenn Snyder, for example, states that deterrence is the negative aspect of political power and that it is the power to dissuade as opposed to the power to coerce or compel. Glenn Herald Snyder, *Deterrence and Defense*, p. 9.

³³⁴ Wu Shicun states that there is a security dilemma in the South China Sea. See Wu Shicun, "Zhongmei jidai pojie nanghai anquan kunjing [China and the United States need to solve the security dilemma in the South China Sea]," *Cankao News*, August 22, 2016, http://www.nanghai.org.cn/index.php/Index/Research/review_c/id/175.html#div_content, accessed September 20, 2016.

³³⁵ Interview KZ-#80, Shanghai, China, May 13, 2016.

³³⁶ Chalmers Johnson and E. B. Keehn, "East Asian Security: the Pentagon's Ossified Strategy," *Foreign Affairs*, Vol. 74, No. 4 (July/August 1995), p. 111.

from “quiet rebalancing.”³³⁷ More actions and less talk on the part of the United States – strengthening alliances and more frequent FONOP while downplaying the publicity of disputes – may increase China’s geopolitical backlash cost and reduce the need to establish a reputation for resolve.

Empirically, China does place more weight on economic development. President Hu Jintao stated internally in August 2006 that foreign affairs should center around economic development and that developmental interests form the basis for security interests.³³⁸ Nevertheless, China uses coercion. China’s coercion for maritime disputes counters the simple story that power explains it all — China used coercion when it was weaker. China’s coercion in the South China Sea dispels the notion that China did not become assertive until the late 2000s. If anything, China has always been a risk-averse bully. It is calculative, picking on smaller targets attracting the most international attention as opposed to larger targets threatening China’s interests the most. Finally, It is also important to emphasize that China is opportunistic: even when China reacts to other target states, it is by no means the “victim.” In fact, Chinese scholars, government policy analysts, and former officials all noted that China took other’s behavior as an opportunity, as seen in the Scarborough Shoal incident.³³⁹ China has been eager to take advantage of the geopolitical vacuum and use coercion to advance its interests in the South China Sea.³⁴⁰

³³⁷ For similar thoughts, see Zack Cooper and Jake Douglas, “Successful signaling at Scarborough Shoal,” *War on the Rocks*, May 2, 2016, <http://warontherocks.com/2016/05/successful-signaling-at-scarborough-shoal/>, accessed April 17, 2018.

³³⁸ Hu Jintao, *Hu Jintao’s Selected Works*, p. 508-509.

³³⁹ Interview KZ-#79, Shanghai, China, May 13, 2016; Interview KZ-#90, Guangzhou, China, May 25, 2016.

³⁴⁰ Interview KZ-#16, Guangzhou, China, November 30, 2015.

Chapter 6

Chinese Coercion in the East China Sea – Trends and Cases

The previous two chapters explain when, why, and how China uses coercion in the South China Sea. In this chapter, we turn to Chinese coercion in the East China Sea. China has maritime territorial and jurisdictional disputes with Japan in the East China Sea, specifically, regarding the sovereignty of the Senkaku/Diaoyu (hereafter Senkaku for simplicity) Islands in the East China Sea and the maritime delineation of the East China Sea.



¹ “How uninhabited islands soured China-Japan ties,” *BBC News*, November 10, 2014 <http://www.bbc.com/news/world-asia-pacific-11341139>, accessed April 23, 2018.

As shown in Figure 6.1, both China and Japan claim sovereign rights over the Senkaku Islands. Moreover, China and Japan have overlapping claims of Exclusive Economic Zones (EEZ) in the East China Sea. Using the natural extension of the continental shelf as justification, China claims its EEZ extends to the red dashed line. Japan justifies its claimed EEZ (the blue dashed line) with the median line delineation. As a result, China and Japan also have disputes over the Chunxiao oil field, which lies just four kilometers west of Japan's claimed EEZ and which Japan argues affects oil resources in the eastern part of the Japanese EEZ.

This chapter focuses on specific cases to explain Chinese coercion in the East China Sea. This study has posited two kinds of coercion – one that is immediate and reactive and the other that is more general and proactive. Before 2005, China used neither. Starting from 2005, however, China began using both.² Chinese coercion increased in magnitude over the five years, yet China refrained from escalating into militarized coercion. There is therefore both temporal variation (when China uses coercion) and variation in tools (preference for non-militarized coercion, just as the South China Sea cases). I use two detailed case studies to process trace the causal mechanisms and one case study to demonstrate that, in rare circumstances, alternative pathways are at work. As such, this chapter examines temporal trends as well as specific cases and I argue that the cost balancing theory explains the patterns of Chinese coercion. In particular, the balance of costs and benefits of coercion tilted to the advantage of coercion starting around 2005.

This chapter proceeds in the following order. After a brief recap of the theory and observable implications, Section I describes and explains the general trends of Chinese coercion in

² As discussed in length in the theory chapter, there is no value judgment involved in the term reaction and proactive coercion. I am not using the word “reactive” in the sense of whether the coercer is provocative or not; rather, I use the word “react” only to indicate that these are cases where the coercer uses coercion for immediate actions taken by the target state, which are perceived by the coercer as threats to its national security. It is entirely plausible that the coercer state can use the action of the target state as an opportunity to change the status quo (which, as will be shown in this chapter, is indeed the case). The coercer can be absolutely provocative and revisionist in a reactive case of coercion, yet in order to do so it still needs to have an excuse – immediate action taken by the target state.

the East China Sea. Section II discusses three cases in detail, including one case in 2008 that deviates from the theory. Section III lays out the alternative explanations and refutes them. The final section concludes.

Recap of the Theory

The cost balancing theory predicts the following. For issues of the same stake, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if the issue importance is highest. Third, states are much more likely to choose non-militarized coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion because of the geopolitical backlash cost. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns of the geopolitical backlash cost. Fifth, all else equal, states are more likely to use military coercion when the issue importance is highest. Table 6.1 summarizes observable implications.

Table 6.1 Observable Implications for the Cost Balancing Theory

	High	Low
The Need to Establish a Reputation for Resolve	<ul style="list-style-type: none"> Incidents were abundant and highly visible, especially through the international media Official and semi-official statements stressed showing resolve Interviews with officials and government analysts indicated concerns about appearing weak and the need to deter other states from engaging in threatening actions in the future. 	<ul style="list-style-type: none"> There were few incidents and they were not visible; the media remained low key and did not make these incidents salient. Official, semi-official statements, and interviews indicated satisfaction with the target state, noting their restraint.
Geopolitical	<ul style="list-style-type: none"> Official and semi-official statements and analyses indicated increasing U.S. military presence in the Asia-Pacific, 	<ul style="list-style-type: none"> Official and semi-official statements and analyses indicated the lack of U.S. emphasis or decreasing U.S. presence in

<p>Backlash</p> <p>Cost</p>	<p>particularly the strengthening of U.S.-Japan alliances. The statements and analyses also indicated greater Japanese focus on defense regarding the maritime Southwest.</p> <ul style="list-style-type: none"> • Interviews with officials and government analysts indicated concerns and worries about greater U.S. emphasis and inputs into the U.S.-Japan alliance. 	<p>the Asia-Pacific region, particularly pointing out the issues within the U.S.-Japan alliance. The statements and analyses also indicated a lack of Japanese focus on defense regarding the maritime Southwest.</p> <ul style="list-style-type: none"> • Interviews with officials and government analysts indicated lack of U.S. emphasis and inputs into the U.S.-Japan alliance. They also suggest the relatively low war escalation risk or possibilities of U.S. involvement.
<p>Economic</p> <p>Vulnerability</p> <p>Cost</p>	<ul style="list-style-type: none"> • Objective economic data indicated Chinese reliance on Japan for imports and export markets and FDI. • Official and semi-official statements as well as and interviews indicated China’s overwhelming need for Japanese foreign direct investment, capital, high-technology products. 	<ul style="list-style-type: none"> • Objective economic data indicated reducing Chinese reliance on Japan for imports and export markets, as manifested possibly in the increase in alternative import origins and export markets as well as FDI. • Official and semi-official statements as well as and interviews indicated a reduced need for Japanese foreign direct investment due to growing alternatives.

As for issue importance, in the theory chapter, I laid out that territorial disputes, Taiwan, and the Tibet issue are all considered issues of important national security concerns to China. The Sino-Japan maritime territorial disputes therefore constitute a high-stakes issue for which China would be willing to use coercion. Although the Senkaku territorial dispute has been a constant high-stakes issue for China in the past 30 years, China did not always use coercion, which has to do with the varying degrees of costs and benefits of coercion – the focus of this chapter. The issue importance variable matters in the chapter to the extent that it explains why China did not use military coercion, and we should expect to see ambiguity regarding whether the Senkaku dispute was considered an explicit “core interest” to China. That is, despite being a high-stakes issue, the Senkaku dispute was not high enough for China to justify militarized coercion. In other words, the importance is constant within the Senkaku issue but vary among different issue areas – territorial disputes, Taiwan, and Tibet.

Section I. Explaining the Temporal Trends

This section first describes the overall trends of two kinds of Chinese coercion in the East China Sea: immediate and reactive coercion, as well as general and proactive coercion. It then uses the cost balancing theory to explain the trends observed below.

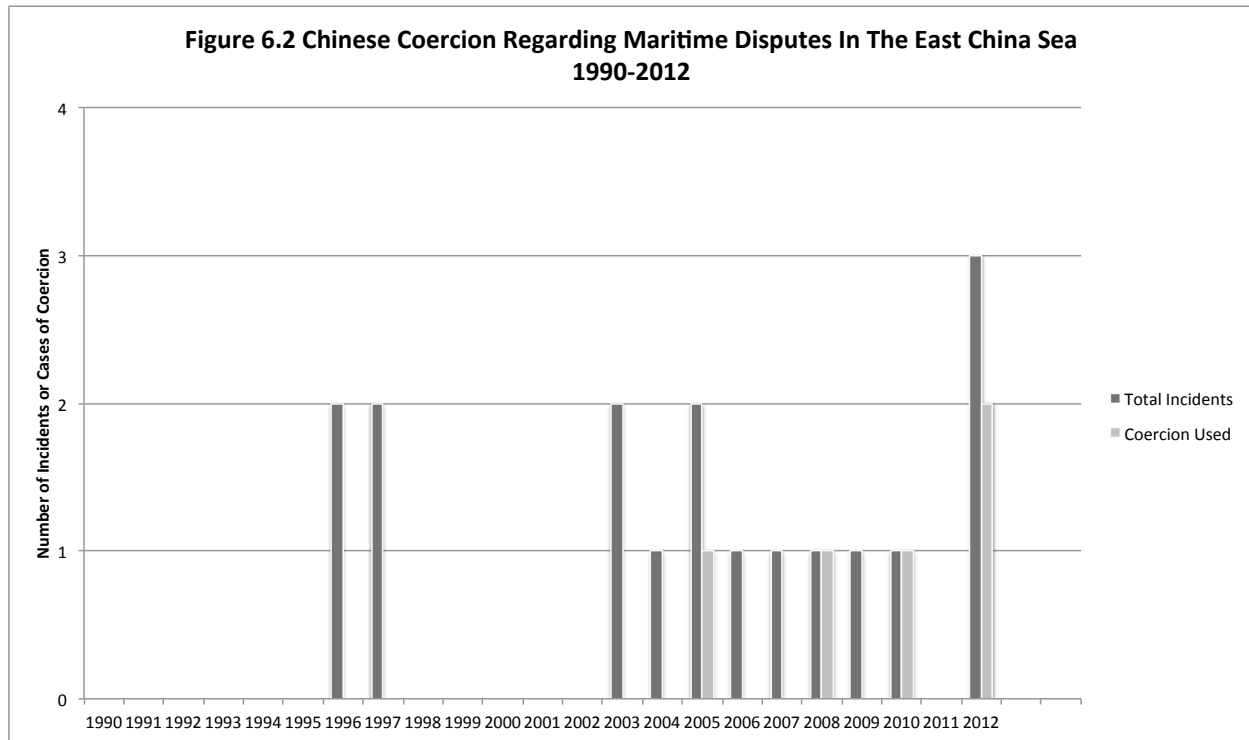


Figure 6.2 above indicates Chinese reactive and immediate coercion in the East China Sea from 1990 to 2012. The dark gray bar denotes all incidents where China could use coercion. There are two kinds of these incidents. The first kind is actions Japan took with regard to the control of the Senkaku islands. For example, Japanese coast guards arrested Chinese activists in September and October 1996; Japanese legislators landed on the Senkaku islands in 1997; and the Japanese government purchased three of the five islands in the Senkaku islands from a private Japanese citizen in 2012. The second kind of incidents involves maritime EEZs in the East China Sea. For instance, in July 2005, Japan granted a license to Tokyo-based Teikoku Oil Company to conduct its

exploration in the Chunxio oilfield area, which China claimed to be its EEZ. We can see that despite actions taken by Japan in the 1990s and early 2000s, China did not use coercion until 2005 (the light gray bar). Starting from 2010, China used coercion whenever Japan took action regarding the Senkaku islands in the East China Sea.

Table 6.2 Active Chinese Coercion in the East China Sea (2006-2015)

Year	Gray-zone Coercion	Military coercion
2006.7.20	With the approval of the Chinese state council, the State Oceanic Administration (SOA) began regularized “rights-defense patrol” of the East China Sea, and the Senkaku/Diaoyu area was one of the key areas of patrol. ³ China Maritime Surveillance ships were tasked with the patrol. In 2006, China Maritime Surveillance ships and aircraft expelled (<i>qugan</i>) unauthorized foreign activities of oil and gas exploration in China’s continental shelf, while protecting China’s own oil and gas exploration activities. ⁴	No
2007	Continuous regularized patrol of the East China Sea.	No
2008	Continuous regularized patrol of the East China Sea. This is the third year of the regularized patrol. ⁵	No
2008.12.8	The Chinese Maritime Surveillance Agency ships no. 51 and 46 successfully entered the territorial waters of the Senkaku/Diaoyu islands and exercised patrol there for 10 hours, which marked the first time China had entered the territorial waters of the Senkakus. ⁶	No
2009	Continuous regularized patrol of the East China Sea, with a particular focus on strengthening the patrol of areas around the Chunxiao and Pinghu oil fields. ⁷	No
2011.8	Two Chinese fishery administrative ships went around the 12 nautical miles of the Senkaku/Diaoyu islands. ⁸	No

³ Yu Zhirong, *Donghai weiquan — zhongri donghai diaoyudao zhizheng*, p. 115.

⁴ *Zhongguo haiyang xingzheng zhifa tongji nianjian*, p. 4.

⁵ *Zhongguo haiyang nianjian [China Maritime Yearbook 2009]* (Beijing: Oceanic Press, 2010), p. 152.

⁶ Yu Zhirong, *Rights Defense in the East China Sea — Sino-Japanese Disputes in the East China Sea and the Senkakus*, p. 129.

⁷ *Zhongguo haiyang nianjian [China Maritime Yearbook 2010]* (Beijing: Oceanic Press, 2011), p. 127.

⁸ CIMA, *China Maritime Development Report 2012*, p. 51.

2012. 9	The Chinese Foreign Ministry announced the regularized patrol of the Senkaku/Diaoyu islands. ⁹ And on October 30, 2012, Chinese Maritime Surveillance ships successfully expelled Japanese vessels for the first time. ¹⁰ The number of regularized patrol beginning September is 19. ¹¹	No
2013	Continuous regularized patrol of the Senkaku/Diaoyu islands. Chinese Maritime Surveillance ships successfully expelled Japanese vessels on April 23, May 26, June 27, July 1, and September 19 in 2013. ¹² The number of regularized patrol for the year is 54. ¹³	No
2014	Continuous regularized patrol of the Senkaku/Diaoyu islands for 32 times. ¹⁴	No
2015	Continuous regularized patrol of the Senkaku/Diaoyu islands for 35 times. ¹⁵	No
2016	Continuous regularized patrol of the Senkaku/Diaoyu islands for 33 times. ¹⁶	No

The trend for general and proactive coercion is similar, as seen in Table 6.2 above. China did not initiate regularized “Rights-Defense patrol” in the East China Sea until 2006. China continued regularized patrol of the East China Sea beginning in 2006 and started regularized patrol inside the territorial waters of the Senkaku islands in September 2012.

It is clear from Figure 6.2 and Table 6.2 that Chinese coercion started around 2005 and 2006, and became more frequent in the latter half of the 2000s, regarding both reactive and

⁹ See Chinese SOA, “White Paper on the Diaoyu Islands,” September 21, 2012, http://www.soa.gov.cn/xw/ztbd/2012/dydszgdssl/dydszgdssl_549/201212/t20121230_23450.htm, accessed April 23, 2018.

¹⁰ *Zhongguo zhoubian waijiao baogao 2015 [Report on China’s Regional Diplomacy 2015]* (Beijing: Social Sciences Academic Press, 2015), p. 212.

¹¹ See M. Taylor Fravel and Alastair Iain Johnston, “Chinese signaling in the East China Sea?,” *Monkey Cage*, April 12, 2014, <https://www.washingtonpost.com/news/monkey-cage/wp/2014/04/12/chinese-signaling-in-the-east-china-sea/>, accessed April 23, 2018.

¹² Zhang Ying and Mi Chenxi, *Zhongguo haiyang falv yu haiyang quanyi [China’s Maritime Laws and Maritime Rights]* (Beijing: Wuzhou Chuanbo Press, 2014), p. 154; *China Maritime Development Report 2014*, p. 96.

¹³ Fravel and Johnston, “Chinese signaling in the East China Sea?”

¹⁴ See SOA data at http://www.diaoyudao.org.cn/node_7225655.htm and http://www.soa.gov.cn/bmzz/jgbmzz2/hjs/index_4.html, accessed April 23, 2018; the Japanese Foreign Ministry (MOFA) has specific monthly statistics about entry of a Chinese vessel into the territorial waters of the Senkaku Islands, yet it does not distinguish between coast guard ships and fishing vessels. See <http://www.mofa.go.jp/files/000170838.pdf>, accessed April 23, 2018.

¹⁵ See SOA data http://www.diaoyudao.org.cn/node_7225655.htm, accessed April 23, 2018.

¹⁶ See SOA data http://www.diaoyudao.org.cn/node_7225655.htm; http://www.soa.gov.cn/xw/hyyw_90/, accessed April 23, 2018.

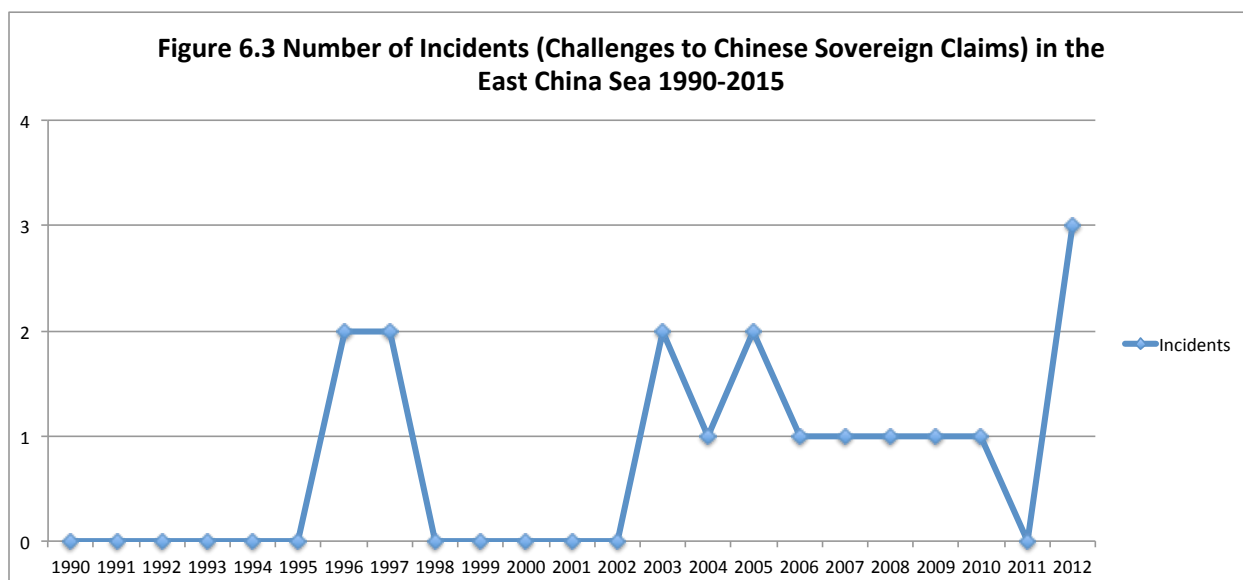
proactive kinds of coercion. The following paragraphs measure the ebbs and flows of the need to establish a reputation for resolve, economic vulnerability cost, and geopolitical backlash cost. If the cost balancing theory is correct, we should see China uses coercion when the need to establish a reputation for resolve is high and economic vulnerability is low. We should see China choosing non-militarized coercive tools when the geopolitical backlash cost is high.

The Need to Establish a Reputation for Resolve

The need to establish a reputation for resolve was generally low in the pre-2005 period (but was briefly high during 1996 and 1997) and became high in the post-2005 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns objective incidents in the East China Sea and the exposure of the East China Sea issue in international media. The second kind involves semi-official assessments and interviews with government analysts and former officials. The third kind is scholarly writing, but I limit it only to the extent that it is necessary.

Turning first to objective measures, Figure 6.3 below shows the number incidents from 1990 to 2012.¹⁷ As mentioned in the introduction section, there are two kinds of incidents. The first kind is actions Japan took concerning the control of the Senkaku islands. The second kind of incidents involves maritime EEZs in the East China Sea.

¹⁷ For the data, see appendix III.



It is clear from Figure 6.3 that before 2003, there were basically no incidents except for 1996 and 1997. On September 26, 1996, Hong Kong activists defending the Senkaku/Diaoyu islands were blocked by the Japanese Coast Guard (JCG).¹⁸ In October 1996 again, the JCG prevented Hong Kong activists' ships from approaching the Senkaku Islands.¹⁹ The JCG blocked Hong Kong activists again on May 26, 1997.²⁰ In the same year, a Japanese legislator landed on one of the islands in the Senkakus.²¹ It was not until 2003 that incidents began to arise on a more regular basis. For example, on January 1, 2003, the Japanese government rented three of the Senkaku Islands.²² In June 2003 and March 2004, the JCG blocked Chinese protestors again.²³ Also, Japan began challenging China's oil and gas exploration in the East China Sea, especially regarding the Chunxiao oil field, and on July 14, 2005, Japan granted a license to Tokyo-based Teikoku Oil Company to

¹⁸ See Edward A. Gargan, "Man Drowns During a Protest Over Asian Islets," *The New York Times*, September 27, 1996, Friday, Late Edition.

¹⁹ Michio Sakamura, "Japanese in Hong Kong fret about island ire Political groups drive sovereignty protests over Senkaku-Diaoyu dispute," *The Nikkei Weekly (Japan)*, October 14, 1996.

²⁰ Russell Skelton, "Japanese turn back island activists," *The Age (Melbourne, Australia)*, May 27, 1997 Tuesday.

²¹ Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia* (New York: Routledge, 2009), p. 52.

²² "Govt renting 3 Senkaku islands," *The Daily Yomiuri (Tokyo)*, January 1, 2003 Wednesday.

²³ "Chinese protest vessel halted on way to Senkakus," *The Daily Yomiuri (Tokyo)*, June 24, 2003 Tuesday; Anthony Faiola, "Isles Become Focus For Old Antagonisms; Japan's Neighbors, Resentful Since War, View a Rise in Nationalism With Worry," *The Washington Post*, March 27, 2004 Saturday.

conduct its own exploration east of the median line, the delineation of which China disagreed with.²⁴ This dispute had been publicized by mainstream international media, which was something that did not take regarding the disputes in the Senkakus or the Chunxiao oil field in the 1990s.²⁵ This trend is confirmed by objective measures of international media exposure, as seen in Figure 6.4 below.



Figure 6.4 above shows the Factiva search of reports containing either “East China Sea” or “Senkaku” in *Reuters*, *Agence France Presse*, and *Associated Press*.²⁶ I choose these three because they are the most influential English-language news agencies. A higher exposure from them would increase the

²⁴ Anthony Faiola, “Relations Already Uneasy as Tokyo Accuses Beijing of Tapping Disputed Fields,” *The Washington Post*, October 22, 2005 Saturday; *China Maritime Yearbook 2006*, p. 164; Wang Shan from the CICIR, “Analyzing Japanese energy policy from oil field dispute in the East China Sea,” *[Xiandai guoji guanxi [Contemporary International Relations]*, No. 12 (2005).

²⁵ Li Wei ed., *2013nian riben yanjiu baogao [Annual Report on Research of Japan 2013]* (Beijing: Social Sciences Academic Press, 2013), p. 45; see also Zhu Fenglan from CASS, “The Sino-Japan disputes in the East China Sea and prospects for a resolution,” *Dangdai yatai [Contemporary Asia-Pacific]*, No. 7 (2005), p. 15. China successfully conducted a test drilling at the Chunxiao oil field in 1995, but a *LexisNexis* search indicated that no newspapers reported this event.

²⁶ I did not use *LexisNexis* because it only contains *Reuters* reports.

salience of the East China Sea issue and the pressure to establish one's reputation for resolve. In line with Figure 6.3, international media exposure was generally low in the pre-2005 period except for 1996 and 1997. International media exposure, however, picked up after 2005, which was especially the case in 2010 and 2012.

To briefly summarize, objective measures of reputation for resolve – the number of incidents and media exposure – indicated that the pressure to establish one's reputation for resolve was smaller in the pre-2005 period, with 1996 and 1997 being the exception. The need to establish a reputation for resolve became generally high in the post-2005 period. As will be shown below, objective measures of reputation for resolve are in line with semi-official documents and interviews.

Turning next to semi-official assessments and interviews, when it comes to the 1990s and the early 2000s in general, semi-official Chinese sources and interviews with government policy analysts indicate that China did acknowledge the restraint Japan exercised during this period. For example, the 2013 CASS annual bluebook on Japan pointed out that the Japanese government did try to control the activities of right-wing nationalists in the 1990s so as to reduce the damage done to Sino-Japanese relations, including prohibiting right-wing nationalists from bringing materials for permanent infrastructure to the Senkakus.²⁷ Interviews with Chinese government policy analysts also indicated that China believed that Japanese actions in the 1990s were mainly non-governmental.²⁸ One former official from the Chinese State Oceanic Administration (SOA) stated that in the 1990s, Japan's ruling party — the Liberal Democratic Party — was exercising restraint regarding the Senkaku dispute.²⁹ In other words, the Japanese government maintained a low profile when it came to the Senkaku dispute – it neither engaged in drastic actions (in quantity or quality) nor made the dispute a salient issue. As such, the need to establish a reputation for resolve for

²⁷ Li Wei ed., *Annual Report on Research of Japan 2013*, p. 43.

²⁸ Interview KZ-#45, Beijing, China, February 2, 2016.

²⁹ Interview KZ-#71, Shanghai, China, May 6, 2016.

China to use coercion to demonstrate its resolve to defend the Senkaku islands in the pre-2005 period was in general low.

In the post-2005 period, however, official and semi-official Chinese sources and interviews view Japan as creating pressure for China to establish a reputation for resolve, which contrasts with the 1990s. The *Daily Yomiuri* noted Prime Minister Hashimoto's silence about the Senkaku Islands during the fall 1996 incidents.³⁰ Interestingly, as opposed to being vocal that the Senkakus belonged to Japan and denying the dispute, there were times when the Japanese government hinted at the existence of the dispute. For example, the *Daily Yomiuri* noted on September 20, 1996 that Japanese Foreign Minister Yukihiko Ikeda "originally planned to discuss the dispute over ownership of islands in the East China Sea in a meeting with China to be held in New York."³¹ More importantly, this *Daily Yomiuri* report emphasized that Ikeda was expected to stress to Chinese Foreign Minister Qian Qichen that "he hopes the dispute over the Senkaku Islands will not sour bilateral relations, according to [Japanese] foreign ministry sources."³² The 2013 Chinese Academy of Social Sciences (CASS) bluebook on Japan — a semi-official Chinese source — confirmed that during the meeting between Ikeda and Qian, Ikeda said that "despite different stances on this issue, [both sides] should calm down and avoid damage to bilateral relations."³³

Furthermore, deputy Japanese Foreign Minister Hitoshi Tanaka stated that Japan and the United States had a mutual obligation to defend the Senkaku Islands under the Japan-U.S. security treaty on November 15, 1996, yet Mr. Tanaka went on to say that it was U.S. policy to maintain a

³⁰ Masahiko Sasajima and Chiharu Mori, "Japan silent amid China protest over Senkaku," *The Daily Yomiuri*, September 21, 1996.

³¹ "Japan, China to discuss Senkaku Is. row," *The Daily Yomiuri*, September 20, 1996.

³² *Ibid.*

³³ Li Wei ed., *Annual Report on Research of Japan 2013*, p. 42; indeed, the official 1996 Japanese National Defense Program Guidelines did not even mention the Senkakus or offshore islands, whereas later versions – starting from 2005 – began to mention the defense of offshore islands. See

<http://www.mofa.go.jp/policy/security/defense96/>;

http://www.mod.go.jp/e/d_act/d_policy/pdf/national_guidelines.pdf, accessed April 23, 2018.

neutral stance on territorial disputes between other nations, and “therefore, the United States [did] not speak of applying the treaty (to the Senkaku Islands dispute).”³⁴ It thus seems that the Japanese government was low-key about the Senkaku disputes and even hinted at the existence of the dispute, as opposed to the post-2005 period discussed below. Meanwhile, the actions the Japanese government took were also highly restrained. For example, regarding Chinese vessels entering the territorial waters of the Senkakus, an official of the Japanese Maritime Safety Agency's Guard and Rescue Department said in 1998, “all we can do is [to] chase (ships entering Japanese territorial waters) and issue warnings. We cannot interfere.”³⁵ As former military attaché Zhang Tuosheng pointed out, Japan exercised restraint and was relatively silent about maritime disputes in the East China Sea in the 1990s and early 2000s.³⁶

Beginning around 2005, however, Japan gradually changed its stance by engaging in more actions while being vocal about issues in the East China Sea. Then State Councilor Tang Jiaxuan pointed out in 2005, for example, that Japan’s activities of attempting to drill in the eastern side of Japan’s median line in the East China Sea would only make the situation in the East China Sea more complicated and salient (*jianrui*), which would lead to a fundamental change in the nature of the issue.³⁷ Further, China believed that Japan stepped up its activities pertaining to the Senkaku dispute. Unlike the 1990s when the Japanese government tried to constrain the right-wing nationalists, then Chinese Foreign Minister Li Zhaoxing blamed in April 2005 that “the Japanese government was not doing enough and was at times even permissive” when it came to right-wing nationalists’ activity on the Senkakus.³⁸ Moreover, Japan in the 1990s was not only silent about the

³⁴ “Security treaty likely covers Senkakus,” *The Daily Yomiuri*, November 16, 1996, Saturday.

³⁵ Hidemichi Katsumata, “How safe is Japan? Land disputes expose weaknesses,” *The Daily Yomiuri*, April 21, 1998, Tuesday.

³⁶ See former military attaché Zhang Tuosheng’s article in 2005 in Chen Feng ed., *21shiji de zhongguo he riben [The China and Japan in the 21st Century]* (Beijing: World Knowledge Press, 2006), p. 35.

³⁷ *Dangqian zhongri guanxi he xingshi jiaoyu huoye wenxuan [Current Sino-Japan relations and Education Regarding the Situation]* (Beijing: Hongqi [Red Flag] Press, 2005), p. 9.

³⁸ *Ibid.*, p. 24.

dispute in the Senkakus but also at times hinted at the existence of such a dispute. Yet starting from especially 2007, Japan denied the dispute explicitly. For example, Chief Cabinet Secretary Nobutaka Machimura denied the existence of the dispute, stating in 2007 that “there is no territorial dispute between (Japan and China).”³⁹ This explicit denial of the existence of a dispute continued in 2010, with Japanese Prime Minister Naoto Kan telling Chinese President Hu Jintao on November 16 that “there is no territorial dispute” in the East China Sea.⁴⁰

The writings of and interviews with Chinese government policy analysts and former officials indicated that China believed that Japanese actions and statements raised the need for China to take strong measures to establish its reputation for resolve. For example, Zhao Gang and Sun Lingling from CASS stated in a conference in December 2005 that recent Japanese activities aimed at “forcing China to accept the median line division of the EEZ in the East China Sea.”⁴¹ One official from the SOA pointed out in the same conference also that Japan’s action of authorizing oil companies to drill in the East China Sea demonstrated the salami slicing strategy that advanced further (*decun jinchi, zhubu shengji*), which had to do with “China’s lack of response and assertive measures” [previously].⁴² This official cautioned that it was a warning to China that Japan “was not able to get what it wanted from Russia and South Korea [in regard to maritime disputes] but wanted to challenge China in the East China Sea (*xiang zhongguo jiaoban*),” thus calling China to take strong measures.⁴³ Another scholar echoed this logic and argued that China should react with “measured responses that did not show weakness” (*shidu danbu shiruo de fanying*).⁴⁴ CASS analyst

³⁹ “Japanese coast guards stop following Chinese protest boat,” *BBC Monitoring Asia Pacific*, October 29, 2007 Monday, Text of report in English by Japanese news agency Kyodo, Fukuoka.

⁴⁰ Cameron McLauchlan and Hiromu Namiki, “Kan to Hu: Senkakus are Japan's territory,” *The Daily Yomiuri (Tokyo)*, November 16, 2010 Tuesday.

⁴¹ Zhao Gang and Sun Lingling, “Donghai wenti xianzhuang yu zhanwang yantaohui jiyao [Conference on the East China Sea issue],” *Riben xuekan [Journal of Japan Studies]*, No. 1 (2006), p. 15.

⁴² *Ibid.*, p. 45.

⁴³ *Ibid.*

⁴⁴ Liu Zhongmin, “Zhongri haiyang quanyi zhengduan de taishi jiqi duice sikao [Policy responses regarding the Sino-Japan maritime disputes],” *Taipingyang xuebao [Pacific Journal]*, No. 3 (2006), p. 32.

Wang Hanling laid out specific measures during an internal conference held by the Navy in 2006: China should use maritime surveillance ships to disrupt and stop the activities engaged by Japanese companies in disputed waters in the East China Sea.⁴⁵ The aim, according to Wang, was both to stop Japan's exploration activities, to break Japan's "median-line" claim, and to force Japan back to the "tabling disputes for joint development."⁴⁶

Interviews with former officials and government policy analysts also indicated China's concern that appearing weak in front of Japan would lead Japan to strengthen its "median line" claim while halting the prospects of tabling disputes for joint development. One former SOA official expressed that Japan did not start raising the "median-line" until the 2004-2005 period.⁴⁷ One government policy analyst who was close both to the Chinese Foreign Ministry and SOA recalled that starting around 2005, Japan began to increase its activities in the East China Sea, including disrupting Chinese drilling activities.⁴⁸ It is important to note that China exaggerated the "disruption," because Japan only used its P-3C aircraft to monitor Chinese activities.⁴⁹ Both the Foreign Ministry and the SOA believed that if China did not take action, Japan would become even more assertive in the future, which led to the decision of patrols by maritime surveillance ships, coordination between the Foreign Ministry and the SOA.⁵⁰ Pointing out that Japan began to publicize maritime disputes in the East China Sea starting in 2005, other government policy analysts also concurred that if China did not take action to halt Japanese activities especially regarding the Chunxiao oil field, it would give Japan the impression that China had given in in terms

⁴⁵ Wang Hanling from CASS, "The Sino-Japan disputes and China's countermeasures," in *Haijun 2006nian haiyangfa yu guojia anquan xueshu taolunhui lunwenji shangce* [Papers in the Navy 2006 Conference on Maritime Law and Maritime Security] (Internal circulation: August 2006), p. 172, 174. This copy is available in the library of NISCSS in Haikou, China.

⁴⁶ *Ibid.*

⁴⁷ Interview KZ-#71, Shanghai, China, May 6, 2016.

⁴⁸ Interview KZ-#40, Beijing, China, January 22, 2016.

⁴⁹ Hamish McDonald Herald, "Oil dispute troubles waters between China and Japan," *Sydney Morning Herald (Australia)*, October 4, 2005; cross-checked with interview with a former U.S. official, Interview KZ-#119, Washington D.C., USA, February 16, 2017.

⁵⁰ *Ibid.*

of accepting the “median-line” claim.⁵¹ Another government policy analyst concluded that the need to establish a reputation for resolve was crucial in the post-2005 period and that China needed to send signals to Japan to defend its sovereign rights.⁵² As such, the need to establish a reputation for resolve – to avoid appearing weak while sending signals to Japan to stop actions it had already undertaken – was high in the post-2005 period.

In short, both objective measures and speech evidence suggest in general that the need to establish a reputation for resolve was low in the pre-2005 period and high afterwards, with the 1996-1997 period being an exception during which the need to establish a reputation for resolve was high.

Economic Vulnerability Cost

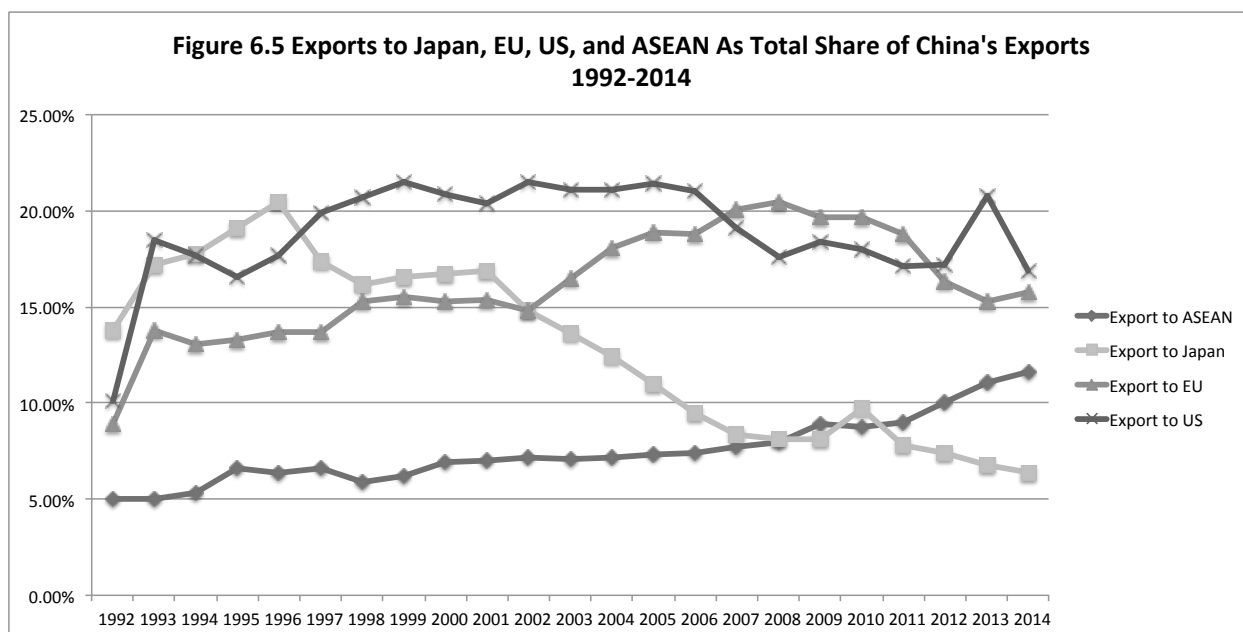
Economic vulnerability cost was high in the pre-2005 period (especially the 1990s) and became low after 2005. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns objective trade measures. The second involves official and semi-official assessments, as well as interviews. The third kind is scholarly writing, but I limit it only to the extent that it is necessary.

Turning first to objective indicators, Figure 6.5 above indicates China’s exports to ASEAN, Japan, EU, and the United States as a share of China’s total exports.⁵³

⁵¹ Interview KZ-#51, Beijing, China, March 8, 2016.

⁵² Interview KZ-#41, Beijing, China, January 22, 2016.

⁵³ Data comes from *China Statistical Yearbooks*, available at China Data Online database at <http://chinadataonline.org/>, and *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>. Additional data for Japan, EU, and the United States comes from China’s official *Commerce Yearbooks*, the *Yearbooks of China’s Foreign Economic Relations and Trade*, and the MFA yearbooks.



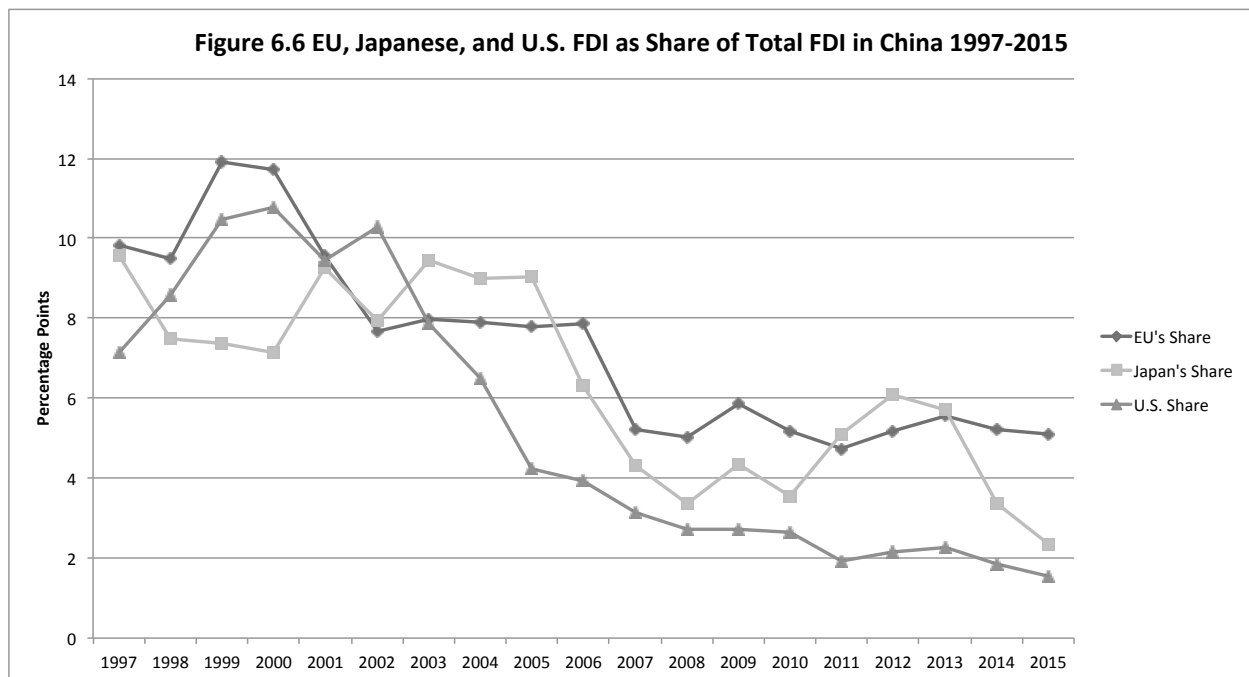
The lightest gray line with rectangles in Figure 6.5 indicates Chinese exports to Japan as a share of total Chinese exports from 1992 to 2014. It is clear that exports to Japan constituted more than 15% of Chinese exports in the 1990s. In the mid-2000s, however, Chinese exports to Japan dropped drastically to around 8% of total Chinese exports. It is clear that Japan was particularly China’s most important export market in the 1990s, but was overtaken by the United States, EU, and to a less extent, ASEAN, starting from the mid-2000s. In short, exports to Japan were not as crucial to China as in the 1990s.

The above trend is similar with regard to overall trade relations with Japan, according to data in the CASS bluebook on Japan, Japan’s contribution to China’s foreign economic growth decreased starting around the mid-2000s — from 2005 to 2007, the average annual growth of Sino-Japanese trade was merely 12%, which stood in contrast to the overall 23% annual growth rate as well the annual growth rates of Sino-U.S., Sino-EU, and Sino-Korean trade.⁵⁴ According to Chinese customs data, Sino-Japanese trade volumes decreased from 21% of total Chinese foreign trade

⁵⁴ CASS, Wang Luolin ed., *2008nian riben jingji lanpishu [2008 Bluebook of Japanese Economy]* (Beijing: Social Sciences Academic Press, 2008), p. 13.

volumes in 1996 to barely 9% in 2011.⁵⁵ From 1993 to 2003, Japan was China's largest trading partner, yet beginning in 2004, Japan was reduced to China's third largest trading partner, trailing behind the EU and the United States.⁵⁶

Japan's importance as a source of Foreign Direct Investment (FDI) in China has also been waning in more recent years, as seen in Figure 6.6 below.⁵⁷



As Figure 6.6 shows, along with the United States and the EU, Japan had been an important source of FDI in China up till the mid-2000s. Japan's contribution to the Chinese economy continued throughout the 1990s and the early 2000s: by 1993, Japan had become China's largest foreign investor in terms of actual investment and was among the major countries China introduced

⁵⁵ *Ibid.*, p. 14; CASS, Wang Luolin ed., *2009nian riben jingji yu zhongri jingmao guanxi fazhanbaogao [2009 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]* (Beijing: Social Sciences Academic Press, 2009), p. 17.

⁵⁶ CASS, Wang Luolin ed., *2008 Bluebook of Japanese Economy*, p. 392.

⁵⁷ Data comes from *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>, accessed April 23, 2018.

technologies from.⁵⁸ Starting from 2006, however, Japan's share of total FDI in China dropped from an average of 10% to around 5% on a yearly basis. In contrast, FDI from Hong Kong — the all-time largest source of FDI in China — had increased from approximately 30% of total FDI in China in the 1990s to more than 50% since the mid-2000s. In short, objective trade and FDI data indicate that Japan's economic importance to China has decreased since the mid-2000s.

Turning next to official, semi-official, and interview data, speech evidence concurs with the trend as shown in objective economic data. Official and semi-official sources, as well as interviews, all indicated a high degree of economic vulnerability vis-à-vis Japan in the pre-2005 period. First, as early as 1992, China's official government work report noted the need to welcome more foreign investors to invest in China.⁵⁹ Subsequent government work reports reaffirmed the need to increase foreign investment especially in agriculture, infrastructure, high-tech industries, comprehensive utilization of resources, and the mid and western parts of China.⁶⁰ The 1998 government work report particularly called for importing high-tech and critical technological equipment.⁶¹ Japan was one of the most important investors China wanted to attract, which manifested itself in the official *China's Foreign Affairs*. For example, the 1992 version of *China's Foreign Affairs Overview* indicated that Japan was "China's largest aid provider and trade partner."⁶² A book edited by then deputy Foreign Minister Tian Zenpei in 1993 acknowledged that Japan was one of the main countries China's foreign economic cooperation focused on and that Japan "took up an important part" of China's overall foreign economic relations (*zhanyou zhongyao diwei*).⁶³

⁵⁸ See *China's Foreign Affairs 1994*, p. 44, and *China's Foreign Affairs 2004*, p. 185, among others.

⁵⁹ 1992 Government Work Report from the State Council, http://www.gov.cn/test/2006-02/16/content_200922.htm, accessed April 23, 2018.

⁶⁰ See the 1994, 1997, 1999, 2000, 2001, 2002, 2003, and 2004 government work reports. Available here at http://www.gov.cn/test/2006-02/16/content_200719.htm, accessed April 23, 2018.

⁶¹ 1998 Government Work Report from the State Council, http://www.gov.cn/test/2006-02/16/content_201129.htm, accessed April 23, 2018.

⁶² MFA, *China's Foreign Affairs Overview 1992*, p. 49.

⁶³ Tian Zengpei ed., *Gaige kaifang yilai zhongguo waijiao [Chinese Foreign Policy since Reform and Opening Up]* (Beijing: World Knowledge Press, 1993), p. 367.

Chinese diplomats stated that China introduced significant amounts of capital, technical equipment, and necessary products from Japan, which was quite conducive to China's modernization.⁶⁴ China's official annual *White Paper on Foreign Trade and Economic Cooperation* also stated in the 1997 version that Japan had been the country that promised the most government loans to China.⁶⁵ Government analysts under the Chinese Ministry of Foreign Economics and Trade reaffirmed in 1997 that Sino-Japan economic and trade relations played an important role in China's overall foreign trade relations and that Japan had been China's largest trading partner, largest foreign investor, and the country that provided the most government loans to China.⁶⁶ Even in the early 2000s, as the CASS annual report on Japan noted, China still needed the investment as well as aid from Japan.⁶⁷

Interviews with Chinese government policy analysts and scholars also indicated that the economic factor mattered to China significantly in the 1990s and early 2000s. That is, during this period, China needed Japan critically for aid, technology, and a smooth entry into the WTO.⁶⁸ One government policy analyst conceded that particularly in the 1990s, China was economically dependent upon Japan, including Japan's official development aid (ODA), among other things.⁶⁹ Other government policy analysts agreed and added that in the 1990s "about one-quarter of China's budget was provided by Japanese ODA" — to quote one analyst, China's economic development was "in large part due to Japan's aid."⁷⁰ Particularly regarding 1996 when Japan blocked Hong Kong activists, China could not afford to use coercion, because Japan was then suspending its ODA to

⁶⁴ *Ibid.*

⁶⁵ The editorial board of China's White Paper on Foreign Trade and Economic Cooperation, *Zhongguo duiwai jingjimaoyi baipishu 1997 [1997 White Paper on Foreign Trade and Economic Cooperation]* (Beijing: Foreign Trade and Economics Press, 1997), p. 272. See also the 1999 version, p. 261.

⁶⁶ Li Guanghui, "Mianxiang 21shiji de zhongri jingji guanxi [Prospects of Sino-Japan Economic Relations in the 21st Century]," *Xiandai guoji guanxi [Contemporary International Relations]*, No. 8 (1997).

⁶⁷ Gao Zengjie ed., *2000-2001nian riben fazhan baogao [Report on the Development of Japan 2000-2001]* (Beijing: Social Sciences Academic Press, 2001), p.130.

⁶⁸ Interview KZ-#13, Beijing, China, November 16, 2015.

⁶⁹ Interview KZ-#41, Beijing, China, January 22, 2016.

⁷⁰ Interview KZ-#75, Shanghai, China, May 12, 2016; Interview KZ-#93, Beijing, China, June 16, 2016.

China due to China's underground nuclear tests.⁷¹ In short, China was heavily dependent upon Japan in this period for its capital, aid, and technology. It is important to note that all these analysts stressed that the economic dependence was a critical factor in explaining China's absence of coercion in this period. The economic vulnerability cost was therefore high.

Starting from the mid-2000s, however, this asymmetrical Chinese economic dependence on Japan lessened. This is not to say that China does not need Japan economically anymore – China still needs Japan, yet Sino-Japan economic relations had become more balanced, that is, China began to believe that both Japan and China needed one another economically. As the CASS bluebook on Japan summarized, Sino-Japanese trade relations had entered into a stage of “stagnation” (*tingzhiqi*).⁷² That is, Sino-Japan trade relations still constituted about one-tenth of China's foreign trade, but other states began to catch up and assume a greater share of China's foreign trade. For another, as CASS policy analyst Zhang Jifeng pointed out, by 2004, China had replaced the United States and become Japan's largest trading partner; China and Japan had entered into a stage of economic mutual dependence, with China utilizing Japan's capital and technology and Japan benefiting from the Chinese market as well as natural resources.⁷³ Similarly, as government analysts from the Chinese Ministry of Commerce pointed out in 2005, as Japan continuously decreased its ODA to China, Sino-Japan economic cooperation had gradually turned into normal economic cooperation: the development of the Japanese economy needed China and vice versa.⁷⁴

⁷¹ Kei Koga, “The rise of China and Japan's balancing strategy: critical junctures and policy shifts in the 2010s,” *Journal of Contemporary China*, 2016, <http://www.olemiss.edu/courses/pol337/Koga2016ChinaJapan.pdf>, accessed April 23, 2018.

⁷² CASS, Wang Luolin ed., *2008 Bluebook of Japanese Economy*, p. 14.

⁷³ Zhang Jifeng from the Japan Institute at CASS, “Zhongri jingji guanxi de xinbianhua yu woguo de duice [New changes in Sino-Japan economic relations and China's policies],” *Zhongguoji jingji guanxi xuehui dijiuci daibiao dahui ji xueshu yantaohui huiyilunwen [Conference Paper of China's 9th Annual Conference on International Economic Relations]*, 2005, p. 102.

⁷⁴ *Current Sino-Japan relations and Education Regarding the Situation*, p. 63.

Interviews with government policy analysts and former officials also indicate that China did perceive this objective change in Sino-Japanese economic relations. One senior government policy analyst on Japan stated that before the 2000s, China was more dependent upon Japan especially for investment, yet starting from the 2000s, this dependence decreased; after 2007, Japan began to need the Chinese market ever more.⁷⁵ Another government policy analyst echoed this view, adding that China badly needed Japan's ODA in the 1990s and Chinese economic dependence on Japan was greater in the 1990s.⁷⁶ Other government policy analysts pointed out also that as China's economic volume grew and its economy diversified, its dependence on Japan decreased.⁷⁷ Again, it is important to note that these analysts did not mean that China no longer needed Japan; rather, to quote some government policy analysts, China was asymmetrically dependent on Japan in the 1990s, yet now the Sino-Japanese economic relationship had become one of interdependence, with China replacing the United States as Japan's largest trading partner.⁷⁸

To briefly summarize, both objective economic data and speech evidence demonstrate that as the Sino-Japan economic relations became more balanced, the economic vulnerability cost of using coercion decreased in the post-2005 period.

Geopolitical Backlash Cost

Geopolitical backlash cost was low in the pre-2005 period (especially the 1990s) and became high afterwards. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns Chinese official assessments, cross-checked by U.S. official documents. The second kind involves semi-official assessments as well as interviews with government analysts

⁷⁵ Interview KZ-#40, Beijing, China, January 22, 2016.

⁷⁶ Interview KZ-#41, Beijing, China, January 22, 2016.

⁷⁷ Interview KZ-#45, Beijing, China, February 2, 2016.

⁷⁸ Interview KZ-#51, Beijing, China, March 8, 2016; Interview KZ-#97, Beijing, China, July 18, 2016.

and former officials. The third kind is scholarly writing, but I limit it only to the extent that is necessary.

As noted in Table 4.3 in Chapter 4 on the South China Sea, U.S. priority in the 1990s was still Europe, and the United States did not reorient its attention back to the Asia-Pacific region until after the war on terror in the early 2000s. Specifically pertaining to Japan, the Chinese Foreign Ministry's official *China's Foreign Affairs Overview* noted in 1990 that economic conflicts of interests between Japan and the United States sharpened, and such economic conflicts between the two did not relax until 2001.⁷⁹ Also, although the United States stated that the Senkaku Islands came within the scope of the Japan-U.S. security treaty, the Japanese media pointed out in 1998 that the two nations had yet to "work out exactly how the treaty would function in the area."⁸⁰ Given U.S. priority in Europe and economic conflicts between Japan and the United States, the geopolitical backlash cost to use coercion was low in this period.

China's geopolitical backlash cost, however, began to generally increase with the United States putting more effort back into Asia, especially after the 9/11 incident. As the 2002 *China's Foreign Affairs* indicated, after the 9/11, the United States began to strengthen its alliance with Japan.⁸¹ Similarly statements consistently appeared in later versions of *China's Foreign Affairs* regarding the strengthening of U.S.-Japan alliance.⁸² China's official defense white papers also

⁷⁹ See *China's Foreign Affairs Overview 1990*, p. 6; *China's Foreign Affairs 2001*, p. 451. The United States viewed Japan as a "competitive threat" in particular in the 1980s and early 1990s and political frictions erupted between the two countries. See <http://fpc.state.gov/documents/organization/222078.pdf>, accessed April 23, 2018; cross-checked with one former U.S. official, Interview KZ-#119, Washington D.C., USA, February 16, 2017; see also James Schoff, *Uncommon Alliance for the Common Good: The United States and Japan after the Cold War* (Washington D.C.: Carnegie Endowment for International Peace, 2017), p. 44-48.

⁸⁰ Hidemichi Katsumata, "How safe is Japan? / Land disputes expose weaknesses," *The Daily Yomiuri*, April 21, 1998, Tuesday.

⁸¹ MFA, *China's Foreign Affairs 2002*.

⁸² See *China's Foreign Affairs 2004*, p. 15; *China's Foreign Affairs 2005*, p. 2; *China's Foreign Affairs 2007*, p. 11-12.

pointed out in 2004 and 2006 that the United States pushed for a more unified military alliance with Japan (*junshi yitihua*).⁸³

Further, semi-official Chinese sources such as the annual report of CICIR stated in 2004 that one salient characteristic of Japanese foreign policy starting 2003 was that Japan had leaned completely towards the United States (*duimei yibian dao*), citing examples that despite domestic opposition against the U.S. decision to use force in Iraq, the Koizumi administration still provided diplomatic support to the United States.⁸⁴ In particular, the 2005 CICIR annual report noted that Japan's emphasis in defense had shifted from the northern area to the southwest since 2004 and that Japan began planning to strengthen military deployment in the southwest.⁸⁵ The 2006 CASS annual report echoed the CICIR observation that Japan had begun further strengthening the U.S.-Japan alliance since 2004.⁸⁶ In this sense, with the United States returning its focus back to Asia due to counterterrorism and the strengthening of the U.S.-Japan alliance, the general geopolitical backlash cost for China in the post-2005 period was high.

Result: Temporal Variation of Chinese Coercion and Choices of Coercive Tools

Table 6.3 Cost Balancing and China's Use of Coercion

	The need to establish a reputation for resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
Pre 2005 Period (Esp. the 1990s)	Low	Low	High	No
1996-1997	High	Low	High	No
Post-2005	High	High	Low	Yes (Non-

⁸³ China's National Defense White Paper 2004, http://www.mod.gov.cn/regulatory/2011-01/06/content_4617807.htm; China's National Defense White Paper 2006, http://www.mod.gov.cn/regulatory/2011-01/06/content_4617808.htm, accessed April 23, 2018.

⁸⁴ CICIR, *Strategic and Security Review 2004*, p. 115-116.

⁸⁵ CICIR, *Strategic and Security Review 2005*, p. 211, 213, and 225.

⁸⁶ CASS, *Reports on International Politics and Security 2006*, p. 122.

Period				militarized)
---------------	--	--	--	--------------

As Table 6.3 shows above, when the need to establish a reputation for resolve was generally low whereas economic vulnerability cost was high in the pre-2005 period, China refrained from using coercion. The only exception was the 1996-1997 period when the need to establish a reputation for resolve was high due to intense international media exposure, making the need to establish a reputation for resolve and economic vulnerability cost equally high. Yet China still refrained from using coercion, because as the theory indicates, the issue importance of East China Sea disputes is not high enough for China to be willing to use coercion when both the costs and benefits of coercion were high. This 1996-1997 episode contrasts interestingly with China's use of military coercion in the Taiwan Strait crisis of 1995 and 1996, in which both the costs and benefits of coercion were equally high. As will be shown in Chapter 7, it was the highest issue importance of the Taiwan issue that prompted China to use coercion despite high economic vulnerability costs.

Starting from the mid-2000s, however, the need to establish a reputation for resolve became high whereas economic vulnerability cost became gradually low, and China began to use coercion over disputes in the East China Sea. However, because the geopolitical backlash cost also became high, Chinese coercion remained non-militarized, which we will see in detail in the case studies in the next section.

Section II. The Three Cases

This section analyzes three cases in detail: the first entry of China's maritime surveillance ships into the territorial waters of the Senkaku Islands in 2008, the boat clash incident of 2010, and

the island nationalization case of 2012. The first case is a proactive case of Chinese coercion, while the latter two are cases of reactive and immediate Chinese coercion – reactions regarding the behavior of the Japanese government.⁸⁷ By analyzing the latter two cases in detail, I will have covered basically all cases of reactive and immediate Chinese coercion. I only choose one proactive case of coercion, because the trend of proactive coercion starting 2006 has been explained in the previous section. Yet the 2008 case is special because, as I will demonstrate below, it is the only case that goes against my rationalist cost balancing explanation. Being the only exception, it is necessary to understand what factors led to the use of coercion in the case of 2008. The following paragraphs proceed with the discussion of the three cases in a chronological order.

The 2008 Case – Entry into the Territorial Waters of the Senkaku Islands

According to the Japanese Foreign Ministry, on December 8, 2008, two Chinese maritime surveillance ships made a sudden intrusion into the territorial sea surrounding the Senkakus.⁸⁸ Despite repeated calls by patrol vessels of the JCG to leave the area and the strong protest lodged against China through diplomatic channels, the vessels “hovered and drifted inside Japan's territorial sea for some nine hours until the evening of that day.”⁸⁹ Although the Chinese State Council had already authorized regularized patrols in the East China Sea since 2006, this December 8, 2008 entry was the first time ever that Chinese civilian law enforcement ships entered the territorial waters of the Senkakus. This case was puzzling not only because it marked the first ever Chinese entry, but also because of improving Sino-Japan relations. For one, then Chinese Premier

⁸⁷ Of course, by “reactive” coercion, I do not have any value judgment as to whether China is status quo oriented. I use the term “reactive” only because the immediate sequence of events was such that China used coercion after Japan’s decision to nationalize the islands. This, as will be discussed later in section of the 2012 case, China did to some extent use Japan’s nationalization as an opportunity to break the status quo.

⁸⁸ MOFA, http://www.mofa.go.jp/region/page23e_000021.html, accessed April 23, 2018.

⁸⁹ MOFA, http://www.mofa.go.jp/region/page23e_000021.html, accessed April 23, 2018.

Wen Jiabao was paying a visit to Japan for the Japan-China-ROK Trilateral Summit Meeting right at the time when Chinese maritime surveillance ships made the entry.⁹⁰ For another, in June 2008, China and Japan released a “Japan-China Joint Press Statement” regarding the cooperation between Japan and China in the East China Sea, which seemed to have reduced tension surrounding the Chunxiao oil field in the 2005-2006 period.⁹¹ From a cost balancing perspective, China should not have conducted this significant entry, which Japan viewed as status quo changing. As will be shown below, this case was indeed an outlier that deviates from the general cost balancing logic of the Chinese government. In short, it originated from lower-level bureaucracies – in particular, those in the East China Sea bureau of the SOA.

First, several scholars, government policy analysts, former government officials, and former diplomats have pointed out that this entry in 2008 was “accidental” (*ouran de*) rather than a “coordinated result” (*xietiao de jieguo*).⁹² Some government policy analysts with internal information indicated that it was the SOA — especially the maritime surveillance agency under it — that pushed for this entry.⁹³ In fact, according to an interview with a former Chinese diplomat based in Japan at that time, neither Premier Wen Jiabao nor the Chinese embassy in Japan was informed of this plan prior to the Chinese entry, and this former diplomat stated that this was a unilateral action from the SOA.⁹⁴ This information is consistent with scholars and government policy analysts with ties to the MFA. According to some, this entry was a local decision conducted by the maritime surveillance brigade in the East China Sea section (*donghai haijian dadui*) without any prior report to the MFA, and the MFA later criticized the East China section of the maritime

⁹⁰ For details of the meeting, see http://japan.kantei.go.jp/asospeech/2008/12/13kaiken_e.html, accessed April 23, 2018.

⁹¹ For the statement, see MOFA, <http://www.mofa.go.jp/files/000091726.pdf>, accessed April 23, 2018.

⁹² Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#13, Beijing, China, November 16, 2015.

⁹³ Interview KZ-#41, Beijing, China, January 22, 2016.

⁹⁴ Interview KZ-#66, Shanghai, China, May 4, 2016.

surveillance agency.⁹⁵ Foreign scholars corroborated this account that it was the lower-level bureaucracy that was responsible for this Chinese entry.⁹⁶

Second, interviews with those on board the maritime surveillance ships at the time of the 2008 entry also reflected that it was a lower-level bureaucratic action as opposed to decisions from the center.⁹⁷ By center, I mean top Chinese leaders. Some of the crew members told me that before the entry in 2008, they convened a meeting along with scholars from Fudan University in Shanghai to discuss whether to enter the territorial waters or not. They eventually decided to enter, because they wanted to make a breakthrough to Japan's monopoly regarding the control of the Senkaku islands. In addition, they decided to make this entry so as to force Japan to take the Chinese maritime surveillance agency seriously — according to the crew members, prior to the entry and particularly in 2007, the JCG turned a cold shoulder to the MFA and Maritime Surveillance Agency's suggestions about crisis management. Therefore, the second goal of their entry was to test Japan's reactions and to force Japan to engage in talks with the maritime surveillance agency. The agency succeeded in this goal, as Japan began to communicate with the maritime surveillance agency more after this entry.

As for the timing, the crewmembers recalled that their logic was that they could not make the entry before August 8, as it was right during the Beijing Olympics. They originally wanted to choose December 7, because it was the anniversary of the Pearl Harbor attack as well as a Saturday when Japan's guard of the islands would be relaxing. The crewmembers therefore originally decided to set out on December 4, yet were delayed by a day due to the cold current, thus leading to the entry on the morning of December 8 (5:50 am). When asked who authorized this move, the

⁹⁵ Interview KZ-#51, Beijing, China, March 8, 2016; Interview KZ-#53, Atlanta, USA, March 16, 2016; Interview KZ-#98, Beijing, China, July 20, 2016; Interview KZ-#99, Beijing, China, July 21, 2016.

⁹⁶ Interview KZ-#104, Washington D.C., USA, September 6, 2016; Interview KZ-#105, Washington D.C., USA, September 22, 2016.

⁹⁷ Details below all come from the Interview KZ-#71, Shanghai, China, May 6, 2016.

crew members kept saying that this entry was in line with the July 2006 approval of regularized patrol in the East China Sea by the State Council. The State Council's approval in 2006, however, never specified that Chinese maritime surveillance ships could and should enter the territorial waters of the Senkaku islands.

In short, as coercive as this 2008 entry was – after all, the goal was to break Japan's effective control of the islands and to force Japan to engage in talks with the Chinese maritime surveillance agency – it was not a decision that came from the central government and was therefore a curious deviation from the cost balancing theory. Although this case was an outlier, subsequent cases – the 2010 boat clash incident and the 2012 nationalization of the Senkakus – both involve centralized decisions to use coercion, as will be shown below.

The 2010 Boat Clash Incident

On September 7, 2010, the fishing boat of Chinese captain, Zhan Qixiong, collided with two JCG vessels in the territorial waters of the Senkaku Islands. Initially, Japanese authorities “took into custody the entire crew of the Chinese ship.”⁹⁸ According to a well-informed former U.S. government official, Japan felt that the Chinese fishers damaged their government property and had to be dealt with domestic law, and standard practice for before this 2010 incident was that the Chinese fishers would sign an apology and would then be sent home, yet “two Chinese counselor officials based in Tokyo went to Okinawa to tell the fishers to not to sign the apology,” which made

⁹⁸ William Wan, “Boat collision sparks anger, breakdown in China-Japan talks,” *Washington Post*, September 20, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/09/20/AR2010092000130.html>, accessed April 23, 2018; according to one former U.S. official, the Japanese authority told him that the captain was indeed drunk. Interview KZ-#118, Washington D.C., USA, February 13, 2017.

the situation worse.⁹⁹ Because they failed to sign the apology, the Japanese government felt it imperative to arrest them according to domestic law. China reacted quite drastically.¹⁰⁰ As early as the evening of September 7, Chinese Ambassador to Japan Cheng Yonghua lodged a strong protest and demanded that Japan release the boat and all the crew on board immediately.¹⁰¹ Japan further angered the Chinese government with the Minister of Land, Infrastructure, and Transport Seiji Maehara stating that territorial disputes did not exist in the East China Sea on September 10.¹⁰² Chinese Foreign Ministry spokesperson Jiang Yu immediately warned that “if Japan continued to take reckless actions, it would have to bear the consequences” (*rifang ru jixu ziyiwangwei, bijiang zishi qiguo*).¹⁰³ State Councilor Dai Bingguo also summoned the Japanese Ambassador to China, warning Japan that it should not “miscalculate the situation” (*buyao wupan xingshi*) and should immediately release all Chinese crew and the fishing boat.¹⁰⁴ Japan subsequently released all members except the captain on September 13 and planned for a domestic trial against the Captain. Foreign ministry spokesperson Jiang Yu immediately demanded on September 14 that Japan refrain from the legal trial and release the captain.¹⁰⁵ Chinese Foreign Ministry spokesman Ma Zhaoxu said in a statement on September 19 demanding that “Japan immediately release the captain without any preconditions,” adding that Beijing views the captain's detention as illegal and invalid.¹⁰⁶ Ma

⁹⁹ Interview KZ-#104, Washington D.C., USA, September 6, 2016. However, one former U.S. official reasoned that since it was only in Naha Okinawa that Chinese diplomats were able to see the Chinese captain, where he was already held under domestic custody, so it made sense that the Chinese diplomats told him not to sign anything (because that was already under domestic custody, and signing anything would indicate that China acknowledged Japanese sovereign control of the Senkakus). Previous cases were such that Chinese fishers or activists signed something on the spot at the Senkakus, where they were not held under custody yet. Interview KZ-#118, Washington D.C., USA, February 13, 2017.

¹⁰⁰ *Ibid.*

¹⁰¹ Li Wei ed., *2011nian riben fazhan baogao [Annual Report on Development of Japan 2011]* (Beijing: Social Sciences Academic Press, 2011), p. 103.

¹⁰² *Ibid.*, p. 104; cross-checked with *BBC news*, http://www.bbc.com/zhongwen/simp/china/2010/09/100910_us_japan_diaoyu_row.shtml?print=1, accessed April 17, 2018.

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*, p. 236.

¹⁰⁶ William Wan, “Boat collision sparks anger, breakdown in China-Japan talks.”

further emphasized that if Japan heedlessly continued to proceed with the trial, China would take “drastic countermeasures” (*jiang caiqu qiangle fanzhi cuoshi*).¹⁰⁷ Jiang Yu urged Japan on September 22 again to “correct its mistakes and to release the captain.”¹⁰⁸ Simultaneously, then Chinese Premier Wen Jiabao repeated Ma’s statements on September 22, warning that if Japan continued to take negligent and reckless actions, China would have to take countermeasures.¹⁰⁹

Still, Japan did not give in. China subsequently used the following kinds of coercion. First, China used diplomatic sanctions: it announced the termination of all senior level exchanges (ministerial level and above) between the Chinese and the Japanese government.¹¹⁰ This termination lasted about six months – exchanges did not resume until March 2011, as confirmed through interviews with a Japanese diplomat based in Beijing at that time as well as other Chinese government policy analysts.¹¹¹

Second, China also used economic sanctions. According to the Japanese diplomat based in Beijing, China imposed an export ban on its rare earth export to Japan, which in particular, elicited complaints from Japanese firms, especially IT firms that were affected.¹¹² China halted shipments of rare-earth materials to Japan for about two months, although the Japanese diplomat stated that the

¹⁰⁷ Li Wei ed., *Annual Report on Development of Japan 2011*, p. 236.

¹⁰⁸ MFA Press conference, September 22, 2010,

<http://news.163.com/10/0922/20/6H7CKL1700014JB5.html>, accessed April 17, 2018.

¹⁰⁹ *Ibid.*, p. 237.

¹¹⁰ *Ibid.*

¹¹¹ Interview, Beijing, China, July 15, 2014; Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#45, Beijing, China, February 2, 2016; Interview KZ-#99, Beijing, China, July 21, 2016.

¹¹² Interview, Beijing, China, July 15, 2014; confirmed also by an U.S. policy analyst and former U.S. officials, Interview KZ-#109, Washington D.C., USA, December 5, 2016; Interview KZ-#118, Washington D.C., USA, February 13, 2017; Interview KZ-#119, Washington D.C., USA, February 16, 2017. Although some say that there was still rare earth flow from China to Japan, it was merely an indication of unsuccessful coercion: local Chinese companies were selling rare earth materials to Japan. That is, the circumvention of the ban by local Chinese companies did not mean the center was not intended to use the ban as coercion. In addition, the former U.S. official stated that China exercised differential pricing regimes for rare earth materials: selling them very cheaply domestically while exporting them quite expensively to Japan, i.e., charging Japanese companies high prices.

negative impact lasted for at least six months.¹¹³ According to the *New York Times*, industry officials said that China's customs agency had notified companies that they were not allowed to ship rare earth materials to Japan, although these shipments are still allowed to go to Hong Kong, Singapore, and other destinations.¹¹⁴ In the WTO lawsuit that Japan subsequently filed regarding the rare-earth embargo, Japan listed "the imposition and administration of restrictions through unpublished measures" as one area where China did not conform to the WTO, indicating that there indeed was an export ban.¹¹⁵ Many Chinese government policy analysts also admitted China used economic sanctions via the export ban on rare-earth materials.¹¹⁶ One former Chinese diplomat based in Japan at that time indicated that although China had reduced its rare-earth export due to environmental concerns since summer 2010, the timing of the complete ban of rare-earth export to Japan – September 2010 after Japan did not give in – proved that this was an economic countermeasure for the boat clash incident.¹¹⁷

Third, China used gray-zone coercion in two forms. China arrested four Japanese citizens in China, accusing them of espionage, and it subsequently released three of them while keeping the alleged "leader" — doing what it considered the equivalent of Japan's arrest of the captain.¹¹⁸ Japan

¹¹³ *Ibid.*

¹¹⁴ Keith Bradsher, "Amid Tension, China Blocks Vital Exports to Japan," September 22, 2010, *New York Times*, <http://www.nytimes.com/2010/09/23/business/global/23rare.html?pagewanted=all&r=2&>, accessed December 10, 2013.

¹¹⁵ "DS431: China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum," WTO Dispute Settlement, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds431_e.htm, accessed May 9, 2018.

¹¹⁶ Interview KZ-#41, Beijing, China, January 22, 2016; Interview KZ-#67, Shanghai, China, May 4, 2016.

¹¹⁷ Interview KZ-#66, Shanghai, China, May 4, 2016.

¹¹⁸ Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#93, Beijing, China, June 16, 2016; Interview KZ-#104, Washington D.C., USA, September 6, 2016; see also Zhang Rui and Lv Zhengtao, "Ribei duihua qingbaozhan de jiaiwu beijing [Japanese intelligence warfare]," *China Southern Daily* report, July 25, 2014, <http://www.infzm.com/content/102566>; cross-checked by *BBC News*, October 2, 2015, http://www.bbc.com/zhongwen/simp/world/2015/10/151002_china_japan_espionage_nkorea, accessed April 17, 2018.; for more information, see Sachiko Sakamaki, "Four Japanese Held in China as Boat Tensions Escalate," *Bloomberg Business*, September 23, 2010; Minoru Matsutani and Kanako Takahara, "Four Fujita Employees Held in Hebei Province," *Japan Times*, September 25, 2010; Kyunh Lah, "China Arrested 4 Japanese against Backdrop of Diplomatic Battle," *CNN*, September 24, 2010.

released the captain on September 25, 2010.¹¹⁹ Interestingly, China did not stop and continued to use gray-zone coercion via its fishery administrative ships. On September 26, Chinese fishery administrative ships no. 201 and 203 had a standoff with JCG ships, and beginning September 30, Chinese fishery administrative ship no. 201 patrolled around one of the rocks in the Senkakus for the first time.¹²⁰ Starting from November 2010, the Chinese government announced that China's fishery administrative ships would conduct regularized patrols around the waters of the Senkakus.¹²¹ This last action after September 25 constituted proactive Chinese coercion, nestled smartly within what was originally reactive and immediate coercion. It should be noted that these Chinese fishery administrative ships did not enter the territorial waters of the Senkakus, but patrolled along a 15-nautical mile circle off the Senkakus – within the contiguous zone but just off the 12-nautical mile line.¹²² Barring the 2008 unauthorized intrusion, it was after the 2010 incident that the Chinese state began authorizing patrols inside the contiguous zone of the Senkakus, as confirmed by data from the JCG.¹²³

Why the 2010 Incident Counts as Coercion

Chinese actions constitute as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear

¹¹⁹ *Xinhua News*, September 25, 2010, <http://news.163.com/10/0925/04/6HDCMAMM00011241.html>, accessed April 24, 2018.

¹²⁰ Zhang Liangfu, *Jujiao zhongguo haijiang*, p. 197. For recollections from one of the crew members on board, see *Global Times*, September 30, 2010, <http://war.news.163.com/10/0930/10/6HQSIKAN00011MTO.html>, accessed April 24, 2018.

¹²¹ Zhang Jie and Yang Danzhi eds., *Assessment of China's Regional Security Environment*, p. 19.

¹²² Cross-checked by various Chinese news media, "Zhongguo yuzheng 201 chuan 6ri fanhang, lei ji raodiaoyudao hangxing 4quan [Chinese fishery administrative ship sailed around the Senkakus four times]," *Global Times*, October 8, 2010, <http://war.news.163.com/10/1008/10/6IFETBES00011MTO.html>; Cheng Gang, "Diaoyudao xunhang riji er [Diary of the patrol around the Senkakus: the second]," *Global Times*, September 27, 2010, <http://world.huanqiu.com/roll/2010-09/1130269.html>, accessed April 24, 2018. Journalist Cheng went on board the Chinese fishery administrative ship.

¹²³ See Japanese MOFA official data at <http://www.mofa.go.jp/files/000170838.pdf>, accessed April 24, 2018.

intentions (goals). First, they are instructed by the state (as seen in above interviews and official government statements from the foreign ministry and the premier), and they inflict pain on Japan. In addition, the goal of these coercive actions is clear. As the official statements above indicated, the goals and targets were clear. The immediate goal of Chinese coercion in this episode was to force Japan to release the captain without having him going through a domestic trial. Interviews with a former Chinese diplomat based in Tokyo at that time as well as other government policy analysts also confirmed this goal.¹²⁴ Furthermore, since Japan denied the existence of a dispute particularly in this episode (as seen in the statement by Seiji Maehara), China wanted to use coercion to force Japan to return to the tacit consensus that there was a dispute regarding the Senkakus and that both sides would table the dispute.¹²⁵ Third, these actions clearly inflicted damage. In term of the magnitude of coercion, first, the diplomatic sanctions in this episode constitute a termination of senior-level exchanges for about 6 months, and the magnitude was therefore high. Second, since the economic sanctions in this case involved rare-earth materials, a key strategic good, the magnitude was also high. Third, since the gray-zone coercion in this episode did not involve inflicting physical damage or expelling foreign ships, the magnitude was small. The following paragraphs demonstrate it is the balance of costs and benefits that led China to use coercion in this case.

Explaining the Case

Turning first to the need to establish a reputation for resolve, to begin with, prior to the boat clash incident, semi-official assessments from both the China Institute for International Studies (CIIS) and CICIR's annual reports indicated that the Japanese media in late 2009 had begun to publicize the disputes regarding oil fields in the East China Sea and that officials such as Seiji

¹²⁴ Interview KZ-#66, Shanghai, China, May 4, 2016.

¹²⁵ Interview KZ-#97, Beijing, China, July 18, 2016; Interview KZ-#98, Beijing, China, July 20, 2016.

Maehara took a quite hawkish stance on the East China Sea disputes.¹²⁶ The 2010 boat clash incident itself gained international salience, especially with coverage by major media such as the *New York Times* and *CNN*.¹²⁷ In particular, Japanese official Seiji Maehara's denial of the existence of territorial disputes over the Senkaku islands and Japan's decision to have the captain go through domestic courts received extensive coverage by the *New York Times*, which raised the salience of this incident and the pressure for China to demonstrate it would give in to Japanese decisions.¹²⁸ China's logic can also be discerned from the statements made by Chinese officials immediately after the boat clash on September 7, 2010, as laid out in detail in previous paragraphs. For example, right after Japan denied the existence of a territorial dispute regarding the Senkakus, Chinese foreign ministry spokesperson Jiang Yu warned that if Japan continued to take reckless actions, it would have to bear the consequences (*rifang ru jixu ziyiwangwei, bijiang zishi qiguo*). Chinese state councilor Dai Bingguo also warned Japan that it should not "miscalculate the situation" (*buyao wupan xingshi*) and should immediately release all Chinese crew and the fishing boat. Chinese premier Wen Jiabao eventually made a statement on September 22 that if Japan continued to take careless and reckless actions, China would have to take countermeasures, after which China began taking coercive measures. It seemed that by warning Japan to avoid "miscalculating the situation," State Councilor Dai Bingguo was suggesting that China was trying to send a message to Japan (prior to the use of coercion) such that Japan should not take China's inaction as being unwilling and unresolved to defend its territorial claims and that Japan must stop its current actions. In fact, Dai Bingguo had been using this phrase of "miscalculation" for at least several years. From his recently published memoir, Dai Bingguo reasoned to then Japanese Chief Cabinet Secretary Fukuda Yasuo in

¹²⁶ CIIS, *International Situation and China's Foreign Affairs 2009-2010*, p. 234; CICIR, *Strategic and Security Review 2010*, p. 347. Both annual reports were published in 2010, but before the incident.

¹²⁷ Elise Labott, "U.S. walks tightrope in China-Japan dispute," *CNN*, September 24, 2010, <http://www.cnn.com/2010/POLITICS/09/24/us.china.japan/>; Martin Fackler and Iain Johnson, "Arrest in Disputed Seas Riles China and Japan," *New York Times*, September 19, 2010, <https://www.nytimes.com/2010/09/20/world/asia/20chinajapan.html>, accessed April 24, 2018.

¹²⁸ Martin Fackler and Iain Johnson, "Arrest in Disputed Seas Riles China and Japan."

2004 that if Japan did not make statements to harshly suppress Taiwan’s pro-independence activities, Taiwanese President Chen Shuibian would miscalculate the situation.¹²⁹ Dai fleshed out his logic, stating that if [China and Japan] let our guard down, Taiwan would “miscalculate and venture further into the danger [of independence], which is why Japan should send clear signals to Taiwan [to suppress its pro-independence activities]” (*ruguo diaoyi qingxin, Chen Shuibian jiuhui wupan xingshi, ting’er zouxian*).¹³⁰ It is clear that Dai’s repeated use of sending clear signals so that the target would not miscalculate — both in the Taiwan and the Japan cases — laid out Chinese leaders’ logic of emphasizing the need to establish a reputation for resolve: taking actions to demonstrate your resolve so that your target does not view you as weak and unresolved.

Interviews with government policy analysts and scholarly writing further fleshed out this logic of demonstrating resolve. One government policy analyst stated, for instance, that if China did not use coercive measures to force stop Japan’s plan for a domestic trial, it would signal to Japan that China had acceded to Japan’s territorial claims over the Senkakus.¹³¹ Another former government policy analyst close to the MFA added that the plan to conduct a trial through domestic Japanese laws forced China to a cliff edge where China had to take action to stop Japan from exercising legal activities over the Senkakus.¹³² Other government policy analysts emphasized that China feared that if it did not take action, it would be viewed as weak.¹³³ In fact, Chinese actions in this episode confirmed what a long-time maritime expert recommended in late 2008: to counter Japan’s increasingly assertive behavior in maritime disputes, China should “take measured actions without showing weakness” (*shidu danbu shiruo de fanying*), especially when it came to the

¹²⁹ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo’s Memoir]* (Beijing: People’s Press, 2016), p. 92.

¹³⁰ *Ibid.* Dai also repeated this phrase during his discussion with U.S. officials regarding Chen Shuibian’s pro-independence activities in 2004. See p. 69 of *ibid.*

¹³¹ Interview KZ-#75, Shanghai, China, May 12, 2016.

¹³² Interview KZ-#93, Beijing, China, June 16, 2016.

¹³³ Interview KZ-#97, Beijing, China, July 18, 2016.

Senkaku disputes.¹³⁴ As such, the need to establish a reputation for resolve – the need to show resolve and avoid being seen as weak – was therefore high in this episode.

Turning next to economic vulnerability cost, it is true that China still needed to import high-tech intermediary products, yet as with the post-2005 trend, Sino-Japan economic relations had become more balanced.¹³⁵ In particular, as the 2008 CASS annual report on Japan indicated, Japanese ODA to China would end in 2008 and Sino-Japanese economic relations would then enter into a period of “increasing parity” (*duidengxing zengqiang*), with China continuing to be Japan’s largest trading partner.¹³⁶ The CIIS annual report in 2010 (prior to the boat clash incident) also noted that the Japanese economy had lost the momentum it enjoyed in the 1990s.¹³⁷ The CIIS report was probably right in making this judgment, because according to the official data released by the Japanese government on August 16, 2010, China’s GDP would surpass that of Japan in 2010, making China the second largest economy next to the United States in terms of GDP.¹³⁸ Chinese media reported this result extensively immediately, which was merely three weeks before the boat clash incident took place.¹³⁹ In short, as the Sino-Japanese economic relations became more balanced, China’s economic vulnerability cost of using coercion in this episode was low.

Turning finally to geopolitical backlash cost, in line with the previous section on the general trend in the post-2005 period, the United States continued to strengthen the U.S.-Japan alliance. The

¹³⁴ Liu Zhongmin, “Zhongguo haiyang zhengzhi zhanlue yanjiu [Outline of China’s Maritime Political Strategy],” in Xu Xiangmin ed., *Haiyang quanyi yu fazhan zhanlue [Maritime Rights and Developmental Strategies]* (Oceanic Press: 2008), p. 241.

¹³⁵ CASS, Wang Luolin ed., *2009 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 18.

¹³⁶ CASS, Wang Luolin ed., *2008 Bluebook of Japanese Economy*, p. 16.

¹³⁷ CIIS, *International Situation and China’s Foreign Affairs 2009-2010*, p. 2.

¹³⁸ Zhu Changzheng and Wang Jing, “GDP shijie di’er yiran kunrao zhongguo ren [China still troubled despite ranking 2nd in GDP],” *Caixin News*, August 18, 2012, <http://finance.sina.com.cn/review/20100818/10378502433.shtml>, accessed April 24, 2018.

¹³⁹ See, for example, “Zhongguo GDP chaoriben nan lingren xinxi [It is not exciting that China’s GDP surpassed that of Japan],” *Renmin Wang [People]*, August 20, 2010, <http://japan.people.com.cn/35464/7110727.html>, accessed April 24, 2018; Zhu Changzheng and Wang Jing, “GDP shijie di’er yiran kunrao zhongguo ren [China still troubled despite ranking 2nd in GDP].”

2008 annual report of the CIIS continued to stress that the United States further strengthened its forward presences in China's periphery while encouraging Japan to become a "normal nation" to balance China.¹⁴⁰ The 2008 CICIR annual report also noted that Japan's importance to the United States as a strategic foothold in the Asia-Pacific had become on par with that of Guam and that in 2008 USS Washington entered Yokosuka naval base for the first time.¹⁴¹ U.S. attention to Japan was well received in Japan. The 2008 CASS report noticed that Japanese Prime Minister Shinzo Abe emphasized the United States as Japan's inalienable ally, stressing the need to strengthen this alliance.¹⁴² Even though Japanese Prime Minister Hatoyama Yukio stated in the *New York Times* on August 26, 2009 that Japan and other Asian countries wanted to restrain U.S. political and economic excesses, they wanted the military power of the U.S. to function effectively for the stability of the region so as to reduce the military threat posed by China.¹⁴³ Scholars conceded that when making decisions, Chinese leaders did take the United States and its likely response into account.¹⁴⁴ Nevertheless, Chinese scholars believed that the United States would not get too involved in the Senkaku disputes because this island was not of utmost importance to the United States.¹⁴⁵ Another former official in the East China Sea bureau of the SOA stated that during the crisis — on September 24, 2010 — the United States emphasized that the U.S.-Japan defense treaty would cover the Senkaku islands on one hand, yet asked Japan to release the Chinese captain on the other, which made China believe that the United States was issuing a blank check to Japan and would not send its troops to defend the Senkakus.¹⁴⁶ According to the memoir of former U.S. official Jeffrey Bader, the White House believed "Japan's handling of the incident seemed maladroit" and the decision to treat the incident "as a law enforcement issue within its jurisdiction, not a diplomatic incident," Bader

¹⁴⁰ CIIS, *International Situation and China's Foreign Affairs 2007-2008*, p. 8.

¹⁴¹ CICIR, *Strategic and Security Review 2008*, p. 327.

¹⁴² CASS, *Annual Report on International Politics and Security 2008*, p. 166.

¹⁴³ Yukio Hatoyama, "A New Path for Japan," August 26, 2009, *New York Times*, <https://www.nytimes.com/2009/08/27/opinion/27iht-edhatoyama.html>, accessed April 24, 2018.

¹⁴⁴ Interview KZ-#13, Beijing, China, November 16, 2015.

¹⁴⁵ Interview KZ-#10, Beijing, China, October 13, 2015.

¹⁴⁶ Interview KZ-#71, Shanghai, China, May 6, 2016.

argued, had unnecessarily triggered China's "sharp" reaction.¹⁴⁷ He found "absurd" the idea that Japan might draw the United States into armed conflict over some "rocky islets."¹⁴⁸ As a result of this ambivalence, "the administration hoped for a rapid de-escalation."¹⁴⁹ Indeed, prior to Clinton and Obama's meetings with Japanese leaders on September 23, Bader and Kurt Campbell had been meeting with senior Chinese and Japanese leaders to explore modalities to resolve the situation.¹⁵⁰ In short, the overall geopolitical backlash cost for using coercion was still high in this episode. At the same time, the immediate risk of war escalation was considered low, as long as China did not use military coercion, which will be discussed in section III.

To summarize, the need to establish a reputation for resolve was high in this period: as the Senkaku dispute became more publicized, China felt a greater need to demonstrate its resolve to defend the sovereignty of the Senkakus. In contrast, of the two costs, with stronger U.S. presence in Asia and in particular the strengthening of the U.S.-Japan alliance, only the geopolitical backlash cost was high. China therefore used non-militarized coercion in the 2010 incident.

The 2012 Case – Japan's Nationalization of the Senkaku Islands

In early September 2012, the Japanese government decided to nationalize three of the Senkakus, announcing that it had bought them from their private Japanese owners for nearly \$30 million.¹⁵¹ When Japan reached this agreement on September 5, 2012, Chinese Foreign Ministry spokesperson Hong Lei immediately stated that despite China's multiple serious protests against

¹⁴⁷ Jeffrey A. Bader, *Obama and China's Rise*, p. 106-108.

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*

¹⁵⁰ *Ibid.*, p. 107.

¹⁵¹ Jane Perlez, "China Accuses Japan of Stealing After Purchase of Group of Disputed Islands," September 11, 2012, *New York Times*, <https://www.nytimes.com/2012/09/12/world/asia/china-accuses-japan-of-stealing-disputed-islands.html>; *The Asahi Shimbun*, September 5, 2012, http://ajw.asahi.com/article/behind_news/politics/AJ201209050013, accessed June 28, 2015.

this agreement, Japan did not heed China's demands (*zhiruo wangwen*), adding that China was resolved in defending its territories and that China would take necessary measures to defend its sovereignty.¹⁵² After Japan officially signed the contract to formally nationalize the Senkakus on September 11, 2012, Hong Lei repeated that China would not tolerate any behavior encroaching upon China's sovereignty and that China was resolute to defend its territory, urging Japan to terminate the action of nationalizing the Senkakus and return to the consensus of using negotiations to resolve the Senkaku dispute.¹⁵³ When Japan did not accept China's protests on September 12, China began taking coercive measures.¹⁵⁴ First, China used gray-zone coercion. China began regularized patrol into the territorial waters of the Senkakus on September 11, 2012, as seen in Table 6.2 in the introduction. And on October 30, 2012, Chinese maritime surveillance ships successfully expelled Japanese vessels for the first time.¹⁵⁵ Second, China also utilized diplomatic sanctions. According to an interview with a Japanese diplomat based in Beijing at that time, senior-level exchanges (ministerial level and above) were cut off, and the diplomat's Chinese counterparts would not reply to emails, phone calls, or requests for meetings.¹⁵⁶ According to this diplomat, this termination of senior-level exchanges took place, despite the Japanese counterparts' repeated attempt and wish to resume communications.¹⁵⁷ This episode of diplomatic sanctions lasted until April 2014, when China finally received a group of Japanese diet members.¹⁵⁸ Chinese government policy analysts and scholars also confirmed the duration.¹⁵⁹ Third, small-scale

¹⁵² MFA Press Conference, September 5, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t966538.shtml, accessed April 24, 2018.

¹⁵³ MFA Press Conference, September 11, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t968441.shtml, accessed April 24, 2018.

¹⁵⁴ MFA Press Conference, September 12, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t968837.shtml, accessed April 24, 2018.

¹⁵⁵ *Report on China's Regional Diplomacy 2015*, p. 212.

¹⁵⁶ Interview, Beijing, China, July 15, 2014.

¹⁵⁷ Interview, Beijing, China, July 15, 2014.

¹⁵⁸ *Ibid.*

¹⁵⁹ Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#41, Beijing, China, January 22, 2016. Some interviewees indicated all kinds of exchanges and meetings – including those at the bureau level – were cancelled.

economic sanctions also ensued. For one, questions during the Chinese Foreign Ministry press conference on September 24 revealed that the Chinese Customs increased the inspection of exports to and imports from Japan.¹⁶⁰ For another, although the scale was not on par with the rare-earth embargo in 2010, one senior diplomat based in Beijing confirmed that some Japanese companies had complained about being precluded from some of the biddings or contracting processes with Chinese counterparts, with the Chinese side citing “administrative guidance.”¹⁶¹ One Japanese scholar who interviewed Chinese enterprises and local officials in northern China confirmed that these inspections and exclusions were not decisions made by localities – local Chinese governments, in fact, would like to strengthen economic ties with Japan because they were beneficiaries, indicating that the instructions came from the central government.¹⁶²

Why the 2012 Incident Counts as Coercion

Chinese actions count as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, they were state instructed decisions. Second, the goals and target of Chinese coercion in this episode were quite clear. As noted above, Chinese Foreign Ministry spokesperson Hong Lei demanded on September 11, 2011 that Japan terminate the action of nationalizing the Senkakus and return to the consensus of tabling disputes. According to interviews with government policy analysts, former diplomats based in Japan, former SOA officials, and scholars, China’s goal was to force Japan to at least accept that there was a territorial dispute over

¹⁶⁰ MFA Press Conference, September 24, 2012
http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t972832.shtml, accessed April 24, 2018.

¹⁶¹ *Ibid.*

¹⁶² Interview KZ-#107, Washington D.C., USA, September 28, 2016.

the Senkaku islands.¹⁶³ Third, Chinese actions did inflict damage on Japan. As for the magnitudes, diplomatic sanctions were high because of the long duration and the seniority of the levels involved. The magnitude of gray-zone coercion was also high because China began to expel Japanese vessels. Economic sanctions had a low magnitude. The following paragraphs indicate that the cost balancing theory explains why China used coercion in the 2012 nationalization incident. If the cost balancing theory is correct, we should see that the benefits exceed the costs of coercion.

Explaining the Case

Turning first to the need to establish a reputation for resolve, despite Japan's belief that it would better manage the Senkaku issue via nationalization, China believed that Japan was taking actions to further strengthening its control of disputed islands. As early as 2011, the CASS report on regional security noted that Japan continued to strengthen its control of the Senkakus both in terms of actions and words.¹⁶⁴ Behaviorally, Japan named the smaller islands in the Senkakus on March 5, 2012; sued the Chinese captain in the boat clash incident on March 15, 2012; and listed one of the islands in the Senkakus as "national property" in late March 2012.¹⁶⁵ In particular, Japan made explicit its intention to nationalize the Senkaku islands on July 7, 2012, the timing of which was particularly sensitive to China because July 7 marked the 75th anniversary of the beginning of the Sino-Japanese war in 1937. Japan's decision was reported extensively by foreign media including the *New York Times*, the *Washington Post*, and the *Strait Times*, as well as domestic Japanese

¹⁶³ Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#71, Shanghai, China, May 6, 2016; Interview KZ-#66, Shanghai, China, May 4, 2016; Interview KZ-#93, Beijing, China, June 16, 2016; Interview KZ-#99, Beijing, China, July 21, 2016.

¹⁶⁴ Zhang Jie and Yang Danzhi eds., *Assessment of China's Regional Security Environment*, p. 74.

¹⁶⁵ MFA Press Conference, March 5, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t911108.shtml; MFA Press Conference, March 15, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t914379.shtml; MFA Press Conference, March 27, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t917806.shtml, accessed April 24, 2018.

media.¹⁶⁶ After repeated warning against Japan's decision to nationalize the Senkakus from the Chinese Foreign Ministry, Japan went ahead to reach an agreement to nationalize the Senkakus on September 5, 2012, which the Chinese Foreign Ministry spokesperson harshly criticized.¹⁶⁷ Interestingly, before September 5, 2012, the press release of the MFA spokesperson mainly voiced strong protests, yet starting from September 5, the spokesperson added one sentence: "the Chinese government is resolute and has strong will in defending the Diaoyu [Senkaku] Islands" (*zhongguo zhengfu hanwei diaoyudao lingtu zhuquan de juexin he yizhi shi jianding buyide*).¹⁶⁸ This statement came right before China began to coerce Japan. Although the Chinese government did not have an official explanation parsing out what this sentence meant, it seemed that the logic behind this sentence was China's need to consistently demonstrate its resolve and credibility in defending China's sovereignty to Japan. More telling was that amidst the Chinese coercion, a semi-official Chinese source – Guo Jiping¹⁶⁹ – wrote in *People's Daily* on October 12, 2012 that China was using countermeasures such as regularized patrol to signal its strong will and resolution in defending its sovereignty and emphasized that no one should doubt China's resolution (*buyao duici xincun jiaoxing he huaiyi*).¹⁷⁰ In short, China used coercion to establish its reputation for resolve and to fend off other countries' doubts regarding China's resolve.

¹⁶⁶ <http://www.nytimes.com/2012/07/16/world/asia/japan-recalls-ambassador-to-china.html>; Chico Harlan, "Japan's ambassador to China returns for talks amid new row over islands," *Washington Post*, July 15, 2012, https://www.washingtonpost.com/world/japans-ambassador-to-china-returns-for-talks-amid-new-island-row/2012/07/15/gJQAQ9K6lW_story.html?utm_term=.fda9342bb2b7; Kwan Weng Kin, "Japan recalls envoy to China," *The Straits Times (Singapore)*, July 16, 2012 Monday; "Govt: Senkaku plan not diplomatic matter," *The Daily Yomiuri*, July 10, 2012 Tuesday; "Noda moving to nationalize Senkakus," *The Nikkei Weekly (Japan)*, July 16, 2012 Monday.

¹⁶⁷ MFA Press Conference, September 5, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t966538.shtml, accessed April 24, 2018.

¹⁶⁸ *Ibid.*; MFA Press Conference, September 11, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t968441.shtml; MFA Press Conference, September 12, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t968837.shtml; MFA Press Conference, September 13, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t969139.shtml, accessed April 24, 2018.

¹⁶⁹ Just like Zhongsheng, this is a pseudo name literally meaning international peace.

¹⁷⁰ *People's Daily*, October 12, 2012. http://paper.people.com.cn/rmrb/html/2012-10/12/nw.D110000renmrb_20121012_5-03.htm?div=-1, accessed April 24, 2018.

Interviews with former diplomats, government policy analysts, and scholars also indicated the logic of establishing a reputation for resolve. Chinese government policy analysts indicated that China and Japan had begun dealing with the issue of nationalization since April and May 2012, yet Japan did not heed to China's warning.¹⁷¹ In contrast to the Koizumi era, Chinese government policy analysts believed that the Democratic Party of Japan — the ruling party in 2012 prior to the incident — publicized the issue of nationalization.¹⁷² One former senior government policy analyst stated that if Japan were to accept that there was a dispute and tacitly tabled this dispute in the 2012 case, China would not have used coercion in the first place.¹⁷³ Fearing being viewed as weak by Japan, China used coercive measures in the 2012 case to deter any future actions Japan might take.¹⁷⁴ As one former Chinese diplomat based in Tokyo noted, China was afraid that Japan might read China's inaction as gains and therefore advance further, stating that this factor trumps concerns about domestic legitimacy.¹⁷⁵ As one scholar summarized, the most important factor driving China's coercion in the 2012 incident was not just about stopping Japan's nationalization; rather, China was aimed at sending a signal to the United States and other countries, that is, just like the Scarborough Shoal incident, China used coercion with the purpose of "killing the chicken to scare the monkey."¹⁷⁶ In short, the need to establish a reputation for resolve was high in this incident. Nevertheless, this does not mean that China was simply reacting passively. As some scholars and government policy analysts pointed out, China had begun contemplating regularized patrols around the contiguous zone of the Senkaku islands since around 2010 and had to make proper preparations.¹⁷⁷ In this sense, they seemed to suggest that China's coercion in 2012 demonstrated opportunism. Japan's decision to nationalize the islands created an opportunity for

¹⁷¹ Interview KZ-#45, Beijing, China, February 2, 2016.

¹⁷² Interview KZ-#75, Shanghai, China, May 12, 2016.

¹⁷³ Interview KZ-#93, Beijing, China, June 16, 2016.

¹⁷⁴ Interview KZ-#45, Beijing, China, February 2, 2016; Interview KZ-#51, Beijing, China, March 8, 2016.

¹⁷⁵ Interview KZ-#66, Shanghai, China, May 4, 2016; Interview KZ-#97, Beijing, China, July 18, 2016; Interview KZ-#98, Beijing, China, July 20, 2016.

¹⁷⁶ Interview KZ-#10, Beijing, China, October 13, 2015.

¹⁷⁷ Interview KZ-#93, Beijing, China, June 16, 2016; Interview KZ-#99, Beijing, China, July 21, 2016.

China to “legitimately” carry out what it had been planning prior to 2012, which again confirms the notion that reactive Chinese coercion does not mean China was not changing the status quo.

Turning next to economic vulnerability cost, as with the post-2005 trend and the 2010 case, despite being an important aspect of China’s foreign economic relations, Sino-Japan bilateral economic relations continuously decreased concerning the proportion of China’s overall foreign trade volume. As seen in Figure 6.5 and as reaffirmed by the CASS annual report on Japanese economy in 2011, Sino-Japanese trade had entered into a stage of “high-level stagnation,” lagging behind China’s foreign trade with the United States and EU.¹⁷⁸ In 2011, Japan was only the fourth largest trading partner of China, which fell behind the EU, United States, and ASEAN.¹⁷⁹ According to the CASS report, this also suggested that Sino-Japanese trade had matured and stabilized.¹⁸⁰

In addition, after peaking in 2005, Japanese foreign direct investment to China also decreased from about six billion to four billion U.S. dollars in 2010, and the number of foreign direct investment contracts witnessed a similar trend.¹⁸¹ According to the 2011 CASS report, this decline had to do with changes in China’s industrial policies — China’s previous strategy was to welcome foreign capital of any kind, yet starting from 2008, China began to implement the policy that terminated the tax exemption of foreign capital, because China no longer welcomed traditional and environmentally-damaging industries.¹⁸² Former Chinese diplomats, scholars and government policy analysts also noted that although China still needed Japan for high-tech intermediary

¹⁷⁸ CASS, Wang Luolin and Zhang Jifeng eds., *2011 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 24; CASS, Wang Luolin and Zhang Jifeng eds., *2012nian riben jingji yu zhongri jingmao guanxi fazhanbaogao [2012 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]* (Beijing: Social Sciences Academic Press, 2012), p. 19.

¹⁷⁹ CASS, Wang Luolin and Zhang Jifeng eds., *2012 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 20.

¹⁸⁰ CASS, Wang Luolin and Zhang Jifeng eds., *2012 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 20; CASS, Wang Luolin and Zhang Jifeng eds., *2011 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 24.

¹⁸¹ CASS, Wang Luolin and Zhang Jifeng eds., *2011 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations*, p. 45.

¹⁸² *Ibid.*

products, China's need decreased — China no longer needed Japan's ODA — and Sino-Japan economic relations had become more balanced.¹⁸³ In short, the economic vulnerability cost of using coercion was low in the 2012 case.

Turning finally to geopolitical backlash cost, as with the 2010 case, the geopolitical backlash cost remained high. For one, as the 2011 CASS report on Japan and the 2011 CICIR annual report pointed out, Japan would continue to strengthen its alliance with the United States and its China policy would become increasingly conservative and assertive.¹⁸⁴ According to both the 2012 CASS and the CISS annual reports, since the end of 2010, Japan had emphasized that its focus of defense would shift to the southwestern islands and that it would strengthen defense cooperation with the United States, South Korea, and Australia so as to counter potential threats in the region.¹⁸⁵ Japan had also repeatedly asked the United States to confirm that the U.S.-Japan defense treaty would be applicable to the Senkakus.¹⁸⁶ For another, CASS reports noticed that the United States also placed the U.S.-Japan alliance as the bedrock of its security arrangement in Asia, calling for Japan to revive the military alliance in 2010.¹⁸⁷ The CIIS annual report noted in 2011 that after the Sino-Japan boat clash incident of 2010, Secretary of State Hillary Clinton stated that the Senkakus fell into the U.S.-Japan defense treaty and Secretary Clinton reaffirmed this U.S. stance in October 2010 when meeting with Chinese Foreign Ministry Yang Jiechi.¹⁸⁸ The CICIR annual report of 2011 added that starting from early 2011, the United States strengthened its military presence by holding military

¹⁸³ Interview KZ-#40, Beijing, China, January 22, 2016; Interview KZ-#66, Shanghai, China, May 4, 2016; Interview KZ-#67, Shanghai, China, May 4, 2016; Interview KZ-#98, Beijing, China, July 20, 2016.

¹⁸⁴ CASS, Wang Luolin and Zhang Jifeng eds., *2011nian riben jingji yu zhongri jingmao guanxi fazhanbaogao [2011 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]* (Beijing: Social Sciences Academic Press, 2011), p. 239; CICIR, *Strategic and Security Review 2011-2012*, p. 324-325.

¹⁸⁵ CASS, *Yellow book of International Politics 2012*, p. 55; CIIS, *Annual Bluebook on International Situation and China's Foreign Affairs 2012*, p. 64, p. 67.

¹⁸⁶ CICIR, *Strategic and Security Review 2011-2012*, p. 331.

¹⁸⁷ Zhang Jie and Yang Danzhi eds., *Assessment of China's Regional Security Environment*, p. 2; see also CIIS, *Annual Bluebook on International Situation and China's Foreign Affairs 2011*, p. 16.

¹⁸⁸ CIIS, *Annual Bluebook on International Situation and China's Foreign Affairs 2011*, p. 204.

exercises with Japan and other countries in China's surrounding waters.¹⁸⁹ Simply put, the geopolitical backlash cost for China to use coercion had been consistently high, which was the case in 2012 as well.¹⁹⁰ Nevertheless, as will be discussed in section III below, China believed as long as it did not escalate to military coercion, the United States would not get involved. Some former U.S. government officials even suggested that China had an interest in undermining the administrative control of the Senkakus: U.S. security commitment works only in any territory under the administrative control of Japan –Chinese actions regarding the Senkakus could undermine Japan's administrative control and thus would undermine U.S. commitment to Japan.¹⁹¹

To summarize, the need to establish a reputation for resolve was great; the economic vulnerability cost of coercing was low, yet the geopolitical backlash cost of using military coercion was high. Specifically, with Japan's decision to nationalize the Senkakus attracting international attention, China felt the need to use coercion to establish its credibility of being resolved to defend its sovereignty regarding the Senkakus. Although the U.S.-Japan alliance became even stronger, the Sino-Japanese economic relationship became more balanced, thus reducing the economic vulnerability cost for China to use coercion. As a result, China thus used coercion in the 2012 incident.

¹⁸⁹ CICIR, *Strategic and Security Review 2011-2012*, p. 113.

¹⁹⁰ This was particularly the case in 2012, as one former U.S. official indicated: Operation Tomodachi was a strong bonding experience and the geopolitical cost for China to coerce Japan was high. Interview KZ-#119, Washington D.C., USA, February 16, 2017.

¹⁹¹ Interview KZ-#104, Washington D.C., USA, September 6, 2016.

Section III. Alternative Explanations

There are two kinds of alternative explanations tailored towards two questions I have asked in this dissertation. The first concerns when China decides to coerce, and the second focuses on China's preference for using non-militarized coercion. This section deals first with alternative explanations regarding the decisions to use coercion and then moves on to alternatives about the choices of coercive tools.

Alternative Explanations Regarding Decisions to Use Coercion

As stated in the theory chapter, there are two major alternative explanations regarding when China coerces. The first concerns bureaucratic interests and the power struggle among different bureaucracies and domestic interest groups such state-owned enterprises. In this view, when and why China uses coercion is a result of the winning bureaucracies, rather than centrally led cost-benefit decision making. The second alternative explanation champions an individual based explanation, stating that leadership differences explain when China uses coercion.

Turning first to the bureaucratic alternative, barring from the 2008 case when China entered into the territorial waters of the Senkakus (which was indeed a case demonstrating the decisions made by lower-level bureaucracies), other cases of coercion are all decisions made by the central government. To begin with, as seen in the case studies of 2010 and 2012, the announcements to cut senior-level exchanges, cancel meetings, and to employ maritime surveillance ships to patrol the East China Sea and the Senkakus all came from official outlets from the Foreign Ministry, the State Council, and sometimes even the Chinese Premier himself. In this sense, the decisions came from the central government, as opposed to lower-ranking bureaucracies such as those in the East China Sea section of the SOA.

Furthermore, interviews with scholars, former officials, Japanese diplomats based in Beijing, and government policy analysts all indicate that when it came to issues involving Japan, coercion decisions almost always came from the center.¹⁹² One example involves the rare earth ban in the 2010 incident, the decision of which, according to U.S. policy analysts, came from the Politburo Standing Committee.¹⁹³ For example, one government policy analyst stated that in the March 2012 case when China used gray-zone coercion in response to Japan's official naming of the Senkaku Islands, it was the SOA that laid out plans for the rights-defense patrol (*baogao fang'an*), yet it was not until their superiors approved that China began to send maritime surveillance ships into the territorial waters of the Senkakus.¹⁹⁴ That is, the decisions came from the center, and the different ministries and agencies only implemented the decisions.¹⁹⁵ According to a former official who was in the East China Sea bureau of the SOA, there were two kinds of missions tasked to the maritime surveillance ships in the East China Sea. The first kind was regularized patrol, which would have pre-approved plans and thus models to follow (*you yu'an*).¹⁹⁶ The second kind was contingencies and accidents in the East China Sea, which had to be reported by each level all the way to the center, sometimes with the Foreign Ministry convening "a joint meeting" (*lianxi huiyi*), and whether or not maritime surveillance ships would take action depended on "instructions from the center" (*zhongyang zhishi*).¹⁹⁷ This account is in line with the decision-making process seen in South China Sea cases.

Finally, a related negative case where China did not use coercion also indicated the centralization of decisions. In June 2008, China and Japan released a "Japan-China Joint Press Statement" regarding the cooperation between Japan and China in the East China Sea. According to

¹⁹² Interview, Beijing, China, July 3, 2014; Interview, Beijing, China, July 15, 2014.

¹⁹³ Interview KZ-#109, Washington D.C., USA, December 5, 2016.

¹⁹⁴ Interview KZ-#41, Beijing, China, January 22, 2016.

¹⁹⁵ Interview KZ-#45, Beijing, China, February 2, 2016.

¹⁹⁶ Interview KZ-#71, Shanghai, China, May 6, 2016.

¹⁹⁷ *Ibid.*

senior government policy analysts and scholars, the SOA and state-owned oil companies were strongly against this agreement which would lead to “cooperative development” (*hezuo kaifa*) around the median line in the East China Sea, yet top leaders decided to continue negotiations with Japan (*goaceng zhudao*), which eventually resulted in this press statement.¹⁹⁸ As such, except for the 2008 entry into the territorial waters of the Senkakus, other decisions to use coercion in the East China Sea cases are centralized decisions, as opposed to bureaucratic maneuvering.

Turning then to the leadership alternative, first, Chinese coercion regarding maritime disputes in the East China Sea began during the Hu Jintao and Wen Jiabao administration, allegedly the weakest of the three generation of leaders in the post-Cold War period – some China scholars coin Hu’s reign as “inaction” (*wuwei*).¹⁹⁹ Even if one argues that by the time the September 2012 incident took place, Xi Jinping would have already assumed most of the power, it would not explain the equally drastic coercion used by China during the 2010 boat clash incident, involving diplomatic and economic sanctions as well as gray-zone coercion. After all, if Xi was considered to be a more assertive leader and was able to exert exclusive control over foreign policy matters, we should be observing coercion of greater magnitude when he assumed power, which is not what we see in the case studies, Figure 6.2, or Table 6.2. In fact, as we have seen both in the East and South China Sea cases (chapters 4-5), the Hu Jintao administration used coercion in maritime territorial disputes in both the East and South China Seas and was therefore not an administration of “inaction” empirically, as some may suggest. Second, even though there was no coercion against Japan during the 1990s – Jiang Zemin’s reign – as we have seen in the South China Sea cases, China used pretty harsh coercion against the Philippines and Vietnam, some of which involving militarized coercion. If it were individual leadership that matters, then one should expect to see “weak response” – lack of coercion – during the Jiang Zemin or Hu Jintao administration regarding all matters of national

¹⁹⁸ Interview KZ-#13, Beijing, China, November 16, 2015; Interview KZ-#40, Beijing, China, January 22, 2016.

¹⁹⁹ Cheng Li, *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership* (Washington D.C.: Brookings Institute Press, 2016), p. 10.

security, which is not what we observe empirically. Third, interviews with scholars, government policy analysts, and former foreign officials also discounted the leadership as a definitive factor in explaining coercion decisions. For example, as one scholar emphasized, despite being considered as weaker than the Xi administration, China still used drastic forms of coercion in 2010.²⁰⁰ Another senior government policy analyst also noted that even after Xi came into power, China's coercion towards Japan did not look any different from the ones before, emphasizing that the 2012 case was not a result of a supposedly more assertive Xi.²⁰¹ Another former U.S. government official also agreed that leadership styles did not explain Chinese coercion decisions.²⁰² In short, neither bureaucratic politics nor individual leadership differences constitute as crucial factors in explaining China's decisions to use coercion.

China's Preference for Non-Militarized Coercion and Alternatives Regarding Choices of Tools

As stated in the theory chapter, the first alternative explanation is about seeking status. Status inconsistent states will tend to believe that the reason for the lack of respect accorded to them is a result of their insufficient material power and their insufficient willingness to demonstrate this power, and due to lack of alternative forms of crisis management, status inconsistent states will use higher level of violence to settle disputes. Thus, states will be more likely to resort to force when disputes involve territory and occur in periods where the perceived gap between desired and ascribed status is growing or large. When the state's perceived international status is higher and when it has more means, it will reduce the use of force when in disputes. The second alternative explanation argues that military coercion stands out from other

²⁰⁰ Interview KZ-#13, Beijing, China, November 16, 2015.

²⁰¹ Interview KZ-#40, Beijing, China, January 22, 2016.

²⁰² Interview KZ-#104, Washington D.C., USA, September 6, 2016.

tools regarding its utility as a costly signal. The prediction is therefore: once a decision to coerce has been made, states tend to prioritize military coercion over non-military tools of coercion.

As shown in Table 6.2, Figure 6.2, and the case studies, however, China did not prioritize militarized coercion; if anything, China seemed to have an aversion to military coercion in the East China Sea – China never once used military coercion in East China Sea disputes. Although the need to demonstrate resolve constituted an important driver for China’s decisions to use coercion, China did not escalate to militarized coercion. The following paragraphs show that the cost balancing theory explains China’s preference for non-militarized coercion in East China Sea cases.

First, interviews with many government policy analysts, former officials, scholars, and former foreign officials indicate that China was keenly concerned about the potential risk of escalation and geopolitical backlash if China were to use militarized forms of coercion.²⁰³ For example, government policy analysts stressed that even though “moderate forms” of coercion would not push Japan to the complete opposite side, militarized coercion would, and that would be a burden to China.²⁰⁴ Another former diplomat based in Tokyo stated that China refrained from military coercion for fear of generating military conflicts and that China’s logic was as long as China did not use military means, the United States would not get militarily involved.²⁰⁵ Several other government policy analysts also stressed that the U.S. factor was of critical concern to China: if China used militarized coercion, the United States might get involved.²⁰⁶ Even former officials from the East China Sea bureau of the SOA admitted that China’s bottom line was to avoid military conflicts, and other former members of the maritime surveillance agency who participated in regularized patrols in 2012 confirmed that both China and Japan intentionally exercised

²⁰³ Interview KZ-#104, Washington D.C., USA, September 6, 2016.

²⁰⁴ Interview KZ-#51, Beijing, China, March 8, 2016.

²⁰⁵ Interview KZ-#66, Shanghai, China, May 4, 2016.

²⁰⁶ Interview KZ-#75, Shanghai, China, May 12, 2016.

restraint.²⁰⁷ The tacit consensus between Chinese maritime surveillance ships and Japanese coast guards was such that Japan tried to prevent its right-wing nationalists from boarding the Senkakus and China kept its own fishing vessels from the Senkakus: both sides were trying to control the situation so as to avoid escalation; although expulsion took place, most of the time Chinese maritime surveillance ships simply asked Japanese vessels to leave (*hanhua*).²⁰⁸ As the CASS report in 2011, the United States had remained ambiguous regarding the sovereignty issue of the Senkakus, yet despite repeatedly claiming that the U.S.-Japan defense treaty would be applicable to the Senkakus, the United States had never taken substantive actions.²⁰⁹ This implies that if China was cautious and used non-militarized coercion, the United States would probably remain ambiguous and refrain from actions. In fact, when U.S. officials reaffirmed that the U.S.-Japan defense treaty would apply to the Senkakus on July 9, 2012, Chinese fishery administrative ships immediately entered into the territorial waters of the Senkakus on July 11 and July 12, respectively.²¹⁰ Consistent with the CASS 2011 report, China seemed to be testing U.S. resolve in the July 11 and July 12 entries. And the lack of U.S. response seemed to convince China's belief that as long as China refrained from militarized coercion, the United States would not get directly involved.

Second, China feared that militarized coercion would cost China's economic development. According to government policy analysts, China never used its naval vessels for direct standoff or expulsion of Japanese vessels — it was always Chinese Maritime Surveillance ships that were in the front line, which reduced the sensitivity of the issue.²¹¹ This was because China was afraid of an

²⁰⁷ Interview KZ-#71, Shanghai, China, May 6, 2016.

²⁰⁸ *Ibid.*

²⁰⁹ Zhang Jie and Yang Danzhi eds., *Assessment of China's Regional Security Environment*, p. 68.

²¹⁰ MFA Press Conference, July 11, 2012,

http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t950013.shtml; MFA Press Conference, July 13, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t951078.shtml, accessed April 24, 2018.

²¹¹ Interview KZ-#40, Beijing, China, January 22, 2016; Interview KZ-#41, Beijing, China, January 22, 2016; Interview KZ-#45, Beijing, China, February 2, 2016.

overall confrontation and after all, China's "core goal" geared towards economic development.²¹² Scholars also reaffirmed that China did not use military coercion because it would be too costly, and China was especially afraid of the immensely negative economic repercussion to Sino-Japan relations and domestic Chinese economy if China escalated to military coercion, which would be a lose-lose situation to both China and Japan (*shuangshu*).²¹³ As a former government policy analyst summarizes, in using coercion towards Japan, China conducted "cost-benefit analyses" and would not push Sino-Japan relations to the extreme (*tuidao jiduan*).²¹⁴ In other words, China used coercion without "breaking" relations with Japan (*dou er bu po*).²¹⁵

As for the issue importance of territorial and maritime jurisdictional disputes in the East China Sea, it is not high enough to justify an escalation to military coercion, as the cost balancing theory would indicate. Unlike the Tibet and Taiwan issue, which China made clear that they were core interests, official Chinese statements regarding the Senkaku Islands had been quite ambiguous. For example, when Premier Wen Jiabao met with Japanese Prime Minister Noda and discussed issues involving Xinjiang region and the Senkakus, Wen Jiabao used the phrase that "Japan should respect China's core interests and significant concerns" (*zunzhong zhongfang hexinliyi he zhongda guanqie*).²¹⁶ It should be noted that China considered Xinjiang as its core interest, and it is intriguing that Wen intentionally discussed the Xinjiang issue together with the Senkaku dispute,

²¹² Interview KZ-#40, Beijing, China, January 22, 2016.

²¹³ Interview KZ-#10, Beijing, China, October 13, 2015; Interview KZ-#97, Beijing, China, July 18, 2016.

²¹⁴ Interview KZ-#93, Beijing, China, June 16, 2016; Interview KZ-#98, Beijing, China, July 20, 2016.

²¹⁵ Interview KZ-#51, Beijing, China, March 8, 2016; as the CASS 2013 report on Japanese economy also noted from hindsight, China still needed Japan for high-end intermediary products such steel and electronic products, which would be necessary and indispensable for China's export production such as electronics. In this sense, both China and Japan would suffer if there is an economic war. See CASS, Wang Luolin and Zhang Jifeng eds., *2013nian riben jingji yu zhongri jingmao guanxi fazhanbaogao [2013 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]* (Beijing: Social Sciences Academic Press, 2013), p. 23.

²¹⁶ Chinese Embassy in Malaysia, "Prime Minister Wen Jiabao met with ROK President and Japanese Prime Minister separately," May 14, 2012, <http://my.chineseembassy.org/chn/zgxw/t931418.htm>, accessed April 24, 2018.

linking the phrase “core interests” and “important concerns” with a conjunction word.²¹⁷ This suggests that the Senkaku disputes were indeed of significant concern to China, yet were not on par with Xinjiang, Tibet, and Taiwan issues, which China explicitly deemed as core interests. As such, due to concerns about geopolitical and economic costs and because the issue importance is not sufficiently high, China did not use militarized coercion. In short, China did not use military coercion in East China Sea cases for fear of escalation into wars; after all, the dispute did not characterize Sino-Japan relations, there were still economic, security, and political relations.²¹⁸

Conclusion

To summarize, as the cost balancing theory argues, when issue importance is constant, the costs and benefits of coercion explain when and how China coerces. When the need to establish a reputation for resolve exceeds economic vulnerability cost, China used coercion, as seen in the post-2005 trend, and in particular, the 2010 and 2012 cases. The need to establish a reputation for resolve was especially considered crucial by Chinese officials, government policy analysts, and scholars when China decided to coerce, rather than domestic legitimacy concerns. China refrained from military coercion for fear of potential geopolitical backlash and a complete shutdown of Sino-Japan economic relations. Nevertheless, China’s 2008 entry into the territorial waters of the Senkakus was indeed explained by bureaucratic pathology, which indicated the limitation of the cost balancing theory – although it holds in most cases in general, it does not claim to explain every case. Table 6.4 below summarizes all the periods and cases.

²¹⁷ MFA Press Conference, July 1, 2013, as reported in *People’s Daily Overseas Edition*, July 2, 2013, http://paper.people.com.cn/rmrhwb/html/2013-07/02/content_1262387.htm, accessed April 24, 2018.

²¹⁸ Interview KZ-#99, Beijing, China, July 21, 2016.

Table 6.4 Cost Balancing and China's Use of Coercion

	The need to establish a reputation for resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
The 2008 Entry Into the Senkakus	Should be low (decreased tension due to the joint press statement)	Should be high	Should be low	Yes (The cost balancing theory did not explain this entry; it was a decision of lower level bureaucracies.)
The 2010 boat clash incident	High	High	Low	Yes (None-militarized coercion)
The 2012 incident of the Senkaku nationalization	High	High	Low	Yes (None-militarized coercion)

As with South China Sea cases in Chapters 4 and 5, of the benefits of coercion, the need to establish a reputation for resolve – demonstrating the capability and willingness to defend one’s sovereignty in these disputes – was considered to be more important than boosting domestic regime legitimacy. China cared about building up the reputation that it is resolved and willing to take action to defend its national security interests, which according to its logic, makes others believe that China will act in a similarly resolved way in the future and thus increases China’s reputation of resolve in the eyes of other states. This established reputation for resolve is viewed as particularly beneficial to China in two respects: first, it forces the target state to stop actions it is currently undertaking; second, it deters the target and other states from taking actions that threaten China’s interests in the future. As for the costs of coercion, economic vulnerability – asymmetrical Chinese dependence on Japan – was a crucial factor that explained China’s decisions to not pursue coercion, especially in the 1990s.

Moreover, with the process tracing of the costs and benefits of coercion in the East China Sea from 1990 to the present, it is clear that the power variable does not explain it all. In other words, China’s growing material capability is not an explanation for the timing of Chinese coercion

or China's preference for non-militarized coercion in the East China Sea. As one can see from the South China Sea chapters, China indeed had the capability for gray-zone coercion in the 1990s, yet did not use coercion in the East China Sea until 2005. It is rather the specific mechanisms — the ebbs and flows of the costs and benefits of coercion, particularly the need to establish a reputation for resolve and economic vulnerability cost — that better explain the timing and tools of coercion.

Finally, just as the South China Sea cases, the U.S. factor was crucial in deterring China from escalating to militarized coercion in the Japan cases. Although Allen Carlson argues that for fear of nationalism going awry, China was less harsh towards Japan than coercion against Southeast Asian countries, as this chapter demonstrates, Chinese coercion against Japan was just as harsh.²¹⁹ The constraining factor was the United States. In the next chapter, we turn to Chinese coercion regarding the Taiwan issue, where we see issue importance explaining Chinese escalation to military coercion.

²¹⁹ Allen R. Carlson, "Why Chinese Nationalism Could Impact the East and South China Seas VERY Differently," *National Interest*, September 24, 2015, <http://nationalinterest.org/feature/why-chinese-nationalism-could-impact-the-east-south-china-13922?page=2>, accessed April 24, 2018.

Chapter 7

Chinese Coercion in Cross-Strait Relations – Arms Sales and the 1995-1996 Taiwan Strait Crisis

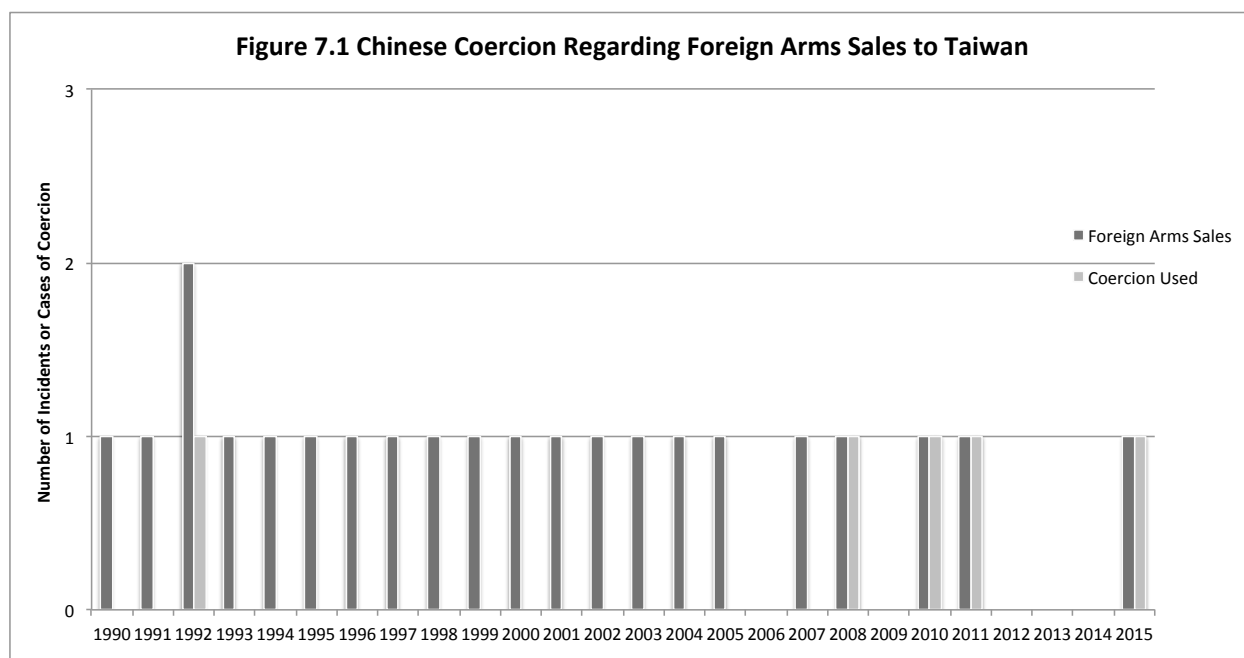
Previous chapters explain Chinese coercion in maritime territorial disputes. In this chapter, we turn to examine Chinese coercion in Cross-Strait relations, covering foreign arms sales to Taiwan and the 1995-1996 Taiwan Strait Crisis. China considers Taiwan its territory and has been sensitive to arms sales to Taiwan and Taiwan's move towards independence. The United States did not explicitly state the sovereign status of Taiwan in the U.S.-PRC Joint Communiqués of 1972, 1979, and 1982, but "acknowledged" the "one China" position of both sides of the Taiwan Strait.¹ Assistant Secretary of State Stanley Roth's testimony in front of Congress cited a declassified document in which Nixon told Zhou Enlai in 1972 that "[w]e have not and will not support any Taiwan independence movement."² Meanwhile, the United States ended the official relationship with Taiwan, turning it into an unofficial one and putting in place the Taiwan Relations Act (TRA), which stipulated the expectation that the future of Taiwan "will be determined" by peaceful means.³ The TRA also provides a congressional role in determining security assistance "necessary to enable Taiwan to maintain a sufficient self-defense capability."

¹ Shirley A. Kan, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei* (Washington: U.S. Library of Congress. Congressional Research Service, 2011), <http://www.fas.org/man/crs/RL30341.pdf>, accessed December 15, 2012.

² "Memorandum of Conversation, Tuesday, February 22, 1972, 2:10 p.m.-6:00 p.m. (Declassified version), p. 5," quoted in *United States-Taiwan Relations: the 20th Anniversary of the Taiwan Relations Act, Hearing Before the Committee on Foreign Relations, United States Senate, 106th Cong., 1st sess., 1999*, Washington: U.S. Government Printing Office, <http://www.gpo.gov/fdsys/pkg/CHRG-106shrg55823/html/CHRG-106shrg55823.htm>, accessed April 24, 2018.

³ See Kan, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, p. 35.

Arms sales to Taiwan had been a predominant issue between China and the United States. Left unresolved when China and the United States normalized their relationship in 1979, the arms sale issue led to the "August 17 Communiqué" of 1982, in which the U.S. government stated that "arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years" and that "it intends gradually to reduce its sale of arms to Taiwan."⁴ Throughout the 1980s, the United States kept the level of arms sales acceptable to China. Starting from the 1990s, U.S. arms sales to Taiwan increased. China, however, did not use coercion against every foreign arms sale to Taiwan, as seen in Figure 7.1 below.



The dark gray bars indicated incidences of foreign arms sales to Taiwan, and the light gray bars denoted coercion used by China when foreign arms sales to Taiwan took place.⁵ Almost all cases of arms sales came from the United States, except for one case in 1992. It is clear that China only used

⁴ For the English version of this document, see "Joint Communiqué of the United States of America and the People's Republic of China, August 17, 1982" at <http://www.taiwandocuments.org/communiqué03.htm>, accessed December 7, 2013; for the Chinese version, see "Zhonghua renmin gongheguo he meilijian hezhongguo lianhegongbao bayiqi gongbao" at http://news.xinhuanet.com/ziliao/2002-01/28/content_257069.htm, accessed December 7, 2013.

⁵ For details and the sources, see appendix IV.

coercion once for foreign arms sales to Taiwan in the 1990s, and most of Chinese coercion did not take place until 2008, hence the temporal variation.

More puzzling were the 1992 cases, when both France and the United States sold weapons to Taiwan. The U.S. arms sale to Taiwan in 1992 was especially a significant departure from the past because the value of the arms sale was higher than U.S. sales to Taiwan from 1982 to 1991 combined. Roughly at the same time in 1992, France decided to sell 60 Mirage-2000 jet fighters to Taiwan, and it was the first time France ever sold weapons to Taiwan. From China's perspective, both cases were significant breach from the past. Yet China only coerced France, the magnitude of which dwarfed subsequent Chinese coercion on the United States since 2008. There was therefore a curious cross-national variation in China's target of coercion. I combine Mill's most-similar case selection with detailed process tracing to explain the cross-national variation as well as to demonstrate the causal mechanisms indicated by the cost balancing theory are at work.

Finally, another interesting case regarding Taiwan involves the 1995-1996 Taiwan Strait Crisis, when China used military coercion in response to Taiwanese President Lee Teng-hui's visit to the United States and Taiwan's subsequent presidential election. It is significant because it was the highest magnitude coercion China has used since the 1990s – a naval blockade of Taiwan – which begged the question of why China escalated to military coercion. I single out the 1995-1996 Taiwan Strait Crisis for process tracing because it exemplifies an “extreme case” – which has unusual values on the dependent variable, the escalation to military coercion. It is important to examine whether the cost balancing theory holds for cases with extreme values of the dependent variable.

This chapter thus focuses on three sets of questions: the temporal variation of Chinese coercion, why China coerced France but not the United States in 1992, and why China used military coercion in the 1995-1996 Taiwan Strait Crisis. I choose the 1992 cases as cross-national

comparison, first because they were the only cases involving selective targets, and also because China's coercion against France was against conventional wisdom — one would think that faced with international alienation in the early 1990s due to the 1989 Tiananmen incident, China would not challenge a major Western country such as France. I also choose the 1995-1996 Taiwan Strait Crisis for in-depth process tracing, first because it was the most drastic coercion China had undertaken since 1990, and also because China used military coercion, despite being weaker and much more dependent on the United States than it is now. The 1995-1996 case therefore contradicted the conventional explanation of power, because China used military coercion when it was weaker, yet resorted to non-militarized coercion when it became more powerful. I acknowledge that there are also incidences of Chinese coercion against Taiwan, especially those against Taiwanese businessmen who were deemed as “pro-independence.”⁶ For this chapter, I focus on foreign arms sales and the Taiwan Strait Crisis of 1995 and 1996.

This chapter proceeds in the following order. After a brief recap of the theory and observable implications, Section I describes and explains the general trends of Chinese coercion in foreign arms sales to Taiwan. Section II discusses arms sales to Taiwan in 1992. Section III explains the 1995-1996 Taiwan Strait Crisis. Section IV lays out alternative explanations and refutes them. The final section concludes.

Recap of the Theory

The cost balancing theory predicts the following. For the same issue, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability

⁶ There are studies exploring these sanctions episodes. See, for example, William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca: Cornell University Press, 2016); Scott L. Kastner, *Political Conflict and Economic Interdependence Across the Taiwan Strait and Beyond* (Palo Alto: Stanford University Press, 2009).

cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if the issue importance is highest. Third, states are much more likely to choose non-militarized coercive tools such as diplomatic sanctions, economic sanctions, and gray-zone coercion because of the high geopolitical backlash cost. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns of the geopolitical backlash cost. Fifth, all else equal, states are more likely to use coercion when the issue importance is highest. Table 7.1 summarizes observable implications.

Table 7.1 Observable Implications for the Cost Balancing Theory

	High	Low
Need to establish a reputation for resolve	<ul style="list-style-type: none"> • Incidents of arms sales were abundant and highly visible, especially through the international media. • Official and semi-official statements stressed showing resolve. • Interviews with officials and government analysts indicated concerns about appearing weak and the need to deter other states from engaging in threatening actions in the future. 	<ul style="list-style-type: none"> • There were few incidents and they were not visible; the media remained low key and did not make these incidents salient. • Official, semi-official statements, and interviews indicated satisfaction with the target state, noting their restraint.
Geopolitical Backlash Cost	<ul style="list-style-type: none"> • Official and semi-official statements and analyses indicated increasing U.S. military presence in the Asia-Pacific. • Interviews with officials and government analysts indicated concerns and worries about greater U.S. presence. 	<ul style="list-style-type: none"> • Official and semi-official statements and analyses indicated the lack of U.S. emphasis or decreasing U.S. presence in the Asia-Pacific region, especially regarding the Taiwan issue. • Interviews with officials and government analysts indicated lack of U.S. emphasis on Taiwan.
Economic Vulnerability Cost	<ul style="list-style-type: none"> • Objective economic data indicated Chinese reliance on the target for imports and export markets. • Official and semi-official statements as well as and 	<ul style="list-style-type: none"> • Objective economic data indicated reducing Chinese reliance on the target states for imports and export markets, as manifested possibly in the increase in

	interviews indicated China's overwhelming need for the target state's foreign direct investment, capital, high-technology products.	<p>alternative import origins and export markets.</p> <ul style="list-style-type: none"> • Official and semi-official statements as well as and interviews indicated a reduced need for the target's foreign direct investment due to growing alternatives.
--	---	--

As for issue importance, in the theory chapter, I laid out that territorial disputes, Taiwan, and the Tibet issue are all considered issues of important national security concerns to China, and China deems Taiwan its core interests – the issue of the highest importance. Taiwan has for a long time been the single most important foreign policy issue for China. For example, Chinese paramount leader Deng Xiaoping stated to former U.S. President Ford on March 23, 1981 that the Taiwan issue was the only issue between the United States and China and subsequently told U.S. Secretary of State Haig on June 16, 1981 that the Taiwan issue such as arms sales was “one of China’s most critical policies,” national unification.⁷ Moreover, China’s official defense white paper of 1998 stated that foreign arms sales to Taiwan constituted a threat to China’s national security.⁸ China’s 2000 defense white paper similarly emphasized that resolving the Taiwan issue was the “fundamental interest” (*genben liyi*) of the Chinese nation.⁹ According to one Chinese scholar who was involved in China’s Taiwan policy in the 1990s, the notion of “core interest” was raised during track II dialogues in the 1990s, and China began to adopt such wording to better communicate with the United States.¹⁰ By “core interest,” China meant that Taiwan assumed the highest priority and importance in China’s foreign policy, something China would not compromise on. In other words, territorial disputes in the South and East China seas were negotiable (regarding delimitation and

⁷ Leng Rong and Wang Zuoling eds., *Deng Xiaoping nianpu*, p. 723, p. 749.

⁸ China’s National Defense, http://www.gov.cn/zwggk/2005-05/26/content_1107.htm, accessed April 24, 2018.

⁹ China’s National Defense White Paper 2002, http://www.mod.gov.cn/regulatory/2011-01/07/content_4617805.htm, accessed April 24, 2018.

¹⁰ Interview KZ-#96, Beijing, China, July 6, 2016.

compromise-making), yet China “would never compromise on the Taiwan issue” (*juedui buneng rang*).¹¹ The first official reference to Taiwan as China’s “core interests” appeared in the report of a meeting between Foreign Minister Tang Jiaxuan and Secretary of State Colin Powell on January 19, 2003.¹² In a previously private speech made by President Hu Jintao — “international situation and foreign affairs” — during the Central Foreign Affairs Conference (*zhongyang waishi huiyi*) in August 2006, Hu also reaffirmed Taiwan as China’s core interests.¹³ That is, Taiwan constituted as one of China’s most core issues (along with the Tibet issue), whereas maritime territorial disputes pale in importance when compared with Taiwan and Tibet.¹⁴ If there would be conflicts, they would most likely involve the Taiwan issue.¹⁵ In short, Taiwan constituted the national security issue of highest importance to China.

Section I. Arms Sales to Taiwan – Explaining the General Trend

This section proceeds as follows. I first lay out the temporal trend and then demonstrate the cost balancing theory generally explains this temporal variation, albeit with some deviation from the prediction of the theory. The need to establish a reputation for resolve and economic vulnerability cost of coercing were equally high in the pre-2008 period. Given the high issue importance of the arms sale issue, China should have still coerced the United States. Yet China refrained from coercing the United States in the pre-2008 period, as shown in Table 7.2 below.

¹¹ *Ibid.*

¹² *People’s Daily*, January 21, 2003.

¹³ Hu Jintao, *Hu Jintao wenxuan [Hu Jintao’s Selected Works]* (Beijing: People’s Press, 2016), p. 510. Hu’s speech during this conference was previously not made public.

¹⁴ Interview KZ-#100, Beijing, China, July 28, 2016; cross-checked by Chu Shulong, *Lengzhan hou zhongmei guanxi de zouxiang [Sino-U.S. Relations in the Post-Cold War Period]* (Beijing: China Social Sciences Press, 2001), p. 360.

¹⁵ *Ibid.*

Table 7.2 U.S. Arms Sales to Taiwan Since 1990¹⁶

Year	U.S. Arms Sales to Taiwan	Amount (millions of U.S. dollars, i.e., as notified to Congress ¹⁷)	Chinese Reaction: Diplomatic Protest	Chinese Reaction: Diplomatic Sanctions (Pausing Mil-Mil Exchanges)	Chinese Reaction: Economic Sanctions
1990	Yes	153	Yes	No	No
1991	Yes	372	Yes	No	No
1992	Yes	7706	Yes	No ¹⁸	No
1993	Yes	2184	Yes	No	No
1994	Yes	171	Yes	No	No
1995	Yes	273	Yes	No	No
1996	Yes	1034	Yes	No	No
1997	Yes	1247	Yes	No	No
1998	Yes	1296	Yes	No	No
1999	Yes	637	Yes	No ¹⁹	No
2000	Yes	1866	Yes: raised concerns about arms sales to Taiwan but resumed mil-mil contacts previously suspended due to the Belgrade bombing ²⁰	No	No
2001	Yes	1082	Yes	No, ²¹	No
2002	Yes	1521	Yes	No	No
2003	Yes	775	Yes	No	No

¹⁶ Information comes mostly from Shirley A. Kan, "Taiwan: Major U.S. Arms Sales Since 1990," *Congressional Research Service (CRS) Report RL30957*, August 29, 2014, <https://www.fas.org/sgp/crs/weapons/RL30957.pdf> and Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress," *Congressional Research Service (CRS) Report RL32496*, October 27, 2014, <https://fas.org/sgp/crs/natsec/RL32496.pdf>, accessed April 8, 2015.

¹⁷ Shirley A. Kan, "Taiwan: Major U.S. Arms Sales Since 1990," p. 60; I choose notification to Congress to examine Chinese reaction, because according to a study conducted by Project 2049 institute, China has a well-established track record of responding negatively and stridently to public announcements of U.S. arms sales to Taiwan. See "Chinese Reactions to Taiwan Arms Sales," US-Taiwan Business Council and Project 2049 Institute, March 2012, http://project2049.net/documents/2012_chinese_reactions_to_taiwan_arms_sales.pdf, accessed April 24, 2018. Cross-checked with interview with a former U.S. official, Interview KZ-#118, Arlington VA, USA, February 15, 2017.

¹⁸ Chinese official newspaper announced a pause in mil-mil exchange due to the U.S. decision to sell F-16s to Taiwan. However, according to the CRS report on U.S.-China mil-mil contacts, due to the 1989 Tiananmen incident, mil-mil exchange did not resume until 1993. So this is not really Chinese coercion.

¹⁹ There was suspension of mil-mil exchange, but China was reacting mainly to the Belgrade bombing of Chinese embassy, *not* arms sales to Taiwan, see Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress," p. 62; China's official *Xinhua news* confirmed this.

²⁰ See *ibid.*

²¹ There was suspension of mil-mil exchange, but China was reacting primarily to the EP-3 incident. See Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress." Resumed nominally in April 2002, but fully in June 2002.

2004	Yes	1776	Yes	No	No
2005	Yes	280	Yes	No	No
2006	No	0	Yes	No	No
2007	Yes (larger than previous years, fifth largest, falling only behind the 1992 level and the 2008 and 2009 level)	3717	Yes	Maybe? Not confirmed, but there was a Chinese disapproval of a port call U.S. naval ships coincided with U.S. arms sales to Taiwan. ²²	No
2008	Yes (October 3), significantly larger (second largest)	6463	Yes	Yes. Confirmed: China suspended mil-mil exchanges due to U.S. arms sales. Resumed in February 2009. ²³	No
2009	No	0	No	No	No
2010	Yes (as large as 2008, third largest)	6392	Yes	Highly likely. Not confirmed. Very limited contacts, no formal pause, but citing "obstacles." ²⁴ Chinese reports seem to confirm the pause of certain exchange programs. ²⁵ Some reports indicate a freeze in mil exchanges. ²⁶	Threats of economic sanctions.
2011 (This is the last time that the president notified Congress of major FMS to Taiwan, which occurred on Sept. 21, 2011) ²⁷	Yes (fourth largest)	5852	Yes	Very limited contacts, no formal pause, but citing "obstacles." ²⁸ Other reports cite relatively muted response from China. ²⁹ And Chinese MOD indicates so: China said on Thursday that the latest U.S.	No

²² See *ibid.*

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ See appendix IV.

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ See *ibid.*

				arms sale to Taiwan has created "severe obstacles" for the two countries' military-to-military exchanges.³⁰	
2012	No, no notification, that is.		Reacting to the National Defense Authorization Act for Fiscal Year 2013, which indicates continuous arms sales to Taiwan. ³¹	No	No
2013	No, no notification, that is.		No	No	No
2014	No, no notification, that is.		Yes ³² (although this is not about the notification.)	No	No
2015	Yes	1830 ³³	Yes ³⁴	No, despite MOD stating that there will be a pause. ³⁵	Yes (threats of economic sanctions.³⁶) The wording is even more specific than 2010.³⁷

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Xinhua News*, December 23, 2012, http://news.xinhuanet.com/world/2012-12/23/c_114126824.htm, accessed April 25, 2018.

³² *Xinhua News*, December 19, 2014, http://news.xinhuanet.com/world/2014-12/19/c_1113711238.htm#pinglun; MFA,

http://www.fmprc.gov.cn/mfa_chn/fyrbt_602243/t1206200.shtml, accessed April 24, 2018.

³³ David Brunnstrom and Patricia Zengerle, "Obama administration authorizes \$1.83 billion arms sale to Taiwan," *Reuters*, December 16, 2015, http://www.reuters.com/article/us-usa-taiwan-arms-idUSKBN0T22C520151216?utm_source=The+Sinocism+China+Newsletter&utm_campaign=acfef4d917-Sinocism_12_16_1512_16_2015&utm_medium=email&utm_term=0_171f237867-acfef4d917-29627041&mc_cid=acfef4d917&mc_eid=1207849200, accessed April 25, 2018.

³⁴ "China strongly opposes U.S. arms sale to Taiwan," *Xinhua News*, December 17, 2015, http://news.xinhuanet.com/english/2015-12/17/c_134924598.htm?utm_source=The+Sinocism+China+Newsletter&utm_campaign=acfef4d917-Sinocism_12_16_1512_16_2015&utm_medium=email&utm_term=0_171f237867-acfef4d917-29627041&mc_cid=acfef4d917&mc_eid=1207849200, accessed April 25, 2018.

³⁵ Ministry of Defense reponse to U.S. arms sales to Taiwan, December 17, 2015, <http://mil.news.sina.com.cn/china/2015-12-17/doc-ixfmttcn4941528.shtml>, accessed April 25, 2018.

³⁶ "China strongly opposes U.S. arms sale to Taiwan," *Xinhua News*, December 17, 2015.

³⁷ MFA Press Conference, December 17, 2015, http://www.fmprc.gov.cn/web/fyrbt_673021/t1325267.shtml, accessed April 25, 2018.

Table 7.2 above lays out U.S. arms sales to Taiwan since 1990 and Chinese response. As seen in the table, the United States had almost announced weapons sales to Taiwan on an annual basis, yet China did not respond until 2008. In the post-2008 period, the economic vulnerability cost of coercing the United States became lower compared with the pre-2008, and China began to use coercion, as the theory would predict. Because of the lower need to establish a reputation for resolve and the continuously high cost of geopolitical backlash, Chinese coercion towards the United States remained very moderate. In short, the temporal variation does not perfectly match on to the cost-balancing theory, since issue importance should have trumped the equally high benefit and cost of coercion in the pre-2008 period. But the congruence test below indicates the most critical factor in Sino-U.S. relations from China's perspective: the level of economic vulnerability, which is one important component of the cost balancing theory. That is, economic vulnerability trumped the need to establish a reputation for resolve in general in U.S. arms sales to Taiwan.

The Pre-2008 Period

Turning first to the need to establish a reputation for resolve, U.S. arms sales to Taiwan in the 1980s had been moderate, and the total amount from 1980 to 1988 was about 7 billion U.S. dollars, as the Chinese Academy of Social Sciences (CASS) noted in 1989.³⁸ In addition, CASS summarized in 1989 that in the 1980s, the United States refused to sell FX fighters to Taiwan for fear of causing tension to Cross-Strait relations.³⁹ By 1992, however, the United States began to drastically increase its arms sales to Taiwan, as seen in Table 7.2. U.S. arms sales to Taiwan in 1992 alone were about 7.9 billion U.S. dollars, which was greater than U.S. arms sales to Taiwan in the 1980s combined. In particular, the United States began to sell F-16 jet fighters to Taiwan, which had

³⁸ CASS Institute of American Studies, *Zhongmei guanxi shinian [Ten Years of Sino-U.S. Relations]* (Beijing: Shangwu yinshu guan [Commerce Press], 1989), p. 91.

³⁹ *Ibid.*

the potential of significantly tilting the military balance of power to China's disadvantage, as will be explained in detail in section II. In fact, as one can see in Table 7.2, 1992 was a watershed, after which U.S. arms sales to Taiwan had generally been above 1 billion U.S. dollars on a yearly basis. CASS analysts noted in 1998 that in the remaining 1990s, the Clinton administration continued to implement the Bush administration's decision to sell F-16s to Taiwan and further expanded the sales of other kinds of weapons to Taiwan.⁴⁰ U.S. arms sales to Taiwan in the early 2000s were also serious. For example, in 2002, President Bush junior decided to sell four Kidd-class destroyers and 12 P-3C anti-submarine aircraft to Taiwan, which was the largest-scale weapons sale since 1992.⁴¹ U.S. arms sales in this period had been particularly significant both in terms of value and the weapons involved. As such, the need to establish a reputation for resolve for China to use coercion against U.S. arms sales in the pre-2008, especially the 1990s period, was high.

Turning next to economic vulnerability cost, the bilateral Sino-U.S. economic relationship was asymmetrical as China was more dependent on the United States than vice versa. China's official government work reports emphasized repeatedly in 1992, 1994, and 1996 that China would like to welcome more foreign investments, improve the environment for foreign investment, introduce advanced foreign technologies and equipment, while actively expanding exports.⁴² China needed the United States for investments, technologies, and exports. By the end of 1993, the United States ranked as the largest foreign investor in China.⁴³ As CASS analysts indicated in 1992, China

⁴⁰ Jia Qingguo, "Kelindun zhizheng yilai de zhongmeiguanxi [Sino-U.S. relations under the Clinton Administration]," *Meiguo yanjiu [American Studies]*, Issue 2 (1998), http://www.mgyj.com/american_studies/1998/second/second05.htm, accessed April 25, 2018.

⁴¹ CASS Institute of American Studies, *Meiguo nianjian [U.S. Yearbook 2002]* (Beijing: Social Sciences Academic Press, 2002), p. 247.

⁴² China's Government Work Report 1992 from the State Council, http://www.gov.cn/test/2006-02/16/content_200922.htm; China's Government Work Report 1994, http://www.gov.cn/test/2006-02/16/content_201101.htm; China's Government Work Report 1994, http://www.gov.cn/test/2006-02/16/content_201115.htm, accessed April 25, 2018.

⁴³ MFA, *China's Foreign Affairs Overview 1994*, p. 426.

benefited not only from exports to the United States — crucial for job creations for the Chinese labor force — but also U.S. products that contributed to China’s industrialization.⁴⁴

Moreover, throughout the 1990s, China was preoccupied with gaining U.S. approval for market entry negotiations, the Most-Favored nation (MFN) status, and the admission into the WTO.⁴⁵ Central Party School analyst Gong Li acknowledged that if the United States revoked China’s MFN status, China would be much more adversely affected than would the United States, for China’s coastal industrial production and one-third of exports would be in jeopardy.⁴⁶ After years of linking China’s MFN status with human rights records, in May 1994, U.S. President Clinton announced that the United States would unconditionally extend the 1994-1995 MFN status to China, delinking it from China’s human rights records.⁴⁷ After nine rounds of negotiations, China and the United States reached an agreement on market entry in October 1992, with the United States promising to release its restrictions on technology transfers to China.⁴⁸ Nevertheless, China was still working hard to gain admission to the WTO and had met with resistance, especially from the United States.⁴⁹ The United States did not relent until 1999.⁵⁰

China’s economic dependence on the United States continued in the 21st century. In the 1990s, the United States was China’s largest foreign market, absorbing one-fourth to one-third of China’s exports while being one of China’s main sources of investments and technological

⁴⁴ Wei Wei, “Zhongmei maoyi zhong shuangfang de lide fenxi [Benefits in Sino-U.S. trade],” *Meiguo yanjiu [American Studies]*, Issue 1 (1994), http://www.mgyj.com/american_studies/1994/first/first07.htm#3, accessed April 25, 2018.

⁴⁵ See CASS analysis by Zhou Qi, “Lengzhan hou de zhongmei guanxi xianzhuang [Sino-U.S. relations in the post-Cold War era],” *Meiguo yanjiu [American Studies]*, Issue 4 (1995), http://www.mgyj.com/american_studies/1995/fourth/fourth02.htm, accessed April 25, 2018.

⁴⁶ Gong Li, *Zhongmei guanxi redian toudi [Hot Issues in Sino-U.S. Relations]* (Harbin: Heilongjiang Education Press, 1996), p. 254, p. 270.

⁴⁷ MFA, *China’s Foreign Affairs 1995*, p. 472.

⁴⁸ MFA, *China’s Foreign Affairs Overview 1993*, p. 378.

⁴⁹ China’s Government Work Report 1996; MFA, *China’s Foreign Affairs 1997*, p. 19.

⁵⁰ MFA, *China’s Foreign Affairs 2000*, p. 21; CASS Institute of American Studies, *Meiguo nianjian [U.S. Yearbook 1999]* (Beijing: Social Sciences Academic Press, 1999), p. 283; for a detailed description of different stages of Sino-U.S. negotiations on China’s WTO entry, see Yu Wanli, “Sino-U.S. relations in the 1990s and U.S. multinational corporations” (CASS: Ph.D. Dissertation, 2003).

transfers.⁵¹ The United States continued to be China's largest export market in the 2000s until 2006.⁵² As a senior government policy analyst stated that, for a long time, the United States had been the "most critical priority of Chinese foreign policy" (*zhongzhong zhizhong*) and that to develop China's economy, China had to exercise restraint, which had been the case until the late 2000s.⁵³ After all, even Premier Li Peng, the ideologue, stated that economic development was "the center of all China's work" (*yiqie gongzuo de zhongxin*).⁵⁴ For China, the continuous development of Sino-U.S. economic relations has become a "stabilizer" in the bilateral relationship.⁵⁵ The economic vulnerability cost of coercing the United States was therefore high in this period.

Turning finally to geopolitical backlash cost, as will be explained in detail in section II and III, the geopolitical backlash cost to use coercion against the United States in the 1990s was high. As CASS analysts noted in 1992, 1995, and 1998, with the collapse of the Soviet Union and the end of the Cold War, China had lost its leverage vis-à-vis the United States during the Cold War.⁵⁶ Government policy analysts from the Shanghai Academy of Social Sciences (SASS) also stressed in 1993 that during the Cold War, the United States made clear that it would not sell advanced fighters to Taiwan, yet with the end of the Cold War, the United States no longer faced threats from the Soviet Union.⁵⁷ One Central Party School analyst also concurred with this assessment.⁵⁸

⁵¹ Chu Shulong, *Sino-U.S. Relations in the Post-Cold War Period*, p. 143.

⁵² See MFA, *China's Foreign Affairs 2004*, p. 318; MFA, *China's Foreign Affairs 2005*, p. 332; MFA, *China's Foreign Affairs 2006*, p. 249; MFA, *China's Foreign Affairs 2007*, p. 245.

⁵³ Interview KZ-#42, Beijing, China, January 25, 2016.

⁵⁴ Chu Shulong, *Lengzhan hou zhongmei guanxi de zouxiang [Sino-U.S. Relations in the Post-Cold War Period]* (Beijing: China Social Sciences Press, 2001), p. 140.

⁵⁵ Gong Li, *Hot Issues in Sino-U.S. Relations*, p. 285.

⁵⁶ See CASS analyses in 1992, 1995, and 2000, by Wang Jisi, "Meiguo duihua zhengce zhongde zhanlue dasanjiao [The strategic triangle in U.S. China policy]," *Meiguo yanjiu [American Studies]*, Issue 2 (1992), http://www.mgyj.com/american_studies/1992/second/second01.htm; Zhou Qi, "Lengzhan hou de zhongmei guanxi xianzhuang [Sino-U.S. relations in the post-Cold War era];" Zhang Qingmin, "Bush zhengfu xiang taiwan chushou F-16 zhandouji de jue ding [The Bush administration's decision to sell F-16s to Taiwan]," *Meiguo yanjiu [American Studies]*, Issue 4 (2000), http://www.mgyj.com/american_studies/2000/fourth/fourth04.htm, accessed April 25, 2018.

⁵⁷ Wang Riyang et al., *Zhongmei guanxi xiang hechu qu [Trends of Clinton's China Policy]* (Chengdu: Sichuan Remin Press, 1993), p. 24, p. 29.

This structural shift increased the geopolitical backlash cost for China to militarily coerce the United States, which Chinese leaders were aware of. As early as November 1991, President Jiang Zemin told former U.S. Secretary of State Alexander Haig that given the significant and profound changes in the international situation, China and the United States should “strengthen cooperation.”⁵⁹ Premier Li Peng told President Bush senior in January 1992 that China prioritized Sino-U.S. relations and hoped that bilateral meetings would improve Sino-U.S. relations.⁶⁰ President Jiang Zemin reaffirmed in March 1994 that China and the United States shared common interests in many critical issues, and both sides should “strengthen trust, reduce trouble, develop cooperation, and avoid confrontation.”⁶¹ The Jiang stated in February 1997 again that both the United States and China should increase mutual understanding, aim for common interests while tabling differences, and expand cooperation.⁶²

The geopolitical backlash cost to militarily coerce the United States remained high in the remaining pre-2008 period. This is particularly the case because as indicated in both the South China Sea and Japan chapters, the United States had shifted its priority from Europe to Asia, putting more efforts into the Asia-Pacific region, which increased China’s geopolitical backlash cost specifically vis-à-vis the United States.⁶³ For example, according to the 2001 CICIR annual report, the United States would continuously adopt policies with the goal of guarding against China’s rise, and China should therefore first and foremost strive for improving Sino-U.S. relations.⁶⁴ The 2002 CICIR report also noted that the U.S. frontline for counterterrorism overlapped with the “U.S. circle of containment against China,” fearing that if more issues occurred in Sino-U.S. relations, they

⁵⁸ Gong Li, *Zhongmei guanxi redian toudi* [*Hot Issues in Sino-U.S. Relations*], p. 56.

⁵⁹ MFA, *1992nian zhongguo waijiao gailan* [*China’s Foreign Affairs Overview 1992*], p. 327.

⁶⁰ MFA, *1993nian zhongguo waijiao gailan* [*China’s Foreign Affairs Overview 1993*], p. 367.

⁶¹ MFA, *1995nian zhongguo waijiao* [*China’s Foreign Affairs 1995*], p. 460.

⁶² MFA, *1998nian zhongguo waijiao* [*China’s Foreign Affairs 1998*], p. 561.

⁶³ See MFA’s annual *China’s Foreign Affairs*, laid out in detail in Chapter 4 (sections detailing the 2000-2006 period).

⁶⁴ CICIR, *Strategic and Security Review 2001*, p. 77.

would have a negative impact on China's strategic security environment.⁶⁵ Moreover, China had been trying to seek U.S. cooperation in checking Taiwan and noted that the United States increasingly harbored the tendency to oppose Taiwan's independence activities.⁶⁶ Former diplomats affirmed that China needed the United States to restrain Chen Shui-bien's "pro-independence" activities, which was especially the case in 2004 and 2005.⁶⁷ Then Chinese embassy officials based in Washington D.C. were tasked to gain support from the U.S. Congress regarding the Taiwan issue.⁶⁸ Former State Councilor Dai Bingguo went to the United States in March 2004, hoping that the United States would send clear signals that would indicate U.S. opposition against Taiwan's independence.⁶⁹ Since China needed cooperation from the United States to check Taiwan's behavior, China would face a potential U.S. backlash if it used coercion on arms sales. Geopolitical backlash cost was therefore high in the pre-2008 period.

In short, both the need to establish a reputation for resolve and economic vulnerability were high, as well as the geopolitical backlash cost of using military coercion. Due to the high issue importance of the Taiwan issue, China should have used coercion. Yet China refrained from using coercion against the United States over arms sales to Taiwan in the pre-2008 period, which does not match on to the cost balancing theory. As we shall see in section II, however, China did use harsh coercion against France in 1992 for the very same issue of selling weapons to Taiwan. The varying degrees of Chinese economic vulnerability vis-à-vis the United States and France – one important component of the cost-balancing theory – explains best why China did not coerce the United States in the pre-2008 period. In short, economic vulnerability trumps the need to establish a reputation for resolve when it came to U.S. arms sales to Taiwan.

⁶⁵ CICIR, *Strategic and Security Review 2002*, p. 266.

⁶⁶ CASS Institute of American Studies, *Meiguo nianjian 2004 [U.S. Yearbook 2004]* (Beijing: Social Sciences Academic Press, 2004), p. 236.

⁶⁷ Interview KZ-#21, Beijing, China, December 10, 2015.

⁶⁸ *Ibid.*

⁶⁹ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo's Memoir]* (Beijing: People's Press, 2016), p. 72-74.

The Post-2008 Period

As shown in Table 7.2, China did not use coercion against the United States until 2008. Moreover, the first two weapons sales to Taiwan in the Obama administration were carryovers from the Bush administration, yet China did not use coercion during the Bush administration.⁷⁰ Nevertheless, Chinese coercion was extremely moderate: China paused military-to-military exchanges in a short duration in the 2008, 2010, and 2011 arms sales while threatening economic sanctions regarding the 2010 and 2015 arms sales.⁷¹ Although China threatened to impose economic sanctions on U.S. enterprises selling weapons to Taiwan, China did not implement them: for one, China did not sanction Boeing at all; for another, for companies such as Lockheed Martin, China did not have any direct business relationships with them, and the only action China could take was to “restrict the heads of such companies from visiting China.”⁷² The following passages demonstrate that the cost balancing theory explains why China used coercion – albeit quite moderately – in the post-2008 period.

Turning first to the need to establish a reputation for resolve, unlike the 1990s when arms sales had the potential for changing the military balance of power to China’s disadvantage, U.S. arms sales in the post-2008 period have been quite moderate. Although U.S. arms sales in 2008, 2010, and 2011 were large in terms of monetary value (averaging 6 billion U.S. dollars), one government policy analyst pointed out that Obama was not proactive in terms of arms sales and that U.S. arms sales during this period did not surpass the 1992 episode of selling 150 F-16s to Taiwan.⁷³ That is, the United States did not sell F16 C/D or the designs of submarines, both of which Taiwan

⁷⁰ Interview KZ-#63, Beijing, China, April 25, 2016. The Obama administration also refused to sell the newer F-16 fighter aircraft to Taiwan, see Jeffrey A. Bader, *Obama and China's Rise*, p. 72.

⁷¹ Interview KZ-#42, Beijing, China, January 25, 2016; Interview KZ-#73, Shanghai, China, May 8, 2016; Interview KZ-#78, Shanghai, China, May 13, 2016; Interview KZ-#95, Beijing, China, July 4, 2016.

⁷² Interview KZ-#36, Beijing, China, January 19, 2016.

⁷³ Zhu Zhongbo, “Shetai wenti waijiao lingyu de ruogan qianyan wenti yu sikao [Several issues regarding Taiwan],” *Guoji zhengzhi yanjiu [International Politics Studies]*, No. 6 (2014).

desired.⁷⁴ As senior scholars close to the government noted, at the present, China's military power significantly surpassed that of Taiwan and China had many military means vis-à-vis Taiwan; consequently, arms sales were essentially meaningless in the military sense and had become more of a political issue.⁷⁵ In fact, there have been voices in the internal Chinese government that welcomed U.S. arms sales to Taiwan (so long as critical weapons such as submarines and F-16 C/Ds are not sold), because such sales are "not useful to Taiwan" [in changing the military balance of power], yet Taiwan "has spent much on these sales" (a Taiwan wasting too much money is good for China).⁷⁶ One senior scholar added that the United States could in a sense "use arms sales to restrain Taiwan."⁷⁷ Moreover, China was aware that U.S. arms sales in 2008 and 2010 were carryovers from the Bush administration – they were not the decisions of the Obama administration.⁷⁸

In addition, before announcing the weapons sales in 2011, the White House actually let Beijing know of it.⁷⁹ As many government policy analysts noted, there had been increasing communications between China and the United States over arms sales to Taiwan.⁸⁰ One senior Chinese scholar involved in track II dialogues regarding Taiwan noted that the significance of arms sales to Taiwan had decreased: in track II dialogues between China and the United States prior to

⁷⁴ *Ibid.*

⁷⁵ Interview KZ-#94, Beijing, China, June 27, 2016; Interview KZ-#96, Beijing, China, July 6, 2016; Interview KZ-#96, Beijing, China, July 6, 2016.

⁷⁶ Interview KZ-#80, Shanghai, China, May 13, 2016. As one senior scholar expanded, it would be more cost-efficient if Taiwan were to develop these weapons as opposed to purchasing them from the United States and purchased weapons would not be 100% efficient, when compared to domestic-made weapons. See Interview KZ-#94, Beijing, China, June 27, 2016.

⁷⁷ Interview KZ-#94, Beijing, China, June 27, 2016.

⁷⁸ Zhu Zhongbo, "Shetai wenti waijiao lingyu de ruogan qianyan wenti yu sikao [Several issues regarding Taiwan];" Interview KZ-#63, Beijing, China, April 25, 2016.

⁷⁹ *Ibid.* Nevertheless, one cannot positively affirm this from Jeffrey Bader's memoir. According to Bader, it was the day after the Congressional notification of the sale on January 29, 2010 that He had a one-on-one breakfast with Chinese Ambassador Zhou Wenzhong. Zhou noted what the weapons sale that the United States did not authorize, and said that he believed this would mitigate Beijing's reaction. See Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy*, p. 74.

⁸⁰ Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#76, Shanghai, China, May 12, 2016; Interview KZ-#102, Washington D.C., USA, August 21, 2016.

arms sales, there were usually “communications or even negotiations” about what may or may not be sold to Taiwan.⁸¹ This scholar further indicated that similar discussions and communications occurred even in the formal diplomatic channel between the United States and China.⁸² According to one former U.S. official, starting around 2008, China began to adopt the policy of trying to influence former U.S. officials, especially those from the defense establishment (including former four-star generals who now do business with China), via the Sanya dialogue.⁸³ Information about China’s red lines regarding arms sales in these track II dialogues would be eventually communicated to incumbent U.S. officials.⁸⁴ The “Sanya Initiative” began in February 2008: Xiong Guangkai (former Deputy Chief of General Staff in charge of intelligence) led the PLA side, whereas Bill Owens (retired admiral and former Vice Chairman of the Joint Chiefs of Staff) led the U.S. side.⁸⁵ The PLA side asked U.S. participants to help with China’s objections to U.S. policies and laws, including the Taiwan Relations Act (TRA).⁸⁶ Despite the unofficial talks, PACOM Commander (Admiral Tim Keating), Chairman of the Joint Chiefs of Staff (Admiral Mike Mullen), Vice Chairman of the Joint Chief of Staff (General James Cartwright), Deputy Secretary of Defense William Lynn, Secretary of State Hillary Clinton, and Assistant Secretary of State Kurt Campbell met with the Sanya group.⁸⁷

Finally, as with the early 2000s, the United States continued to state explicitly that it opposed provocative actions from Taiwan: as CASS noted, in recent years, the United States and China strengthened negotiations, reached a consensus on maintaining the stability of cross-strait

⁸¹ Interview KZ-#96, Beijing, China, July 6, 2016; cross-checked by one former military attaché, who noted that Track II dialogues regarding the specifics of arms sales have started since the Bush junior era, Interview KZ-#99, Beijing, China, July 21, 2016; confirmed also by one government policy analyst, Interview KZ-#63, Beijing, China, April 25, 2016.

⁸² Interview KZ-#96, Beijing, China, July 6, 2016.

⁸³ Interview KZ-#118, Arlington VA, USA, February 15, 2017.

⁸⁴ *Ibid.*

⁸⁵ See Shirley A. Kan, “U.S.-China Military Contacts: Issues for Congress.”

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*

relations, and the United States became “more cautious” in its Taiwan policy.⁸⁸ Such U.S. behavior and restraint reduced the salience and publicity of arms sales as well as China’s pressure to establish a reputation for resolve. For China, there are two red lines that should not be crossed: certain weapons are not to be sold, including submarines and C4ISR systems; countries other than the United States “must not sell weapons to Taiwan.”⁸⁹ Since the value of U.S. arms sales to Taiwan did not surpass the 1992 level and there have been communications between China and the United States prior to arms sales, the need to establish a reputation for resolve was lower in the post-2008 period — there was reduced pressure for China to establish its reputation for resolve for U.S. arms sales.

Turning next to economic vulnerability cost, although as of 2007, the United States remained China’s second largest export market,⁹⁰ China’s asymmetrical dependence on the United States has reduced. In particular, as China’s official annual *China’s Foreign Affairs* noted in 2010, the global financial crisis changed the balance of power between emerging great powers and traditional industrialized states in that advanced industrialized states were deeply affected, whereas emerging great powers kept the momentum of economic growth, despite being affected by the crisis as well.⁹¹ Further, the 2010 *China’s Foreign Affairs* noted emerging great powers’ increasing share of the global GDP, whereas the proportion of traditional great powers decreased.⁹² China was, of course, among the most critical emerging great powers from the perspective of the MFA.

⁸⁸ CASS *Yearbook on the United States 2007*, http://ias.cass.cn/sy/zmgx/201509/t20150901_2696250.shtml, accessed April 25, 2018.

⁸⁹ Interview KZ-#80, Shanghai, China, May 13, 2016.

⁹⁰ MFA, *China’s Foreign Affairs 2008*, p. 222.

⁹¹ MFA, *2010nian zhongguo waijiao [China’s Foreign Affairs 2010]*, p. 2.

⁹² *Ibid.*

Moreover, the United States had always been China's largest export market up until 2006, after which it became China's second largest market.⁹³ It is true that the United States came back as China's largest export market in 2012, yet the trend is such that U.S. share in China's export markets plateaued over the last 20 years, taking up about 20% of China's export.⁹⁴ In contrast, the market share of other economies increased: EU's market share as China's exports grew from about 10% in the 1990s to about 20% in the late 2000s; China has also strengthened exports to new markets such as Africa, Latin America, and Oceania.⁹⁵ Although the United States is still China's single most important market, China has been diversifying its export markets.

In addition to the continued economic growth despite the financial crisis, China also changed its long-term growth strategy in 2008, shifting from what was previously an export-oriented economy to one that relied on the "coordinated development of consumption, investment, and export."⁹⁶ The 2011 government work report reaffirmed that "pushing the economy onto a path of domestic-oriented and innovation-driven growth would be the main direction for China's shift in means of economic growth."⁹⁷ This shift in a sense reduced China's dependence on export – especially to important markets such as the United States – as the fundamental driver of its economic growth. This is not to say that foreign trade and export are no longer important to China; rather, as indicated by the 2012 government work report, it signaled that China's opening-up policy "entered a new stage, one in which the status of exports changed — China emphasized expanding

⁹³ MFA, *China's Foreign Affairs 2009* p. 216; Ministry of Commerce report, April 27, 2010, <http://zhs.mofcom.gov.cn/aarticle/Nocategory/201004/20100406888239.html>; State Council report, January 10, 2013, <http://finance.china.com.cn/news/special/jjsj12/20130110/1230560.shtml>, accessed April 25, 2018.

⁹⁴ Li Hanjun, *Zhongguo duiwai maoyi fazhan zhanlue yanjiu [Choices Regarding China's Strategy for Developing Foreign Trade]* (Beijing: China Fiscal and Economic Press, 2012).

⁹⁵ *Ibid.*

⁹⁶ China's Government Work Report 2008, http://www.gov.cn/test/2009-03/16/content_1260198.htm, accessed April 25, 2018.

⁹⁷ China's Government Work Report 2011, http://www.gov.cn/2011lh/content_1825233.htm, accessed April 25, 2018.

domestic consumption, while maintaining the stable development of foreign trade.”⁹⁸ Indeed, the contribution of domestic consumption to economic growth began to increase, as noted by the 2010 government work report.⁹⁹ As China’s official white paper on foreign trade indicated in 2011, by 2010, China had completed all of its promises when entering the WTO, and since 2001, China’s import has maintained an annual increase of 20%.¹⁰⁰ With China’s continuous growth of domestic need, this white paper noted that China’s fast-expanding import had created enormous export markets for trading partners such as Japan, ASEAN, the EU, and the United States.¹⁰¹ In short, China no longer hastened to expand its foreign markets and was instead able to increase its imports due to a gradual shift to a domestic-oriented economy.

Semi-official sources from government think tanks such as CASS, CICIR, and the China Institute of International Studies (CIIS) also noted China’s growing economic power and the reduced asymmetrical dependence on the United States. For example, the 2007-2008 CIIS report and the 2010 CASS report indicated that the relative power of the United States decreased.¹⁰² CASS analysts stated in 2009 that China and the United States had become mutually dependent on one another, and neither side would be able to prosper without the other.¹⁰³ As with the Japan case, the Sino-U.S. economic relationship became more balanced than the 1990s period. Interviews with former diplomats, government policy analysts, PLA analysts, and scholars similarly demonstrated

⁹⁸ China’s Government Work Report 2012, http://www.gov.cn/test/2012-03/15/content_2067314.htm, accessed April 25, 2018.

⁹⁹ China’s Government Work Report 2010, http://www.gov.cn/2010lh/content_1555767.htm, accessed April 25, 2018.

¹⁰⁰ White Paper on China’s Foreign Trade 2011, http://www.gov.cn/zwgk/2011-12/07/content_2013475.htm, accessed April 25, 2018.

¹⁰¹ *Ibid.*

¹⁰² CIIS, *International Situation and China’s Foreign Policy 2007-2008*, p. 1; see also Zhen Bingxi, “Shijie xingejia xia meiguo shili diwei de bianhua [Changes in U.S. power status under the new international order],” *Guoji wenti yanjiu [International Issues Studies]*, No. 4 (2008). Zhen is a senior analyst at CIIS, who used to serve in the Chinese embassy in Washington D.C.; CASS, *International Politics and Security Report 2010-2011*, p. 2-3.

¹⁰³ Tao Wenzheng and Yuan Zhao, “Dangqian de zhongmei guanxi [Sino-U.S. relations at present],” CASS report, May 12, 2009, http://ias.cass.cn/sy/zmgx/201509/t20150901_2696263.shtml, accessed April 25, 2018.

decreasing Chinese asymmetrical dependence on the United States.¹⁰⁴ As early as the 2008-2009 period, internal discussions within government think tanks had revolved around the ranking of great powers and manifested greater confidence in China.¹⁰⁵ In short, due to the reduced asymmetrical dependence of China on the United States and the growth of China's overall economic power, the economic vulnerability cost of using coercion was lower.

Turning finally to geopolitical backlash cost, as with the pre-2008 period, the geopolitical backlash cost to coerce the United States over the Taiwan issue remained high. As analyzed in detail in previous chapters, both official documents and semi-official sources indicated continuous geopolitical pressure from the United States in the post-2008 period. For example, the 2011 CASS report on the United States indicated that U.S. posture in Asia was mostly focused on China and the United States had the intention of guarding against and balancing China, while squeezing China's strategic space.¹⁰⁶ Moreover, as shown in the pre-2008 period, China had been trying to seek U.S. cooperation in checking Taiwan's pro-independence activities. In this sense, the geopolitical pressure from the United States remained high, both because of continuous and growing U.S. efforts in Asia as well as the importance of the United States in constraining Taiwan. Nevertheless, Chinese government policy analysts did view the Obama administration as more moderate and cautious than the Bush administration, as cross-checked with former U.S. officials.¹⁰⁷ One former U.S. official indicated that the U.S. Defense Department was eager to maintain military-to-military exchanges

¹⁰⁴ Interview KZ-#23, Beijing, China, December 19, 2015; Interview KZ-#21, Beijing, China, December 10, 2015.

¹⁰⁵ Interview KZ-#21, Beijing, China, December 10, 2015; cross-checked with another interviewee at the same government think tank, Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016;

Interview KZ-#81, Shanghai, China, May 15, 2016; Interview KZ-#94, Beijing, China, June 27, 2016.

¹⁰⁶ For example, see Huang Ping and Ni Feng eds., *Meiguo yanjiu baogao 2011 [Annual Report on American Studies 2011]* (Beijing: Social Sciences Academic Press, 2012), p. 199; Interview KZ-#42, Beijing, China, January 25, 2016.

¹⁰⁷ Huang Ping and Zheng Bingwen, *Meiguo yanjiu baogao 2014 [Annual Report on American Studies 2014]* (Beijing: Social Sciences Academic Press, 2015), p. 124; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#118, Arlington VA, USA, February 15, 2017.

with China in 2010, and China thus utilized pausing mil-mil exchanges as a coercive tool for the arms sales issue.¹⁰⁸

In short, both the need to establish a reputation for resolve and economic vulnerability cost were lower, whereas the geopolitical backlash cost remained high in the post-2008 period. Yet China still used coercion – albeit very moderate forms of coercive tools such as pausing military-to-military exchanges and threatening economic sanctions. The reason why China coerced the United States had to do with issue importance.¹⁰⁹ As analyzed in detail in the introduction, China has always viewed Taiwan as its core interest, the issue of the highest importance.¹¹⁰ According to Yang Jiemian, the Taiwan issue is “the most important and most sensitive core issue in Sino-U.S. relations.”¹¹¹ Yang is head of government think tank the Shanghai Institute of International Studies (SIIS) and brother of Yang Jiechi, China’s former Foreign Minister and current State Councilor. As one senior scholar put it, China cannot fight wars against the United States, yet the Chinese government had to “pretend that it was prepared to fight the United States.”¹¹² In short, China has always been opportunistic — “when it was able to do a little bit, it would do a little” (*nenggao jiugao*).¹¹³

As for why Chinese coercion against the United States was quite moderate in these post-2008 instances, the need to establish a reputation for resolve was lower in the post-2008 period, and arms sales have become more of a political issue.¹¹⁴ Since China places more weight on establishing a reputation for resolve, such cases of arms sales in the post-2008 period did not

¹⁰⁸ Interview KZ-#118, Arlington VA, USA, February 15, 2017.

¹⁰⁹ Interview KZ-#92, Beijing, China, June 8, 2016.

¹¹⁰ Interview KZ-#113, Beijing, China, December 29, 2016.

¹¹¹ Yang Jiemian, *Houlegzhan shiqi de zhongmei guanxi: waijiao zhengce bijiao yanjiu [Sino-U.S. Relations in the Post-Cold War Era]* (Shanghai: Shanghai People’s Press, 2000), p. 289; echoed by Chu Shulong, *Sino-U.S. Relations in the Post-Cold War Period*, p. 283.

¹¹² Interview KZ-#73, Shanghai, China, May 8, 2016.

¹¹³ *Ibid.*

¹¹⁴ Interview KZ-#96, Beijing, China, July 6, 2016.

constitute a serious threat to China's reputation for resolve. Furthermore, China still acknowledged that the United States was stronger than itself, and would therefore do just a little bit as long as it would not cause trouble – that is, being harsher towards other countries and more moderate towards the United States.¹¹⁵ That is why China only used very selective sanctions and coercion against the United States in the post-2008 period.¹¹⁶ In short, China used coercion in the post-2008 period as a political symbol – due to the issue importance. Yet Chinese coercion was rather moderate due to the low need to establish a reputation for resolve and the fact that the United States remained stronger in absolute terms. The next two sessions introduce two detailed case studies, one cross-national comparison involving U.S. and French arms sales to Taiwan in 1992, and one case study of the 1995-1996 Taiwan Strait Crisis.

Section II. U.S. and French Arms Sales to Taiwan in 1992

This section first describes the two cases in detail, then codes the magnitude of Chinese coercion against France, and finally uses the cost balancing theory to explain why China coerced France but not the United States. Because of the great need to establish a reputation for resolve and the low economic vulnerability cost, China coerced France. As stated in Section I, the cost balancing theory does not perfectly explain why China did not coerce the United States in 1992. Despite the equally high economic vulnerability and need to establish a reputation for resolve, China should have coerced the United States given the high issue importance. The cross-national comparison between France and the United States, however, highlights one important component of the cost-

¹¹⁵ *Ibid.*

¹¹⁶ Interview KZ-#92, Beijing, China, June 8, 2016.

balancing theory: the varying degrees of Chinese economic vulnerability vis-à-vis France and the United States.

On September 14, 1992, the United States decided to sell 150 F-16 A/B fighters to Taiwan, totaling \$5.8 billion.¹¹⁷ The value of this sale was higher than that of total U.S. sales to Taiwan from 1982 to 1991 combined. It was thus fair for China to call it unprecedented. Roughly at the same time, France had sold \$2.7 billion worth of frigates to Taiwan on June 6, 1991. Following this sale, China and France engaged in a heated diplomatic "struggle," reaching a "minimal understanding" (*zuidi xiandu de liangjie*) on June 25, 1991 that the frigates would not be equipped with weapons.¹¹⁸ This arms sale had already driven a wedge between the two countries. France, however, further escalated the situation. On January 31, 1992, French Foreign Minister Roland Dumas raised the issue of selling Mirage-2000 jet fighters to Taiwan when meeting with Chinese Foreign Minister Qian Qichen at the United Nations Security Council (UNSC) meeting.¹¹⁹ Qian said that if France gave up on this deal, China could "do something significant to improve bilateral trade relations" – to address the trade imbalance between China and France.¹²⁰ France refused Qian's carrot and officially confirmed that it approved this arms deal of 60 Mirage-2000 jet fighters to Taiwan on December 22, 1992. These two arms sales were comparable – both were a significant breach of past agreements with China and they were of crucial military value to Taiwan, which could tilt the cross-strait military balance further to China's disadvantage. China construed both actions as threatening its sovereignty. The U.S. sale was even greater in magnitude than the French one. Thus, if China only

¹¹⁷ Shirley A. Kan, *Major U.S. Arms Sales Since 1990* (Washington D.C.: Congressional Research Service, November 29, 2012).

¹¹⁸ Cai Fangbo, "Zouchu digu, quanmian hezu: 1989-1997nian de zhongfa guanxi" [Walking out of the valley and cooperating comprehensively: A recap of Sino-French relations in 1989-1997], in *People's Daily*, January 16, 2004, section 7, <http://www.people.com.cn/GB/guoji/1031/2299413.html>, accessed December 7, 2013. Cai was the Chinese ambassador to France from 1990 to 1998. Cai's accounts can be further corroborated by former Chinese Foreign Minister Qian Qichen's memoir, *Waijiao Shiji [Ten episodes in foreign policy]* (Beijing: Shijie zhishi chubanshe [World Knowledge Press], 2004). The sequence of the events below is based basically on Qian and Cai's recounts.

¹¹⁹ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*.

¹²⁰ *Ibid.*, p. 300-301.

considered the benefits of coercion, it should have used harsher coercion on the United States. As the most powerful state in the world, coercing the United States would have sent a deterrent signal to France (who approved the arms sale three months after the United States did) and other states that might consider arms sales (Germany, for example, was toying with the idea of submarine deals with Taiwan).

China, however, imposed used coercion only on France but not on the United States. Upon hearing President Bush's announcement of the sales on September 2, Chinese Vice Foreign Minister Liu Huaqiu lodged "the strongest protests."¹²¹ To be sure, the Chinese Ministry of Agriculture "*strongly advocated*" in *People's Daily* that "if the United States insisted on selling F-16s to Taiwan, we should immediately stop importing wheat from the United States."¹²² Yet China did not communicate this threat to the United States, nor did China implement it. Instead, China continued to import wheat from the United States. Even more surprising was Foreign Minister Qian Qichen's remarks in Washington, D.C. Qian for the first time raised the phrase "responsible great power" (*fu zeren de daguo*), stating that "China as a responsible great power is working towards world peace and development" and that "Sino-U.S. exchange and cooperation is where the mutual interests of both sides lie."¹²³ He also emphasized that China had become "one of the largest buyers" of U.S. wheat, airplanes, computers, industrial mechanical appliances, and chemical fertilizers, and that "many famous U.S. firms" had gained "considerable profits and market shares" in China.¹²⁴ Although Qian did touch on arms sales, his emphasis was Sino-U.S. cooperation. This speech was surprisingly conciliatory, given that it took place just 20 days after the arms deal. Su Chi, then

¹²¹ *People's Daily*, September 4, 1992, section 1.

¹²² *People's Daily*, September 11, 1992, 9, 11, section 1. This statement was on the front page, indicating its importance. Yet it seems that the audience was domestic, and China did not communicate this threat to the United States.

¹²³ *People's Daily*, September 24, 1992, section 6.

¹²⁴ *Ibid.*

senior Taiwanese official, also noted China's muted response.¹²⁵ One former U.S. official even admitted that the United States upgraded the F-16 A/Bs to the extent that they were essentially similar with F-16 C/Ds in terms of capability, but they were not F-16 C/Ds *per se*.¹²⁶ Yet another former U.S. official pointed out that China did not lodge any protest on this issue, let alone coercion.¹²⁷

France was not as lucky. China imposed harsh economic sanctions on France. On November 27, 1992, the spokesperson for the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) stressed that from January to September 1992, Chinese imports from Europe had increased by 10.9% compared to last year, yet France had lagged behind “*because of the arms sales to Taiwan*.”¹²⁸ More serious sanctions started in 1993. The front page of the *People's Daily* on January 22, 1993 stated that “*because of*” the French decision to sell Mirage-2000 to Taiwan, bilateral trade and economic relations had been affected, and China had banned French wheat export and the French bid for a subway contract in Guangzhou, China.¹²⁹ Apart from confirming these economic sanctions, Qian announced that China had stopped negotiating new trade projects with France.¹³⁰ China also imposed diplomatic sanctions. According to then deputy Foreign Minister Jiang Enzhu, China closed the French consulate in Guangzhou — established just in 1991 to

¹²⁵ Su Chi, *Liang'an botao ershinian jishi [20 Years of Cross-Strait Relations]* (Taipei: Yuanjian tianxia wenhua press, 2014), p. 41.

¹²⁶ Interview KZ-#120, Washington D.C., USA, February 23, 2017; senior U.S. military officials and U.S. Air Force pilots that flew F-16 C/Ds acknowledged that Taiwan's upgraded F-16 A/Bs were much closer to the C/Ds, conversations with U.S. military officials at USPACOM, March 27-28, 2017, Honolulu, Hawaii. Another former U.S. State Department official added that despite the upgrade, the A/Bs remain defensive aircraft and different from the C/Ds, because the C/Ds are heavier aircraft with a stronger frame. Interview KZ-#121, Washington D.C., USA, March 1, 2017. Nevertheless, F-16 C/D pilots at USPACOM indicated that their frames are not so different. It is more about the software that goes with the F-16s that makes the difference with regard to defense and offense.

¹²⁷ Interview KZ-#116, Washington D.C., USA, February 9, 2017.

¹²⁸ *People's Daily*, November 28, 1992, section 1. The MOFTEC later became the Chinese Ministry of Commerce. Emphasis added.

¹²⁹ *People's Daily*, January 22, 1993, section 1. Emphasis added.

¹³⁰ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 302.

facilitate trade relations — immediately after the weapons sale.¹³¹ Moreover, China began to impose strict restrictions on visits to and communications with French officials at the deputy ministerial level and above.¹³² Then Foreign Minister Qian Qichen's memoir also corroborated Jiang's accounts.¹³³ Sino-French diplomatic relations did not return to normal until 1994.

Why Chinese Actions Count as Coercion and Magnitude of Coercion

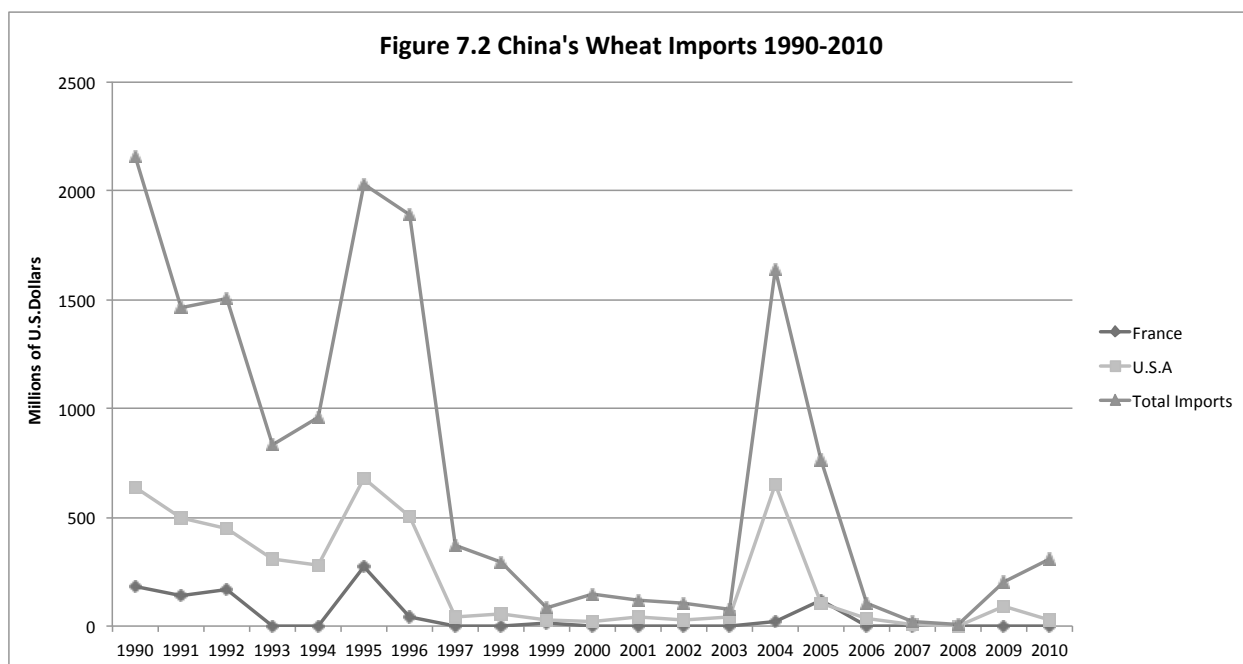
China's coercion against France was quite harsh. Chinese actions constituted coercion for the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, China imposed both economic and diplomatic sanctions. Regarding economic sanctions, China imposed a ban on French wheat export to China, which lasted for two years following the arms sales, as seen in Figure 7.2 below.¹³⁴

¹³¹ Jiang Enzhu, *Daguo jiaoliang: zhongou guanxi yu xianggang huigui qinli* [*Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*] (Beijing: Zhongxin chubanshe [Citic Press], 2016), p. 42-43.

¹³² *Ibid.*, p. 43.

¹³³ Qian Qichen, *Waijiao Shiji* [*Ten episodes in foreign policy*], p. 302.

¹³⁴ Data comes from *Zhongguo haiguan tongji nianjian* [China Customs Statistics Yearbooks] from 1985 to 1995. The Chinese Customs General Administration (CGA) compiles these yearbooks. The reason why China did not import any wheat from France in 2000-2003 and 2006-2009 seems to be that total Chinese imports during those periods were very small.



Wheat exports to China constituted a significant amount of total French exports to China – roughly an average of 10% in previous years.¹³⁵ In contrast, China did not ban U.S. wheat. Imports from the United States actually increased, as measured by the proportion of total wheat imports.¹³⁶ This increase took place despite decreasing Chinese need for wheat imports due to a rise in domestic production, as seen in the decrease of total wheat imports from 1990 to 1993.¹³⁷ Wheat exports to China constituted a significant amount of total French exports to China – roughly an average of 10% in previous years.¹³⁸ Similarly, U.S. wheat export to China in the early 1990s was approximately 5% of its total exports to China. Thus, whether China imposed sanctions made a difference to both countries, especially to the agricultural sectors that were staunch supporters of better trade relations with China. Although China mainly imported wheat from the United States and Australia, statistics regarding French total wheat exports indicated that when China imported wheat from France, China’s need could constitute a significant portion of French wheat exports. French wheat

¹³⁵ *Ibid.*

¹³⁵ *Ibid.*

¹³⁶ *Ibid.*

¹³⁷ *People's Daily*, September 11, 1992. 9. 11, section 1.

¹³⁸ Both percentages are calculated using the CGA data.

exports to China in 1995 after the Chinese wheat ban was 64% of total French wheat exports; wheat exports to China in 2005 were 75% of total French wheat exports.¹³⁹ That is, French wheat exporters lost China as a profitable market for two years – 1993 and 1994.

China also terminated the deal of constructing a nuclear power plant in Guangdong province, while giving the bid to construct the Guangzhou subway to Germany, both of which would have been significant and lucrative contracts to France. China barred France from the bid to build the subway in Guangzhou. Guangzhou had almost decided to use the French capital, but after the central government imposed sanctions on France, it gave the bid intentionally to Germany during Chancellor Helmut Kohl's 1993 visit to China.¹⁴⁰ Since then, France had been driven out of the Chinese subway market until 1998.¹⁴¹ Had China not banned French wheat exports and the subway bid, French wheat exporters would have earned \$310 million more (as calculated from the 1991-1992 level) and France "would have gained \$1 billion from the subway contract."¹⁴² Barring the stagnation of on-going negotiations, these two sanctions alone amounted to a loss of \$1.3 billion on the French side, which was significant especially because they targeted sectors important to the French government – the agriculture and business communities. Chinese economic sanctions therefore was greater in terms of magnitude. As for diplomatic sanctions, a two-year pause of visits and communications vis-à-vis French officials at and above the ministerial level constituted diplomatic sanctions of long duration. Diplomatic sanctions thus assumed a greater magnitude.

Second, as seen by the confirmation of senior Chinese officials such as Qian Qichen, Cai

¹³⁹ Data comes from the Commodity Trade Statistics Database at the United Nations Statistics Division. The product is HS110100, i.e., wheat or meslin flour. Data prior to 1994 is not available, see http://data.un.org/Data.aspx?d=ComTrade&f=_11Code%3a12, accessed April 30, 2014.

¹⁴⁰ See Li Peng, *Heping fazhan hezuo: Li Peng waijiao riji* [Li Peng Foreign Affairs Journal] (Beijing: Xinhua Press, 2008), p. 473, for details about giving the contract to Germany. Li Peng was then Chinese premier.

¹⁴¹ Cai Fangbo, *Cong daigaole dao sakeqi*, p. 224.

¹⁴² Roger Cohen, "France Bars Taiwan Sales, Warming China Ties," *New York Times*, January 13, 1994, <http://www.nytimes.com/1994/01/13/world/france-bars-taiwan-sales-warming-china-ties.html>, accessed April 14, 2014.

Fangbo, and Jiang Enzhu, these Chinese actions were state decisions and therefore state action.

Third, the goals and target of Chinese coercion against the French were clear. As deputy Foreign Minister Jiang Enzhu told his French counterpart explicitly, China wanted France to “stop selling weapons of any kind to Taiwan as well as to make it an explicit promise in the form of public announcement that France would not sell any weapons to Taiwan in the future.”¹⁴³ This was akin to forcing France to adopt a new policy, because according to Jiang’s French counterpart, “no countries in the world had yet made the public promise that they would not sell weapons to Taiwan.”¹⁴⁴ China also aimed at using the coercion to deter other countries that might toy with the idea of selling weapons to Taiwan.¹⁴⁵ In this sense, while not coercing the United States at all, China used harsh coercion against France.

China’s coercion against France was relatively successful. France made the public announcement that it would not allow its companies to sell weapons to Taiwan in the future in January 1994,¹⁴⁶ after which China and France resumed normal diplomatic relations and French companies were “allowed to equally compete with [other companies] in China.”¹⁴⁷ Those large projects and deals that were impacted by this episode resumed.¹⁴⁸ Seeing China’s sanctions against France, Germany immediately gave up its intention of selling submarines to Taiwan in January 1993.¹⁴⁹ The following passages demonstrate that the cost balancing theory generally (albeit

¹⁴³ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 45-47. Jiang’s account was corroborated by Qian Qichen’s recollection, Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 303.

¹⁴⁴ *Ibid.*, p. 45.

¹⁴⁵ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 303.

¹⁴⁶ Along with a thorough list of the kinds of weapons banned, *ibid.*

¹⁴⁷ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 48.

¹⁴⁸ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 304.

¹⁴⁹ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 78; corroborated also by the recollection of then Chinese ambassador to Germany, Mei Zhaorong: Mei spent three months dealing with the Germans regarding the issue of submarine sales in late 1992 and early 1993, after which Germany finally gave up the idea. See Mei Zhaorong, “Zhongde guanxi

perfectly) explains why China coerced France but refrained from using coercion towards the United States, especially highlighting the importance of economic vulnerability.

Explaining the Contrast – Why Picking on the French?

Turning first to the need to establish a reputation for resolve, the need to establish a reputation for resolve vis-à-vis the French case was especially strong because several European countries were toying with the idea of selling weapons to Taiwan at that time. As early as November 1989, France was contemplating selling six frigates to Taiwan.¹⁵⁰ China used economic carrots to prevent France from selling these frigates: Chinese State Councilor Zou Jiahua visited France in January 1991 to discuss issues of constructing nuclear power plants and subways in China's metropolitan areas; China also agreed to establish a French consulate in Guangzhou in April 1991.¹⁵¹ After the French Foreign Minister told Chinese Foreign Minister Qian Qichen that France was contemplating selling Mirage-2000 jet fighters to Taiwan in early 1992, China explicitly stated that if France gave up the deal, China would offer economic projects to France for up to 15.4 billion U.S. dollars while purchasing French products for up to 2 billion U.S. dollars.¹⁵² Nevertheless, Chinese economic inducement failed – France still decided to continue the arms deal. As then Foreign Minister Qian Qichen reasoned, “France miscalculated China's restraint”: France did not stop selling weapons to Taiwan, but “advanced further (*decun jinchi*), thinking that China was weak and could be bullied (*ruanruo keqi*).”¹⁵³ Qian recalled that France “misjudged” [China's resolve] and Chinese actions such as canceling the French bid to construct the Guangzhou subway “inflicted

huigu, poxi, he zhanwang [Analysis of Sino-German relations],” in Gu Junli ed., *Zhongde jianjiao 40 zhounian hugu yu zhanwang [40 Years of Sino-German Relations]* (Beijing: Social Sciences Academic Press, 2011), p. 48.

¹⁵⁰ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 37.

¹⁵¹ *Ibid.*, p. 39.

¹⁵² Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 300.

¹⁵³ *Ibid.*, p. 300-301.

deeply felt pain” (*tongji*) on the French government.¹⁵⁴ In other words, China used coercion to avoid being viewed by France as weak, which established China’s reputation for resolve as being resolved regarding the Taiwan issue.

The pressure for China to establish a reputation for resolve in the Taiwan issue was high because worse still from China’s perspective, the Dutch were also considering selling two submarines as well as the technology transfer of constructing another four submarines to Taiwan in late 1991, which was roughly the same time when France was contemplating weapons sale to Taiwan.¹⁵⁵ The Chinese MFA expressed serious concerns to the Dutch.¹⁵⁶ According to then deputy Foreign Minister Jiang Enzhu’s recollection, China realized that Taiwan’s purchase of frigates from France had negative impacts: “the Dutch were having the miscalculation that China began to change its policy regarding weapons sales to Taiwan.”¹⁵⁷ As Jiang put it, China was concerned that the Dutch might want to follow the lead of France, which would then leave negative impacts on other countries.¹⁵⁸ Jiang worried that other European states might follow France to sell weapons to Taiwan. China’s worry was not unfounded: in early 1991, Taiwan asked German companies about purchasing ten submarines and sixteen frigates, after which German economic interests began to lobby for selling these weapons to Taiwan both in 1991 and 1992.¹⁵⁹ In this sense, China was well aware that other European states were closely watching China’s reaction towards the French decision to sell 60 Mirage-2000 jet fighters to Taiwan.¹⁶⁰

¹⁵⁴ *Ibid.*, p. 302.

¹⁵⁵ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 53.

¹⁵⁶ *Ibid.*, p. 54.

¹⁵⁷ *Ibid.*, p. 55.

¹⁵⁸ *Ibid.*, p. 56.

¹⁵⁹ *Ibid.*, p. 76.

¹⁶⁰ European media had extensively reported the French arms sales. See for example, Raymond Whitaker, “France approves jet sale to Taiwan,” *The Independent*, September 11, 1992; Roger Cowe and Mark Milner, “Chinese warning to airbus increases GPA’s problems,” *The Guardian*, November 28, 1992; Catherine Sampson and David Wats, “Chinese retaliate over arms dispute,” *The Times*, December 24, 1992.

Interviews with Chinese diplomats, government policy analysts, and scholars also demonstrated China's concern about other states following the French practice. One former Chinese diplomat based in Britain stated that if China did not use coercion against France – a relatively influential country in Europe – other countries might read China's restraint as the acquiescence to French behavior, which would lead them to also sell weapons to Taiwan.¹⁶¹ That is, one other former Chinese diplomat based in the EU, Chinese government policy analysts, and scholars particularly emphasized that since Sino-French relations were the “flagship” (*lingtou yang*) of China's bilateral relations with European countries, China was afraid of the “negative demonstration and chained effects” (*elie de shifan xiaoying, liansuo fanying*) France might have set off.¹⁶² China was again, just as maritime territorial disputes in the South China Sea, “killing the chicken to scare the monkey” and coercing one to deter others (*shayi jingbai*), and France was a good target to use (*haode biaogan*).¹⁶³ One government policy analyst put it bluntly as “establishing a reputation for resolve” (*shuli weixin*).¹⁶⁴ The need to establish a reputation for resolve was thus high in the French case. Chinese action, as well as speech evidence, demonstrated the logic of using coercion to establish a reputation for resolve.

Similarly, as stated in the introduction, U.S. arms sales to Taiwan in 1992 were also significant. In particular, one senior Chinese scholar recounted that U.S. arms sales to Taiwan decreased in the 1980s, yet as the Cold War ended, the Taiwan issue became more salient for the

¹⁶¹ Interview KZ-#21, Beijing, China, December 10, 2015.

¹⁶² Interview KZ-#14, Beijing, China, November 25, 2015; Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#36, Beijing, China, January 19, 2016; Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#52, Beijing, China, March 9, 2016; Interview KZ-#59, Wuhan, China, April 18, 2016; Interview KZ-#63, Beijing, China, April 25, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016; Interview KZ-#76, Shanghai, China, May 12, 2016; Interview KZ-#78, Shanghai, China, May 13, 2016; Interview KZ-#90, Guangzhou, China, May 25, 2016; Interview KZ-#96, Beijing, China, July 6, 2016; Interview KZ-#102, Washington D.C., USA, August 21, 2016.

¹⁶³ Interview KZ-#42, Beijing, China, January 25, 2016; Interview KZ-#49, Beijing, China, February 27, 2016; Interview KZ-#65, Beijing, China, April 27, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; echoed by one former U.S. official in charge of Taiwan, Interview KZ-#101, Washington D.C., USA, August 17, 2016.

¹⁶⁴ Interview KZ-#70, Shanghai, China, May 5, 2016.

United States.¹⁶⁵ The United States thus increased selling weapons of critical importance to Taiwan, with 1992 being the watershed: the United States had never sold F-16s to Taiwan before.¹⁶⁶ As one government policy analyst noted, China did not have third-generation fighters back then, and both cases of arms sales in 1992 significantly tilted the military balance of power to Taiwan's advantage.¹⁶⁷ The need to establish a reputation for resolve for using coercion in the U.S. case was also high. Nevertheless, Chinese government policy analysts pointed out that the United States had been selling weapons to Taiwan since the Cold War and U.S. arms sales to Taiwan had precedents, whereas France had never sold weapons to Taiwan in the Cold War at all.¹⁶⁸

Turning next to economic vulnerability cost, the economic vulnerability cost to coerce France was low. Sino-French trade lent itself easily to Chinese economic sanctions. French businessman Jean-Pierre Desgeorges, then President of the France-China Committee, stated that French exports to China depended too much on large contracts from the energy, transportation, and telecommunication realms, and it would be better for medium and small-sized French firms to enter the Chinese market.¹⁶⁹ Indeed, both wheat exports and the subway bid fell under the category of large contracts, or "*les grand contracts*." French over-dependency on single large-scale contracts led to a strong politicization of Sino-French trade relations.¹⁷⁰ China, however, did not depend on France for exports: Chinese exports to France stabilized at around 1.5% of China's total exports after the early 1980s.¹⁷¹ In addition, China had other import sources, all of which were more than willing to do business with China. For instance, China gave the Guangzhou subway bid to Germany,

¹⁶⁵ Interview KZ-#81, Shanghai, China, May 15, 2016.

¹⁶⁶ See Su Ge, *Meiguo duihua zhengce yu taiwan wenti* [American China Policy and the Taiwan Issue] (Beijing: World Knowledge Press, 1998), p. 639, p. 643.

¹⁶⁷ Interview KZ-#63, Beijing, China, April 25, 2016.

¹⁶⁸ Interview KZ-#52, Beijing, China, March 9, 2016.

¹⁶⁹ Jean-Pierre Desgeorges, "Huifu fazhong zhengchang gongmao guanxi shi dangwu zhiji" [The main task now is to reestablish normal Sino-French trade relations], *Guoji maoyi* [International Trade], Issue 6 (1994), p. 31.

¹⁷⁰ Markus Taube, "Economic Relations between the PRC and the States of Europe," *The China Quarterly*, No. 169, Special Issue: China and Europe since 1978: A European Perspective (March 2002), p. 78-107.

¹⁷¹ *Ibid.*

a long time competitor of France on Chinese subway contracts.¹⁷² Ambassador Cai Fangbo stated clearly in his memoir that China *turned to Germany* to sanction France.¹⁷³ Thus, China was able to sanction France because France depended on large-scale contracts whereas China had exit options.

In contrast, Sino-U.S. trade structure created Chinese dependence on the United States, preventing China from coercion. China depended on the United States as an export market, whereas the United States did not depend on China for its own exports. This asymmetrical dependence became more acute owing to the annual review of assigning the MFN status to China without attaching human rights conditions, which worried analysts from China's Central Party School.¹⁷⁴ Central Party School analyst Wu Guifu worried that if the United States denied granting the MFN status to China, the prices for Chinese exports to the United States would rise by 40%, which would drastically reduce Chinese exports worth of billions of dollars while adversely affecting foreign investments and technological transfers to China.¹⁷⁵ The timing of the arms sales was crucial. Shortly after the arms sales, President Bush was due to decide whether to veto the conditional extension of MFN status, and the Congress would vote on whether to overturn the veto.¹⁷⁶ Furthermore, the 9th round of the Sino-U.S. market entry negotiations was scheduled to take place in Washington, D.C. in late 1992.¹⁷⁷ This context made China's economic response to arms sales especially important. When contemplating a proper response to U.S. arms sales in 1992, Deng Xiaoping endorsed the MFA report that "China needed to give priority to economic interests" and

¹⁷² This competition manifested itself already in 1988, when France competed with Germany and Britain for the bid to construct the largest subway in Shanghai. See Zhu Rongji, *Zhu Rongji Shanghai jianghua shilu* [Records of Zhu Rongji's Shanghai speeches] (Beijing: Renmin Chubanshe [People's Press], 2013), p. 130. Zhu was the former Chinese Premier who was a reformist.

¹⁷³ Cai Fangbo, *Cong daigaole dao sakeqi* [From De Gaulle to Sarkozy] (Shanghai: Shanghai cishu chubanshe [Shanghai Lexicographical Publishing House], 2007), p. 146.

¹⁷⁴ Wu Guifu, *The Most Favored Nation Status and Sino-U.S. Relations*, p. 33-34, p. 49, p. 53-54.

¹⁷⁵ *Ibid.*, p. 156.

¹⁷⁶ For details, see Gong Li, *Hot Issues in Sino-U.S. Relations*, p. 263; cross-checked with Alan Romberg's interview with then U.S. ambassador to China, Stapleton Roy, see Alan Romberg, *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations* (Washington D.C.: Henry L. Stimson Center, 2003), p. 153.

¹⁷⁷ Wu also noted this issue in the book, see *ibid.*, p. 98-99.

that if China retaliated with trade sanctions, "a cycle of mutual retaliation could unleash a trade war in which *China would lose most.*" The report concluded that "China should *do everything it could to avoid the deterioration of Sino-U.S. economic relations.*"¹⁷⁸ Although not stated explicitly, MFN status would probably be the most serious retaliation. Chinese moderation brought good results – China was given an unconditional extension of the MFN status for another year and the market entry negotiation in October relaxed restrictions on U.S. high-technology exports to China.¹⁷⁹ Deng's endorsement indicated that economic vulnerability cost was China's primary consideration when contemplating costs of coercion.

Interviews with former Chinese diplomats, government policy analysts, and scholars also confirm China's rationale. One former diplomat based in Britain stated that Sino-European trade volume was much smaller when compared with Sino-U.S. trade in 1992.¹⁸⁰ Government policy analysts emphasized that canceling the French bid to construct the Guangzhou railway was a great card to play because of the competition among France, Germany, and Britain.¹⁸¹ Banning French wheat export to China also would not affect Chinese economic development, because China had alternatives.¹⁸² In contrast, the United States held the key to Chinese economic development in that the United States was one of China's largest export destinations and it was contemplating linking the MFN status with China's human rights issue.¹⁸³ China especially could not afford to ban U.S.

¹⁷⁸ Tian Chen, "Foreign Ministry's Secret Report on Sino-U.S. Relations," *Zheng ming*, November 1, 1992, qtd. in John W. Garver, *Face Off: China, the United States, and Taiwan's Democratization* (Seattle: University of Washington Press, 1997), p. 54. Another source that corroborates this report was John Garver's personal communication with Hong Kong sources; one former U.S. State Department official also agreed that economics was the number one concern for Deng at that time and that Deng was aware that China was not in a position to coerce United States, because it needed U.S. markets, technology, and business investment. Interview KZ-#121, Washington D.C., USA, March 1, 2017.

¹⁷⁹ *Zhongguo waijiao gailan: 1993*, p. 378.

¹⁸⁰ Interview KZ-#21, Beijing, China, December 10, 2015.

¹⁸¹ Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#59, Wuhan, China, April 18, 2016; Interview KZ-#70, Shanghai, China, May 5, 2016.

¹⁸² Interview KZ-#70, Shanghai, China, May 5, 2016; Interview KZ-#73, Shanghai, China, May 8, 2016.

¹⁸³ Interview KZ-#21, Beijing, China, December 10, 2015; Interview KZ-#59, Wuhan, China, April 18, 2016; Interview KZ-#76, Shanghai, China, May 12, 2016.

wheat exports to China, because China wanted to use the purchase of U.S. wheat in exchange for Chinese political dissident Fang Lizhi.¹⁸⁴ In short, China “did not have many cards to play.”¹⁸⁵ As one government policy analyst put it, France and the United States were of different importance to China — China in the 1990s were eager to open up and join the international order led by the United States.¹⁸⁶ Another senior government policy analyst bluntly revealed that China applied double standards towards the United States and France because China’s economic dependence on the United States was “overwhelming” (*yadao xingde*) and China’s policies towards the United States were thus exceptional.¹⁸⁷ Highly dependent on U.S. investments, markets, and technologies, China lacked the economic capability and it would be too costly to coerce the United States.¹⁸⁸ Economic vulnerability cost was thus high vis-à-vis the United States and low vis-à-vis France in this episode.

Turning finally to geopolitical backlash cost, the geopolitical backlash cost to coerce France was low because geopolitics in Europe was favorable to China. According to then deputy Foreign Minister Jiang Enzhu who was in charge of European affairs, then Premier Li Peng visited Italy, Switzerland, Portugal, and Spain in early 1992, which was the first time China’s head of government visited Europe since the June 4, 1989 Tiananmen incident and which signified a victory against Western sanctions.¹⁸⁹ China believed that coercing France would not incite a backlash: it observed that France was in serious competition with other European powers, especially Germany. According to then deputy Foreign Minister Jiang Enzhu, China was convinced that the French

¹⁸⁴ Interview KZ-#59, Wuhan, China, April 18, 2016.

¹⁸⁵ Interview, Beijing, January 14, 2014.

¹⁸⁶ Interview KZ-#42, Beijing, China, January 25, 2016; Interview KZ-#94, Beijing, China, June 27, 2016.

¹⁸⁷ Interview KZ-#43, Beijing, China, January 28, 2016; echoed by another senior former government policy analyst, Interview KZ-#95, Beijing, China, July 4, 2016.

¹⁸⁸ Interview KZ-#73, Shanghai, China, May 8, 2016; Interview KZ-#94, Beijing, China, June 27, 2016; Interview KZ-#14, Beijing, China, November 25, 2015; Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016.

¹⁸⁹ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 22.

position in Europe was greatly weakened because of the end of the Cold War (i.e., it could not strike a balance between the Soviet Union and the United States) and German reunification, which made Germany the largest economy in Western Europe.¹⁹⁰ The politically leading status of France in Europe began to decrease as Germany became the largest economy and state in Europe.¹⁹¹ Furthermore, China reasoned that worsening Sino-French relations would not be disadvantageous to China because it improved relations with Germany, Britain, Italy, and Spain.¹⁹²

Germany was crucial: Sino-German relations improved significantly *before* China decided to sanction France. Qian Qichen visited Germany in March 1992 and met with Chancellor Kohl. On July 12, 1992, the Chinese "purchasing group" (*caigou tuan*) ended its trip to Germany with deals totaling \$500 million. On December 10, the German National Diet passed a bill to normalize relations with China (which had deteriorated after the 1989 Tiananmen incident).¹⁹³ The German Foreign Minister's statement that China was of "special significance to Germany and Europe" probably convinced China that sanctions on France would not incite a backlash and might even have deterrent effects.¹⁹⁴ That is, sanctioning France while extending a carrot to Germany deterred the latter from contemplating arms sales to Taiwan. Germany in late 1992 also toyed with the idea of selling submarines to Taiwan. According to then Ambassador to Germany Mei Zhaorong, after

¹⁹⁰ *Ibid.*, p. 43; see also Zhong Zhicheng, *Weile shijie geng meihao: Jiang Zemin chufang jishi [To make the world a better place: Records of Jiang Zemin's foreign visits]* (Beijing: Shijie zhishi chubanshe [World Knowledge Press], 2006), p. 69, p. 124; Zhang Baoxiang, "Deguo tongyi de qianjing jiqi yingxiang [The prospects for German unification and its impact]," *Xiandai guoji guanxi [Contemporary International Relations]*, Issue 2 (1990), p. 3-9; Wang Deren, "Liangde tongyi wenti yu ouzhou xingshi [German unification and the situation in Europe]," *Waijiao xueyuan xuebao [Journal of Foreign Affairs College]*, Issue 4 (1990), p. 35-40; Lv Yaochong et al., "Tongyi deguo de waijiao zhengce zouxiang [The foreign policy of a unified Germany]," *Contemporary International Relations*, Issue 2 (1991).

¹⁹¹ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 43.

¹⁹² *Ibid.*, p. 69.

¹⁹³ "Chronology on Germany," <http://wenku.baidu.com/view/68a8c720bcd126fff7050b2c.html>, accessed December 7, 2013.

¹⁹⁴ For these two events, see *People's Daily* November 7, 1992, section 6; January 27, 1993, section 1.

three months of negotiations, Germany finally gave up on the idea.¹⁹⁵ European geopolitics was thus conducive to coercing France. If Germany, the largest power in Western Europe, were to unite with France on the arms sale issue, China probably would not have used coercion, for fear of inviting balancing behavior from Europe. Chinese coercion was effective. When the French arms industry wanted to sell missiles to Taiwan in 1995, President Jacques Chirac responded immediately that France would only do so with Chinese concurrence. France raised this issue again in November 1996. Ambassador Cai told France to consider the tradeoffs – the 1 billion-franc sale to Taiwan versus a 20 billion-franc deal to help China construct a nuclear power plant, which would guarantee 9,000 jobs for France as well. France gave up the arms sale and did not seem to suggest any further arms sales again.¹⁹⁶ Since then, no European states have sold arms to Taiwan.

Although economic costs were the most urgent concern to Chinese leaders at that time, geopolitical costs vis-à-vis the United States also factored into Chinese decisions. Chinese Central Party School analysts acknowledged that the end of the Cold War and the collapse of the Soviet Union made China lose its card against the United States.¹⁹⁷ Chinese leaders were aware of this disadvantage vis-à-vis the United States. One official Chinese CCP historian characterized Deng Xiaoping's U.S. policy as conforming to the central aim of economic development and treating Sino-U.S. trade as a relationship stabilizer; more importantly, he argued that the core of Deng's policy was to handle Sino-U.S. relations from a "strategic height and long-term perspective," as manifested in the 16-character order Deng Xiaoping raised in the fall of 1991 – "increase trust, reduce trouble, cultivate cooperation, and avoid confrontation (*zengjia xinren, jianshao mafan, fazhan hezuo, bugao*

¹⁹⁵ Mei Zhaorong, "Zhongde guanxi huigu, poxi, he zhanwang" [The analysis and prospects of Sino-German relations], in Gu Junli, ed., *Zhongde jianjiao sishinian, huigu yu zhanwang*, p. 48.

¹⁹⁶ For both accounts, see Cai Fangbo, *Cong daigaole dao sakeqi*, p. 190, p. 200-201.

¹⁹⁷ Wu Guifu, *Zuihuiguo daiyu yu zhongmei guanxi [The Most Favored Nation Status and Sino-U.S. Relations]* (Beijing: Central Party School Press, 1992), p. 36. This book appeared to be written in the summer of 1992.

duikang).¹⁹⁸ Since then, this 16-character order has become an important guideline of China's U.S. policy. And its connotations are not just economic, but also entail broader geopolitical concerns: China did not want to confront the United States for fear of U.S. counterbalancing.

Interviews with former Chinese diplomats, government policy analysts, and scholars also confirm the low geopolitical cost of coercing France and the high geopolitical cost vis-à-vis the United States. According to a former Chinese diplomat based in Britain, the 1989 incident led to the isolation of China internationally, and due to geopolitical concerns and a strong United States with reduced need for China in the post-Cold War era, China needed to make compromises to the United States to break the isolation, which was echoed by other government policy analysts.¹⁹⁹ China made the rational judgment and had to accept its weakness (*bixu furuan*) vis-à-vis the United States.²⁰⁰ Moreover, despite selling F-16s to Taiwan, Bush was considered by China as the best choice as U.S. president, because the U.S. Congress was much more anti-China; China thus wanted to acquiesce to the U.S. arms sales in 1992 to "appease" the United States (*xishi ningren*).²⁰¹

According to government policy analysts, however, the situation in Europe made it easy for China to adopt a "divide and conquer" policy (*fen'er zhizhi*), because collective diplomacy and security had been the weakest aspect of European integration and due to interest divergence, European states would not unite together to balance against China over the issue of French arms sales to Taiwan.²⁰² France and Germany had geopolitical competitions in addition to competing for

¹⁹⁸ "Bugao mafan" has been standardly translated as "avoid trouble." However, the more precise translation is to "not to initiate trouble or not to make trouble." This adds to China's status-quo orientation and indicates its cost-consciousness. The quote comes from Gong Li, *Deng Xiaoping yu meiguo* [Deng Xiaoping and the United States] (Beijing: Zhonggong dangshi chubanshe [CCP Party History Press], 2004), p. 7-13, p. 633. Gong is the deputy director at the International Strategy Institute of the Central Party School.

¹⁹⁹ Interview KZ-#21, Beijing, China, December 10, 2015; Interview KZ-#36, Beijing, China, January 19, 2016; Interview KZ-#42, Beijing, China, January 25, 2016.

²⁰⁰ Interview KZ-#80, Shanghai, China, May 13, 2016.

²⁰¹ *Ibid.*

²⁰² Interview KZ-#22, Beijing, China, December 15, 2015.

the Chinese market.²⁰³ The political situation in France was therefore towards China's leverage, as echoed by one former U.S. official responsible for Taiwan affairs.²⁰⁴ In short, the geopolitical backlash cost was high for China vis-à-vis the United States, whereas the geopolitics in Western Europe significantly lowered the geopolitical backlash cost for China to coerce France.

To briefly summarize, Table 7.3 below summarizes the coding of the costs and benefits of coercion in this episode.

Table 7.3 Cost Balancing and China's Use of Coercion in 1992

	Benefits	Costs		Coercion Used or Not
	Need to establish a reputation for resolve	Economic Vulnerability Cost	Geopolitical Backlash Cost	
Towards the United States	High	High	High	No (Not perfectly explained by cost-balancing theory)
Towards France	High	Low	Low	Yes

As seen in Table 7.3, the major difference between the French case and the U.S. case is the varying degree of Chinese economic vulnerability. China was not economically vulnerable vis-à-vis France and was highly dependent economically on the United States. It was not costly to coerce the French. If anything, coercion against France increased China's reputation for resolve and successfully deterred other European countries from toying with the idea of selling weapons to Taiwan. China was thus highly calculative, coercing only the weaker party. According to one senior scholar who was involved in Cross-Strait affairs in the 1990s, there was nothing China could do about U.S. arms sales in 1992, even though it significantly tilted the military balance of power to the advantage of Taiwan.²⁰⁵ Another former military attaché agreed: it would be too costly to coerce the United

²⁰³ Interview KZ-#59, Wuhan, China, April 18, 2016.

²⁰⁴ Interview KZ-#101, Washington D.C., USA, August 17, 2016.

²⁰⁵ Interview KZ-#96, Beijing, China, July 6, 2016.

States and China feared to inflict more damage to itself than to the United States.²⁰⁶ Although according to the cost-balancing theory, China should have coerced the United States as well, this cross-national comparison further demonstrates the centrality of economic vulnerability in China's calculus regarding the Taiwan issue when it comes to the United States.

Section III. Explaining the 1995-1996 Taiwan Strait Crisis

On May 22, 1995, Taiwanese President Lee Teng-hui was granted a U.S. visa to visit his alma mater Cornell. Qian Qichen — then Foreign Minister — recalled that he was in shock, as the U.S. Secretary of State promised him a month ago that the United States would not grant the visa, stating that such visits were not in line with the unofficial nature of U.S.-Taiwan relations.²⁰⁷ China was furious and believed that the U.S. government turned back on its own words, reasoning that even if the Congress supported this visit, the Clinton administration still had the authority to deny Lee the visa.²⁰⁸ This visit broke the 17-year convention in which the United States denied senior Taiwanese leaders visits to the United States, let alone allowing Taiwanese leaders to give public speeches in the United States.²⁰⁹

In response, on May 23, 1995, Qian Qichen summoned the U.S. ambassador and lodged strong protests.²¹⁰ China immediately terminated senior-level visits (at the deputy ministerial level and above) and bilateral negotiations between China and the United States.²¹¹ Lee Teng-hui visited

²⁰⁶ Interview KZ-#99, Beijing, China, July 21, 2016.

²⁰⁷ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 305.

²⁰⁸ *Ibid.*, p. 306.

²⁰⁹ *Ibid.*, p. 307; Interview KZ-#39, Beijing, China, January 22, 2016.

²¹⁰ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 308.

²¹¹ *Ibid.*, p. 308.

the United States from June 7 to 11, 1995, and gave a speech at Cornell University calling for breaking Taiwan's diplomatic isolation and strengthening U.S.-Taiwan relations.²¹² On June 16, 1995, then Chinese Ambassador to the United States Li Daoyu was summoned back to China, with China stating this action was caused by Lee Teng-hui's visit.²¹³ China also ratcheted up its response by conducting missile tests near the Taiwan Strait in the summer of 1995.²¹⁴ On July 21 and 22, 1995, China launched four M-9 missiles with dummy warheads from a military base in Jiangxi province. Two days later, China launched two medium-range DF-21 ballistic missiles (with the range of 1,100 miles) in the northeast.²¹⁵ PLA forces in Fujian conducted missile exercises again on August 11, which was augmented with anti-ship missiles, live artillery fire, and extensive air and naval maneuvers in a 2,500 square mile area. On November 25, 1995, one week before Taiwan's legislative elections, a massive PLA combined air, naval and ground force armada carried out a mock amphibious attack on Dongshan Island, about one hundred kilometers from Quemoy.

Preceding Taiwan's presidential election in March 1996, China stepped up its military exercise. On March 5, 1996, China's official Xinhua news agency announced the PLA would conduct ground-to-ground missile launching in the Taiwan Strait off Taiwanese port cities of Chilung and Kaohsiung; foreign ships and aircraft were advised not to enter those areas.²¹⁶ The live ammunition exercise closure zone was approximately sixty miles southwest of Kaohsiung, and the missiles were just 32 miles away from Kaohsiung.²¹⁷ Final amphibious assault on Fujian's Pingtan Island was

²¹² *Ibid.*, p. 309. For the English version of President Lee's speech, see http://www.straittalk88.com/uploads/5/5/8/6/55860615/appendix_80_-_president_lee_tenghui_cornell_commencement_address.pdf

²¹³ *Ibid.*, p. 308.

²¹⁴ The following derives information from Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations* (D.C.: Brookings Institution Press, 2003), pages 226, 244, 251, and 252, unless otherwise noted.

²¹⁵ Cross-checked with Su Chi, *Liang'an botao ershinian jishi [20 Years of Cross-Strait Relations]*, p. 57.

²¹⁶ "Zhongguo Renmin Jiefangjun Zai Donghai he Nanhai Jinxing Haikong Shidan Yanxi" [Xinhua News: the PLA Will Conduct Naval and Air Military Exercise in East and South China Sea], 9 March 1996, <http://www.people.com.cn/GB/historic/0320/903.html>, accessed December 15, 2012.

²¹⁷ Edward A. Gargan, "Chinese, in a Move to Alarm Taiwan, Fire Test Missiles," *New York Times*, 8 March 1996, p. 3.

planned for March 18-25. The United States eventually reacted by sending two aircraft carrier battle groups near the international waters of Taiwan. According to Taiwanese intelligence (and with the help of a senior PLA official serving as a spy for Taiwan at the time), the bottom line of this exercise was originally “shooting with real missiles, surpassing the median line of the Taiwan Strait, involving submarines, and taking peripheral islets [surrounding Taiwan]” (*shidan sheji, yueguo haixia zhongxian, dongyong qianting, gongzhan waidao*), yet due to U.S. action, China adhered to the “three-no principle” — missiles should not fly over the Taiwan island, fighter aircraft and naval fleets should not cross the median line, and the PLA should not take over peripheral islets.²¹⁸ More importantly, the missiles that China used were not loaded with warheads.²¹⁹

Why Chinese Actions Count as Coercion and Magnitude of Coercion

China’s coercion in this episode was harshest among all Chinese coercion cases in the post-Cold War period. Chinese actions constituted coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, China used both diplomatic sanctions and military coercion. As stated in the above paragraphs, China canceled senior-level exchanges with the United States and recalled its ambassador, and diplomatic sanctions thus assumed a greater magnitude in this episode. Moreover, Chinese missile tests were essentially a blockade of Taiwan, which was a case of military coercion, coercion with much higher magnitude.

²¹⁸ VOA News, April 13, 2014, <http://www.voachinese.com/content/taiwan-spy-in-china-20140413/1892276.html>, accessed April 25, 2018.

²¹⁹ *Ibid.*

Second, as seen by the confirmation of senior Chinese officials such as Qian Qichen and Jiang Enzhu, as well as official documents and announcements, these Chinese actions were state decisions and therefore state action.

Third, the goals and targets of Chinese coercion were clear. Viewing U.S. action of granting Lee the visa as a serious and dangerous setback regarding its China policy and a staunch breach of the Sino-U.S. joint communiqués,²²⁰ Chinese MFA spokesperson demanded that the United States “take actions to return to the correct path as directed by the three communiqués” on June 29, 1995.²²¹ Specifically, as CASS researcher Li Jiaquan stated on June 1 in *Guangming Daily* – a few days before Lee’s visit – China wanted the United States to revoke the visa granted to Lee.²²² Chinese scholars and government policy analysts also confirmed that China judged that the United States was changing its Taiwan policy and aimed to use coercion to let the United States, as well as other countries, know that they must not grant visas to Taiwanese leaders.²²³ In addition, as Chinese Premier Li Peng stated explicitly at the time of China’s third missile test in March 1996, China blamed the pro-independence activities of Taiwanese leaders for the current tense cross-

²²⁰ May 23, 1995, *People’s Daily*; May 26, 1995, *People’s Daily*, qtd. in China’s Taiwan Affairs Office ed., *Liang’an guanxi yu heping tongyi [Cross-strait Relations and Peaceful Unification]* (Beijing: Jiuzhou Press, 1996), p. 100 and p. 210, respectively. The Taiwan Affairs Office (TAO, *guotaiban*) is a government agency under China’s State Council, specifically tasked with cross-strait affairs. China believed that the United States began changing its Taiwan policy in the summer of 1994, see Li Jiaquan, *Taihai fengyun liushinian [Sixty Years in Cross-Strait Relations]* (Beijing: Jiuzhou Press, 2010), p. 630, p. 641. Cross-checked with a former U.S. military attaché, Interview KZ-#118, Arlington VA, USA, February 15, 2017; corroborated also by former U.S. officials, Interview KZ-#120, Washington D.C., USA, February 23, 2017 and Interview KZ-#121, Washington D.C., USA, March 1, 2017; corroborated by a private statement made by a Chinese Charge d’Affaires in D.C. in late June 1995, who told Winston Lord that the Lee visit “had shaken the very foundation of the one China policy.” See Alan Romberg, *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations*, p. 168.

²²¹ Sun Yan, *Taiwan wenti yu zhongmei guanxi [The Taiwan Issue and Sino-U.S. Relations]* (Beijing: Peking University Press, 2009), p. 260.

²²² Li Jiaquan, June 1, 1995, *Guangming Daily*, qtd. in Li Jiaquan, *Taihai fengyun liushinian [Sixty Years in Cross-Strait Relations]*, p. 576.

²²³ Interview KZ-#73, Shanghai, China, May 8, 2016; Interview KZ-#78, Shanghai, China, May 13, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#92, Beijing, China, June 8, 2016; Interview KZ-#94, Beijing, China, June 27, 2016; Interview KZ-#95, Beijing, China, July 4, 2016.

strait relations, demanding that Taiwanese leaders stop pro-independence activities.²²⁴ One senior Chinese scholar explained that up to the 1995-1996 episode, China viewed the Taiwan issue as a struggle over “authority” (*zhiquan zhizheng*, i.e., which administration should govern China), yet after the 1995-1996 episode, the struggle became one over “sovereignty” (*zhuquan zhizheng*, i.e., whether Taiwan should have independent sovereign status), which was a negative change in the nature of the issue, one mainland China did not expect.²²⁵ One official close to the Democratic Progressive Party (DPP) concurs: China particularly worried that by canceling Taiwan’s National Assembly and having direct elections in 1995, Lee aimed at severing the traditional connections linking KMT and the mainland.²²⁶ That is, National Assembly representatives were mostly KMT party elders originally from the mainland, whereas a direct Taiwanese presidential would lead Taiwan down a path of independence. As one former U.S. official put it, China’s goal in the 1995-1996 episode was not to retake the Taiwan Island, but rather to send a signal to check Lee Teng-hui’s pro-independence activities.²²⁷

Although China’s coercion did not scare Taiwanese voters into voting against Lee Teng-hui, it was partially successful. Other countries were cautious in granting Lee visas. When Lee wanted to attend his daughter’s graduation ceremony in Britain, he was unable to because the British government did not want trouble with China.²²⁸ Moreover, as Qian Qichen noted, President Clinton visited China in 1998 and publicly stated the “three-nos” (*sanbu*) of U.S. Taiwan policy: the United States does not support Taiwan’s independence, does not support “two Chinas” or “one China one

²²⁴ China’s Taiwan Affairs Office ed., *Liang’an guanxi yu heping tongyi, 1996nian zhongyao tanhua he wenzhang xuanbian [Cross-strait Relations and Peaceful Unification: Important Speeches and Articles in 1996]* (Beijing: Jiuzhou Press, 1997), p. 27. Cross-checked by interviews, Interview KZ-#74, Shanghai, China, May 10, 2016; Interview KZ-#78, Shanghai, China, May 13, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#92, Beijing, China, June 8, 2016.

²²⁵ Interview KZ-#94, Beijing, China, June 27, 2016.

²²⁶ Interview KZ-#122, Washington D.C., USA, March 7, 2017.

²²⁷ Interview KZ-#120, Washington D.C., USA, February 23, 2017.

²²⁸ Jiang Enzhu, *Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong*, p. 190.

Taiwan,” does not support Taiwan’s entry into any international organizations requiring sovereign status.²²⁹ This was the first time a U.S. president made such promises.

Explaining the Case

The majority of the literature viewed China’s coercion during the 1995-1996 period as a response to the visa granted to President Lee Teng-hui, noting that China had indicated resolve during the Taiwan Strait Crisis while focusing on how the United States can deter China from another Taiwan Strait Crisis.²³⁰ But the literature takes China’s coercion in the 1995-1996 period for granted, as if China had to respond to President Lee’s visit with drastic military measures. As will be shown below, the 1995-1996 case highlights the centrality of issue importance, because both the benefits and costs of coercion are high in this episode. Yet China still used coercion – especially military coercion – because the issue importance involved in the crisis were the highest.

Turning first to the need to establish a reputation for resolve, the pressure to establish China’s reputation for resolve in defending its interests regarding Taiwan was high in this episode. Taiwan’s prior behavior added to China’s pressure to establish a reputation for resolve in the 1995-

²²⁹ Qian Qichen, *Waijiao Shiji [Ten episodes in foreign policy]*, p. 315.

²³⁰ Edward Friedman, “Chinese nationalism, Taiwan autonomy and the prospects of a larger war,” *Journal of Contemporary China*, Vol. 6, Issue 14 (1997), p. 5-28. For articles focusing on these points, see Andrew J. Nathan, “What’s Wrong with American Taiwan Policy,” *The Washington Quarterly*, Vol. 23, No. 2 (Spring 2000) p. 93-106; Thomas J. Christensen, “The Contemporary Security Dilemma: Deterring a Taiwan Conflict,” *The Washington Quarterly*, Vol. 25, No. 4 (Autumn 2002) p. 7-21; Robert S. Ross, “Navigating the Taiwan Strait: Deterrence, Escalation Dominance, and U.S.-China Relations,” *International Security*, Vol. 27, No. 2 (Fall 2002), p. 48–85; Robert L. Suettinger, “China’s Foreign Policy Leadership: Testing Time,” *China Leadership Monitor*, No. 9 (2004); Ian Buruma, “Taiwan’s new nationalists,” *Foreign affairs*, (July/August 1996), p. 85; Steven M. Goldstein and Randall Schriver, “An Uncertain Relationship: The United States, Taiwan and the Taiwan Relations Act,” *The China Quarterly*, No. 165, Taiwan in the 20th Century (March 2001), p. 147-172; Andrew Scobell, “Show of Force: The PLA and the 1995-1996 Taiwan Strait Crisis,” Shorenstein APARC, January, 1999, http://aparcs.fsi.stanford.edu/publications/show_of_force_the_pla_and_the_19951996_taiwan_strait_crisis, accessed November 11, 2017; Dennis Van Vranken Hickey, “The Taiwan Strait Crisis of 1996: Implications for US security policy,” *Journal of Contemporary China*, Vol. 7, Issue 19 (1998), p. 405-415.

1996 episode. For example, Lee Teng-hui's visit to Singapore in March 1989 opened the door for senior Taiwanese leaders' foreign visits, and from 1990 to 1996, the foreign visits of senior Taiwanese leaders became quite frequent.²³¹ In 1994 alone, President Lee Teng-hui visited countries such as Nicaragua, Costa Rica, South Africa, the Philippines, Thailand, and Indonesia.²³²

The 1995 visit to the United States was particularly a serious concern for China, not least because of the publicized nature of Lee Teng-hui's speech.²³³ Senior Chinese officials demonstrated concerns about a reputation for resolve. As then Foreign Minister Qian Qichen pointed out, the U.S. decision to allow Lee Teng-hui to visit the United States broke the 17-year convention (what Qian called the U.S. ban on visits by senior Taiwanese leaders) while encouraging Taiwan's "two-China" policy and anti-China forces internationally.²³⁴ According to Qian, China used assertive (*qiang youlide*) countermeasures in order to change the U.S. "fantasy" that China would "swallow the bitter fruit" of Lee's visit without doing much.²³⁵ Similarly, Fu Quanyou — then PLA Chief of Staff and member of the Central Military Commission (CMC) — also believed that "if China swallowed the bitter fruit" (*kuguo*) of Lee Teng-hui's visit, it would have broken the bottom line of the "one-China" [principle] towards Taiwan and invited "endless trouble in the future" (*houhuan wuqiong*), and therefore, China absolutely "must not swallow this bitter fruit."²³⁶ In Chinese, swallowing the bitter fruit is a metaphor for acquiescing without doing much to change the unfair situation, which is a sign of weakness and permissiveness. Both senior civilian and senior officials noted the importance

²³¹ Huang Jiashu and Lin Hong, *Liang'an waijiao zhan — meiguo yinsu zhiyue xiade guoji shetai wenti yanjiu* [*Cross-Strait Diplomatic Battle — the Taiwan Issue Under the Restraint of the U.S. Factor*] (Beijing: Renmin University Press, 2007), p. 84-85.

²³² Su Chi, *20 Years of Cross-Strait Relations* [*liang'an botao ershinian jishi*], p. 45.

²³³ See, for example, David W. Chen, "Taiwan's President Tiptoes Around Politics at Cornell," *The New York Times*, June 10, 1995; David Lague, "Historic US opening to Taiwan," *Sydney Morning Herald (Australia)*, May 23, 1995; James Pringle, "Peking pulls punches over Lee's US visit," *The Times*, June 9, 1995; Keith B. Richburg, "Modern Taiwan Looks Inward for New National Identity," *The Washington Post*, June 11, 1995.

²³⁴ Qian Qichen, *Waijiao Shiji* [*Ten episodes in foreign policy*], p. 307.

²³⁵ *Ibid.*, p. 308.

²³⁶ Wang Xuedong, *Fu Quanyou zhuan* [*Fu Quanyou's Biography*] (Beijing: PLA Press, 2015), p. 155. This is the official biography of Fu.

of not swallowing the bitter fruit, which indicated that they were well aware of the logic of showing strength so as to change the perception and behavior of other states, i.e., the need to establish China's reputation for resolve in defending its national interests regarding Taiwan.

The timing of China's large-scale diplomatic and military coercion also indicated China's logic of establishing a reputation for resolve: China did not recall its ambassador to the United States until June 16, which was right after news came out that senior Taiwanese leader Lien Chen might visit Austria, Hungary, and the Czech Republic. As former Taiwanese official Su Chi put it, China wanted to stop Taiwan from spreading such visits to Europe.²³⁷ Fu Quanyou's rationale during December 1995 military exercise and the March 1996 blockade of the Taiwan Strait further indicated the centrality of the need to establish a reputation for resolve. Despite the U.S. dispatch of its Nimitz aircraft carrier battle group to the Taiwan Strait, Fu stated that China should not stop carrying out further missile tests, because "if China stopped, it would give the false impression that China was scared by the United States, which would then made anti-China forces even more reckless."²³⁸ When the United States dispatched two aircraft carrier battle groups to waters near Taiwan in March 1996, Fu similarly reasoned that China must not stop the missile tests, because if China stopped firing missiles in the face of U.S. aircraft carriers, it would make the pro-independence people misperceived that as long as the United States stood behind Taiwan, "Taiwan could do anything" (*weisuo yuwei*).²³⁹ China therefore continued firing missiles.²⁴⁰

Writings of and interviews with former Chinese officials, government policy analysts, and scholars also indicate the logic of establishing a reputation for resolve. Chinese government policy analysts wrote on June 1, 1995 – shortly before China's coercion – that the U.S. behavior of allowing Lee to visit the United States set a bad precedent and that the United States "misjudged the

²³⁷ Su Chi, *Liang'an botao ershinian jishi [20 Years of Cross-Strait Relations]*, p. 56.

²³⁸ Wang Xuedong, *Fu Quanyou zhuan [Fu Quanyou's Biography]*, p. 156.

²³⁹ *Ibid.*, p. 164-168.

²⁴⁰ *Ibid.*

situation” (*cuogu le xingshi*), thinking that due to China’s reliance on the United States and preoccupation with economic development, China would not react with concrete measures.²⁴¹ This indicated China’s concerns about establishing a reputation for resolve – correcting other countries’ misperception about China’s resolve in defending its interests regarding Taiwan and stopping others from following the U.S. lead.²⁴² One former Chinese diplomat listed Chinese coercion in the 1995-1996 episode as actions of “establishing a reputation for resolve” (*shuli weixin*) and, in particular, sending a signal to establish the bottom line of prohibiting pro-independence activities.²⁴³ Government policy analysts and former U.S. officials in charge of Taiwan affairs also noted that China had to take drastic measures to show its resolve in defending national interests and was afraid that if China did not do so, it would give the United States the wrong signal that China would acquiesce regarding Taiwanese leaders’ future visits to the United States, thus setting a bad precedent and normalizing such visits and public speeches.²⁴⁴ According to one senior Chinese scholar close to then Chinese ambassador to the United States, Li Daoyu, Ambassador Li told him that China’s assertive measures in the 1995-1996 episode made sense, because China wanted to demonstrate to the United States that China was not weak, which would then stop the United States from allowing Lee to visit in the future.²⁴⁵ In short, not only did Taiwan’s behavior – activities in forging foreign visits and making publicized speeches internationally – increase China’s need to establish a reputation for resolve, speech evidence from senior Chinese leaders and interviews also indicated the centrality of a reputation for resolve. Both scholars and government policy analysts viewed a reputation for resolve as the main factor in China’s decision to use

²⁴¹ Li Jiaquan, *Taihai fengyun liushinian [Sixty Years in Cross-Strait Relations]*, p. 574-575.

²⁴² Taiwanese scholars indicated the same logic, see Cai Wei, *Zhonggong de shetai juece yu liang’an guanxi fazhan [China’s Taiwan Policy and Cross-Strait Relations]* (Taipei: Fengyun Forum Press, 2000), p. 53; also Interview KZ-#73, Shanghai, China, May 8, 2016. China had noted the trend of the development of Taiwan’s pro-independence activities by the end of 1989, see CASS Institute of American Studies, *Zhongmei guanxi shinian [Ten Years of Sino-U.S. Relations]*, p. 101.

²⁴³ Interview KZ-#21, Beijing, China, December 10, 2015; Interview KZ-#42, Beijing, China, January 25, 2016.

²⁴⁴ Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#63, Beijing, China, April 25, 2016; Interview KZ-#101, Washington D.C., USA, August 17, 2016.

²⁴⁵ Interview KZ-#81, Shanghai, China, May 15, 2016.

coercion in this episode.²⁴⁶ The need to establish a reputation for resolve was thus high in the 1995-1996 episode.

With regard to the geopolitical backlash and economic vulnerability costs of coercion, as explained in detail in sections I and II, the geopolitical backlash and economic vulnerability cost of coercing the United States had remained high especially in the 1990s. That is, the trend in the 1990s also held for the 1995-1996 episode. China, in particular, would invoke high economic vulnerability cost if it decided to use coercion against the United States. Therefore, both the need to establish a reputation for resolve and economic vulnerability cost were high in the 1995-1996 Taiwan Strait Crisis. The reason why China used coercion, in this case, was the high issue importance involved. As stated in the introduction, issues related to Taiwan had been China's core interests and assumed the highest importance and priority in China's national security. After all, being China's core interests, Taiwan's actions in 1995 and 1996 touched China's bottom line — Taiwan must not seek *de jure* independence.²⁴⁷ As one senior scholar close to the government especially indicated, despite both being Taiwan-related issue, China viewed Lee Teng-hui's pro-independence activities — visiting the United States and giving the speech at Cornell — as much more serious issues than arms sales.²⁴⁸ China believed that the turning point of the nature of cross-strait relations was 1995, with Lee's Cornell speech and subsequent elections having salient pro-independence tendencies.²⁴⁹ That is, before 1995, cross-strait relations involved the struggle over authority, yet after 1995, the struggle became one over sovereignty.²⁵⁰ China thus had to use coercion due to the highest issue importance, despite the costs equaling the benefits of coercion.²⁵¹

²⁴⁶ Interview KZ-#36, Beijing, China, January 19, 2016; Interview KZ-#96, Beijing, China, July 6, 2016.

²⁴⁷ Interview KZ-#90, Guangzhou, China, May 25, 2016.

²⁴⁸ Interview KZ-#94, Beijing, China, June 27, 2016.

²⁴⁹ *Ibid.*; also Interview KZ-#21, Beijing, China, December 10, 2015.

²⁵⁰ *Ibid.*

²⁵¹ *Ibid.*

Similarly, the high issue importance in the 1995-1996 episode also explained why China used military coercion — the most drastic coercion China used in the post-Cold War period. As theorized, states only escalate to military coercion when the issue importance at hand are high, which former Chinese officials, government policy analysts, and scholars. One senior scholar involved in China’s Taiwan policy in the 1990s indicated that China had to “show strength” (*shiqiang*), especially using military coercion, because if not, the United States and Taiwan would gain from China’s acquiescence and “advance even further” (*decun jinchi*).²⁵² This was because Taiwan was China’s core interests, the issue of the highest importance and one that China would not compromise on, even at the risk of “bloody conflicts” (*liuxue xisheng*).²⁵³ As one former diplomat noted, because the 1995-1996 episode touched China’s bottom line of not allowing Taiwan to seek independence, China used military coercion to ensure it would effectively send its signal of establishing a reputation for resolve in defending national security interests.²⁵⁴ That is, China needed to use military coercion to demonstrate to the United States and Taiwan that China was resolved to use force for the 1995-1996 episode.²⁵⁵ If China did not use military coercion to stop the behavior of Taiwan and the United States, it would cause too much damage to China.²⁵⁶ In short, despite the high benefits and costs of coercion, China used coercion – especially military coercion – because of the high issue importance involved.

As for why China no longer used coercion – including military coercion – against Taiwan’s subsequent presidential elections in the 2000s, cross-strait situation in the 2000s reduced China’s pressure to demonstrate its reputation for resolve. China believed that the United States had begun

²⁵² Interview KZ-#96, Beijing, China, July 6, 2016.

²⁵³ *Ibid.*

²⁵⁴ Interview KZ-#21, Beijing, China, December 10, 2015.

²⁵⁵ Interview KZ-#94, Beijing, China, June 27, 2016.

²⁵⁶ Interview KZ-#99, Beijing, China, July 21, 2016.

to help China tackle with Taiwan's pro-independence activities, as seen in section I.²⁵⁷ In particular, China believed that its coercion in 1996 had demonstrated China's resolve and that the United States dared not change its Taiwan policy easily.²⁵⁸ In a sense, China had begun to learn to utilize the United States to manage cross-strait relations.²⁵⁹ As such, China did not have too much a reputation for resolve pressure in subsequent Taiwanese presidential elections.

Section IV. Alternative Explanations

As stated in the theory chapter, there are two major alternative explanations regarding when China decides to coerce. The first concerns bureaucratic interests and the power struggle among different bureaucracies and domestic interest groups such state-owned enterprises. In this view, when and why China uses coercion is a result of the winning bureaucracies, rather than centrally led cost-benefit decision making. The second alternative explanation champions an individual based explanation, stating that leadership differences explain when China uses coercion.

Turning first to the bureaucratic alternative, generally speaking, China's Taiwan affairs involve the central secretariat, the party's central Taiwan affairs leadership small group, the party's central Taiwan affairs office (*zhongtai ban*), the State Council's Taiwan affairs office, and the CMC.²⁶⁰ Issues related to Taiwan would normally call for meetings of the party's central Taiwan affairs leadership small group, the members of which usually involve politburo standing committee

²⁵⁷ *Ibid.*; also Interview KZ-#73, Shanghai, China, May 8, 2016; Interview KZ-#92, Beijing, China, June 8, 2016; Interview KZ-#116, Washington D.C., USA, February 9, 2017.

²⁵⁸ Interview KZ-#78, Shanghai, China, May 13, 2016; Interview KZ-#99, Beijing, China, July 21, 2016.

²⁵⁹ Interview KZ-#92, Beijing, China, June 8, 2016.

²⁶⁰ Cai Wei, *Zhonggong de shetai juece yu liang'an guanxi fazhan [China's Taiwan Policy and Cross-Strait Relations]*, p. 54.

members.²⁶¹ When there were important policy issues (*teshu zhongyaode zhengcexing wenti*), the politburo standing committee or at least the politburo would be the body to make the final decision.²⁶² According to Yang Jiemian, China's foreign policy decision-making has always been concentrated at the highest level of leadership and this is especially the case for China's policy towards the United States in the post-Cold War era.²⁶³ Yang's statement is convincing, because as mentioned, he is the twin brother of China's former Foreign Minister and therefore personally close to the central government, having done interviews with many senior diplomats at the MFA, particularly those in charge of U.S. affairs.²⁶⁴ In short, despite the importance of bureaucracies such as the State Council's Taiwan affairs office, the central Taiwan affairs leadership small group and the politburo have the final decision-making authority when it comes to crucial issues.²⁶⁵ Arms sales, Lee's visit to the United States, and Taiwan's presidential elections fall into the category of crucial issues. Interviews with former Chinese officials, government policy analysts, and scholars also indicate that decisions about whether to use coercion for arms sales and the 1995-1996 episode had always been elevated to the center, including the Taiwan affairs leadership small group and the politburo.²⁶⁶ Bureaucracies such as the MFA and the Ministry of Commerce merely implement policies.²⁶⁷

Especially pertaining to the 1992 case, as seen in section II, Deng's endorsement of the MFA report made clear that coercion decisions were centralized at the highest level and that Deng had the final say. There is little evidence that import-competing sectors in China entered the calculus

²⁶¹ *Ibid.*; the leadership small group is headed by one politburo standing committee member. See also *ibid.*, p. 67.

²⁶² *Ibid.*

²⁶³ Yang Jiemian, *Houlengzhan shiqi de zhongmei guanxi: waijiao zhengce bijiao yanjiu [Sino-U.S. Relations in the Post-Cold War Era]*, p. 104.

²⁶⁴ *Ibid.*, p. 19.

²⁶⁵ *Ibid.*, p. 56.

²⁶⁶ Interview KZ-#21, Beijing, China, December 10, 2015; Interview KZ-#39, Beijing, China, January 22, 2016; Interview KZ-#63, Beijing, China, April 25, 2016; Interview KZ-#76, Shanghai, China, May 12, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#102, Washington D.C., USA, August 21, 2016.

²⁶⁷ Interview KZ-#63, Beijing, China, April 25, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016.

when it came to whether to use economic sanctions against France. Even if the Chinese Ministry of Agriculture (MOA) supported reducing wheat imports, it remains puzzling why it would support a French wheat ban but not a U.S. one. The MOA might have wanted to ban wheat imports from the United States as well, but Deng obviously vetoed that suggestion. Some argue that the Chinese military industry (along with the People's Liberation Army) had been gaining military technology from France and would have preferred less drastic measure against France.²⁶⁸ The PLA indeed lobbied for harsher measures against the United States instead.²⁶⁹ From an elite-lobby perspective, one would expect to see China sanctioning the United States and showing moderation towards France. But the reality was the opposite, indicating the weakness of these elite lobbies. As stated, in line with his earlier 16-character order, Deng stood firm in the face of military pressure and endorsed the MFA report advocating for moderation towards the United States.²⁷⁰ Thus, domestic interests did not influence China's coercion decisions. In sum, China sanctioned France because of low economic and geopolitical costs but did not sanction the United States because of daunting economic and geopolitical costs. Similarly, in the 1995-1996 Taiwan Strait Crisis, then PLA chief of staff Fu Quanyou stated that the decision to carry out and continue military exercises was made by the CMC and in particular, the final decision of Jiang Zemin.²⁷¹ As noted in section III in the 1995-1996 episode, the central politburo was involved in decisions, convening enlarged meetings.²⁷²

As with the 1992 case, Chinese domestic politics, especially protectionist voices (e.g., the agricultural sector), does not explain why China did not use coercion against the United States for

²⁶⁸ Qi Haotian raised this point during my presentation at the MIT Strategic Use of Force Working Group (SFWG) on April 8, 2014.

²⁶⁹ Garver, *Face Off*, p. 54-55.

²⁷⁰ *Ibid.*, p. 57.

²⁷¹ Wang Xuedong, *Fu Quanyou zhuan [Fu Quanyou's Biography]*, p. 164-168; cross-checked by Bonnie S. Glaser, "The PLA Role in China's Taiwan Policymaking," in Phillip Saunders and Andrew Scobell eds., *PLA Influence on China's National Security Policymaking* (Palo Alto: Stanford University Press, 2015), p. 176.

²⁷² Su Chi, *Liang'an botao ershinian jishi [20 Years of Cross-Strait Relations]*, p. 54; cross-checked by Cai Wei, *Zhonggong de shetai juece yu liang'an guanxi fazhan [China's Taiwan Policy and Cross-Strait Relations]*, p. 63. The politburo convened an enlarged meeting in early July 1995, before China went on to use military coercion; confirmed also by a former Chinese diplomat, Interview KZ-#74, Shanghai, China, May 10, 2016.

arms sales to Taiwan until 20089. Sino-U.S. economic relations were too important for protectionism to have an influence and top leaders intervene when protectionist voices surface. In Wang Yong's study of China's WTO accession process, despite reluctance from bureaucracies representing import-competing sectors, China was able to speed up the process (mostly negotiations with the United States) because of top leaders. President Jiang Zemin and Premier Zhu Rongji took over and determined what concessions China should offer.²⁷³ Although Wang's study is not on coercion, it indicates that decisions regarding Sino-U.S. economic relations are centralized at the highest level and top leaders want to maintain a sound relationship. As such, the bureaucratic alternative does not hold in China's coercion decision-making regarding Taiwan.

Turning next to the leadership alternative, the pattern of Chinese coercion with regard to the Taiwan issue does not support the centrality of individual leaders. If the leadership alternative holds, the most assertive leader — Xi Jinping — should use more coercion, especially ones of greater magnitude such as military coercion. In reality, however, it was during the Jiang Zemin era that China used more coercion when it came to arms sales and Taiwan's presidential elections. In addition, Hu Jintao paused Sino-U.S. military-to-military exchanges — one form of diplomatic sanctions - more than did Xi Jinping. In fact, in the Xi Jinping era, China rarely used coercion in regard to arms sales to Taiwan, especially when China began to realize the value of maintaining military-to-military exchanges in terms of Chinese military modernization.²⁷⁴ Interviews with former Chinese officials, government policy analysts, and scholars also indicate that decisions about whether to use coercion for arms sales and the 1995-1996 episode have little with the different styles and characteristics of individual leaders and that even such assertive leaders as Xi Jinping

²⁷³ Wang Yong, "China's Issue importance in WTO Accession: The Internal Decision-making Process," in Heike Holbig and Robert Ash, eds., *China's Accession to the World Trade Organization* (London: Routledge, 2002), p. 26, 30.

²⁷⁴ Interview KZ-#42, Beijing, China, January 25, 2016.

had restraints.²⁷⁵ In short, Chinese coercion decisions have been the result of rational cost-benefit calculation, as opposed to characteristics of individual leadership.

Conclusion

To briefly summarize, Chinese coercion regarding the Taiwan issue varies both temporally and cross-nationally. In terms of the general trend, China did not use coercion — albeit moderate measures — towards the United States over arms sales to Taiwan until 2008. When both France and the United States sold critical weapons to Taiwan in 1992 — a significant breach from the Cold War era — China only chose to coerce the weaker of the two, the French. And Chinese coercion in the French case in 1992 was quite harsh. As for the 1995-1996 Taiwan Strait Crisis, China escalated to militarized coercion, the magnitude of which was the greatest among all cases of Chinese coercion in territorial disputes, the Taiwan, and the Tibet issues in the post-Cold War era. Unlike previous chapters in which the specific costs and benefits are more critical, this chapter demonstrates the centrality of the issue importance variable in the Taiwan issue. That is, being the most important core interest of China, China had to use coercion, sometimes even militarized coercion, towards the United States.

Nevertheless, this does mean the costs and benefits of coercion do not matter. There is room for variation even for core interest issues. In fact, the high issue importance involved in the Taiwan issue heightened the need to establish a reputation for resolve. The need to establish a reputation for resolve remains a critical concern in the Taiwan issue, influencing the magnitude of

²⁷⁵ Interview KZ-#21, Beijing, China, December 10, 2015; Interview KZ-#42, Beijing, China, January 25, 2016; Interview KZ-#63, Beijing, China, April 25, 2016; Interview KZ-#73, Shanghai, China, May 8, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016; Interview KZ-#92, Beijing, China, June 8, 2016.

coercion.²⁷⁶ Part of the reason why China used moderate and symbolic coercion in the post-2008 period over arms sales had to do with the low a reputation for resolve pressure. Former U.S. officials also indicated that publicity — an indicator for a reputation for resolve pressure — was an important factor in predicting whether China would react harshly or moderately.²⁷⁷

Furthermore, despite the high issue importance, China was still cost-conscious, especially about economic vulnerability cost, which partially restrained the magnitude of Chinese coercion towards the United States in the post-2008 period. China's acute sense of economic vulnerability vis-à-vis the United States in the 1990s made China refrain from coercing the United States for arms sales to Taiwan, even when the cost-balancing theory predicts that China should have coerced the United States. Critical as the Taiwan issue is, China still treated countries involved in the Taiwan issue differently. This is especially the case when it comes to the United States. As one former U.S. official puts it, China can be "very flexible on the Taiwan issue" and is always "calculating."²⁷⁸ For example, despite Deng Xiaoping's statement that China would not show weakness, China did take a conciliatory posture when President Bush senior sold F-16s to Taiwan in 1992.²⁷⁹ An important factor driving China's compromise vis-à-vis the United States, as shown in this chapter, was economic. To quote Yang Jiemian, the economic issue has always been the more salient concern in Chinese foreign policy decision-making.²⁸⁰ As Chinese scholars and government policy analysts indicated, China did not threaten economic sanctions on Boeing in 2010 and 2011 because it could not afford to stop purchasing Boeing aircraft.²⁸¹ Even the supposedly most assertive leader Xi

²⁷⁶ Interview KZ-#80, Shanghai, China, May 13, 2016.

²⁷⁷ This former official pointed out that following the 1992 French case, France might still have sold sub-systems or military equipment to Taiwan via commercial channels, yet because these sales were in private and not publicized, China did not use coercion. Interview KZ-#118, Arlington VA, USA, February 15, 2017.

²⁷⁸ Interview KZ-#116, Washington D.C., USA, February 9, 2017.

²⁷⁹ Gong Li, *Hot Issues in Sino-U.S. Relations*, p. 58.

²⁸⁰ Yang Jiemian, *Houlengzhan shiqi de zhongmei guanxi: waijiao zhengce bijiao yanjiu [Sino-U.S. Relations in the Post-Cold War Era]*, p. 94.

²⁸¹ Interview KZ-#36, Beijing, China, January 19, 2016; Interview KZ-#80, Shanghai, China, May 13, 2016.

Jinping stated that Sino-U.S. economic relations served as a “stabilizer” (*yacangshi*).²⁸² Given the crucial role of the United States particularly in the early period of Chinese economic development, the United States is indeed special to China, which manifests itself in both this chapter and the next chapter regarding foreign leaders’ reception of the Dalai Lama. China can poke around U.S. allies and middling powers, imposing harsh coercive measures, but China rarely coerces the United States.

With China’s growing economy, reduced asymmetrical dependence on the United States, and most critically, the decreasing emphasis on exports, however, it is uncertain how long this U.S. exception will hold. Chinese pattern of coercion in the Taiwan issue may demonstrate a worrying trend, that is, China can be quite opportunistic and once it is powerful enough, it might not act restraint.²⁸³ For one, as demonstrated in the 1992 French case, arms sales by other non-U.S. countries to Taiwan would definitely touch China’s red line and elicit Chinese coercion. For another, as the 1995-1996 Taiwan Strait Crisis shows, more drastic Taiwanese measures, especially a potential announcement of de jure independence, will most likely invoke Chinese military coercion. Thus, even though the Taiwan issue has been put on a back burner by many, the future trajectory can be dangerous.

²⁸² Xi Jinping, “Jingji guanxi shi zhongmei guanxi yacangshi [Economic relations work as a stabilizer of Sino-U.S. relations],” *Xinhua News*, March 20, 2013, <http://news.sina.com.cn/c/2013-03-20/023926580973.shtml>, accessed April 25, 2018.

²⁸³ Interview KZ-#73, Shanghai, China, May 8, 2016.

Chapter 8

Chinese Coercion Regarding the Dalai Lama Visits

Previous chapters explain Chinese coercion regarding maritime territorial disputes, foreign arms sales to Taiwan, and the Taiwan Strait Crisis of 1995 and 1996. In this final empirical chapter, I turn to examine Chinese coercion involving foreign leaders' reception of the Dalai Lama, the Tibetan spiritual leader. Before delving into cases of Chinese coercion, I provide a brief history of Sino-Tibetan relations.

Tibet is a plateau and is surrounded by three mountains: the Kunlun range in the north, the Hengduan in the east, and the Himalayas in the South.¹ Tibetans live in an area of about 3.8 million square kilometers, yet according to historian A. Tom Grunfeld, the political boundaries of what is commonly known as the Tibet Autonomous Region (TAR) cover an area of only 1.2 million square kilometers.² According to historians, substantial historical evidence suggests that a political entity in the Tibet region does not emerge until the late sixth century, when "a tribal chief named Namri-songsten exerted his power over the neighboring tribes in an attempt at unification."³ This task was later accomplished by Namri-songsten's son, Songsten Gampo, who was recognized as "the first true unifier of Tibet."⁴ Songsten Gampo married Princess Wen Cheng of the ruling Chinese Tang dynasty, thus "establishing the first formal relations between the rulers of the Han people and the

¹ A. Tom Grunfeld, *The Making of Modern Tibet* (New York: M.E. Sharpe, 1996), p. 7.

² *Ibid.*, p. 8.

³ *Ibid.*, p. 35.

⁴ *Ibid.*

rulers of the Tibetans and assuring an alliance with his most powerful neighbor.”⁵ To all subsequent Chinese empires, Tibet was an important and integral part of the empire.⁶ Both Republican China and the People’s Republic of China share this view that Tibet is an integral part of the Chinese territory.⁷ According to Tibetan historian Dawa Norbu, however, the Tibetan view is that Tibet “has always been independent in fact, and that Sino-Tibetan relations have been nothing more than a form of patron-priest relations,” which has always stood as “stumbling blocks to a negotiated settlement between Beijing and the Dalai Lama on the future relative status of Tibet.”⁸

Lama is Tibetan for “priest,” and the Dalai Lama was portrayed as an individual “who had broken the cycle of birth-rebirth and could aspire to ultimate peace in *nirvana*.”⁹ The Dalai Lama did not become a powerful political force in Tibet until the fifth Dalai Lama came to the height of his power in the mid-17th century.¹⁰ His Holiness the 14th Dalai Lama, Tenzin Gyatso, was born on July 6, 1935 and at the age of two, was recognized as the reincarnation of the previous 13th Dalai Lama, Thubten Gyatso.¹¹ In 1951, after the Chinese Communist Party took over Tibet, the Chinese government and the Dalai Lama signed the “Seventeen Point Agreement,” in which Tibet “for the first time in its long history formally accepted Chinese sovereignty, albeit with regional autonomy.”¹² Some of the important texts in the “Seventeen Point Agreement” include: “the Tibetan nationality is one of the nationalities with a long history *within* the boundaries of China,” “the Tibetan people shall return to the big family of the Motherland – the People’s Republic of China,” the Tibetan people have the right of exercising national regional autonomy under the leadership of

⁵ *Ibid.*

⁶ *Ibid.*, p. 42; Dawa Norbu, *China’s Tibet Policy* (Richmond: Curzon Press, 2001), p. 2.

⁷ Melvyn C. Goldstein and Gelek Rimpoche, *A History of Modern Tibet, 1913-1951: The Demise of the Lamaist State* (Berkeley: University of California Press, 1989), p. xix.

⁸ Dawa Norbu, *China’s Tibet Policy*, p. 2.

⁹ A. Tom Grunfeld, *The Making of Modern Tibet*, p. 41.

¹⁰ *Ibid.*, p. 42.

¹¹ See the official website of the Dalai Lama at <https://www.dalailama.com/the-dalai-lama/biography-and-daily-life/brief-biography>, accessed November 15, 2017.

¹² Melvyn C. Goldstein and Gelek Rimpoche, *A History of Modern Tibet, 1913-1951: The Demise of the Lamaist State*, p. xix.

the Central People's Government," and "the Central People's Government shall conduct the centralized handling of *all external affairs* of the area of Tibet."¹³ These points indicated that the Chinese government considered Tibet part of the Chinese territory and exercised sovereign control over Tibet.

The Dalai Lama went into exile in 1959 following an unsuccessful Tibetan uprising in Lhasa.¹⁴ Since then, Dharamsala, a town in northern India, has become the political headquarter of the Dalai Lama. The Chinese government viewed the Tibetan aristocracy as betraying the "Seventeen Point Agreement," stating that the Dalai clique has been attempting to interfere with Tibet affairs and that anti-separatist struggle "remains very grim."¹⁵ As both the political and spiritual leader of Tibetans in exile, the Dalai Lama has traveled worldwide, giving talks as well as being received by heads of foreign governments. Viewing the Dalai Lama as the leader of a secessionist movement, the Chinese government is particularly against foreign heads of state or government receiving the Dalai Lama because China believes that such receptions appear to grant legitimacy to the Dalai Lama. The Chinese government terms such receptions as interference of Chinese domestic affairs, a threat to China's sovereignty regarding Tibet, and by extension, a threat to Chinese territorial integrity. China also views the Dalai Lama as a tool of the West aimed at westernizing and "disintegrat[ing]" China.¹⁶ The Chinese Ministry of Foreign Affairs (MFA) always protests with "strong dissatisfaction" (*qianglie buman*) and "firm opposition" (*jianjue fandui*) following reception of the Dalai Lama.¹⁷

According to Chris Patten, the last British governor of Hong Kong and later EU diplomat, "[t]here is no evidence that China does business on a basis any different from everyone else; it

¹³ *Ibid.*, p. 763-768; emphasis added.

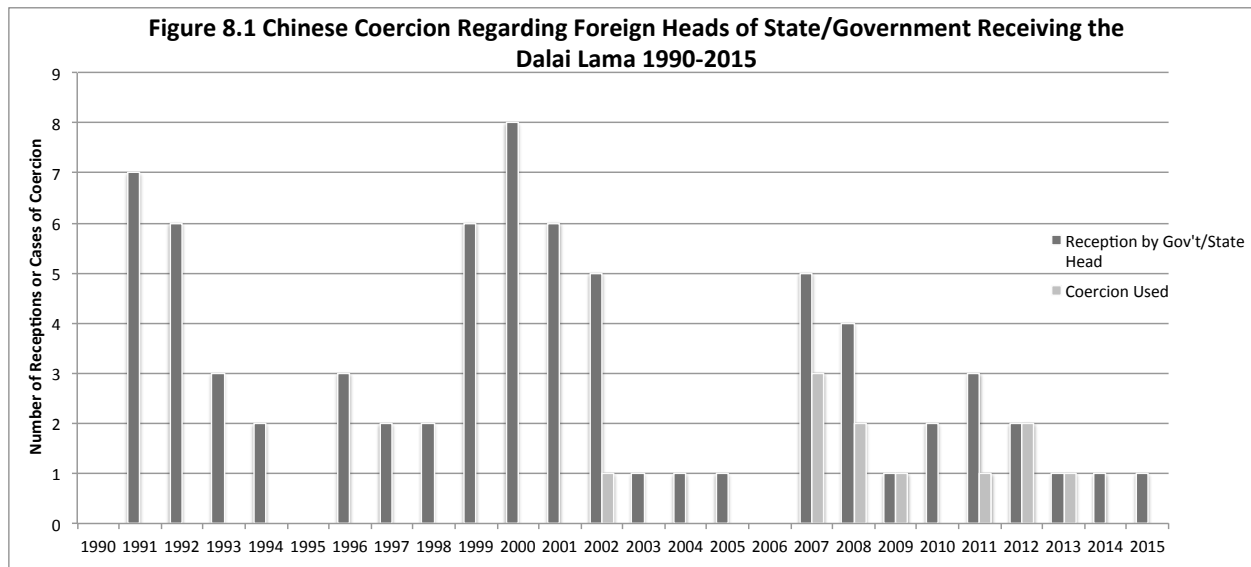
¹⁴ See the official website of the Dalai Lama at <https://www.dalailama.com/the-dalai-lama/biography-and-daily-life/brief-biography>, accessed November 15, 2017.

¹⁵ A. Tom Grunfeld, *The Making of Modern Tibet*, p. 242.

¹⁶ *Ibid.*

¹⁷ See appendix V.

seeks the best product at the best price. The fact that it goes on hinting that friendship and compliance with Chinese positions can lead to big fat contracts is a tribute to Western (including American) gullibility.”¹⁸ Interestingly, although China’s standard response towards foreign leaders’ reception of the Dalai Lama is rhetorical diplomatic protests, China does not always coerce the states receiving the Dalai Lama. There is both temporal and cross-national variation concerning Chinese coercion against foreign heads of state or government receiving the Dalai Lama, as shown in Figure 8.1 below.¹⁹



In Figure 8.1 above, the dark gray bars denote the number of countries in which either the head of state or the government receives the Dalai Lama in a given year. Of course, the Dalai Lama is also often received by foreign parliaments or non-governmental organizations. Nevertheless, reception by a head of state or government is most likely to elicit a Chinese response, because it symbolizes the highest level of diplomatic reception. The light gray bars denote the cases where China used coercion following reception of the Dalai Lama. It is clear that China did not begin to use coercion more frequently until 2007, despite the frequent receptions of the Dalai Lama in the early 1990s,

¹⁸ Chris Patten, *Cousins and Strangers, America, Britain, and Europe in a New Century*, p. 262-263.

¹⁹ For data and the coding, see appendix V.

late 1990s, and early 2000. Also, China does not coerce all states that receive the Dalai Lama equally. For example, U.S. presidents meet with the Dalai Lama almost on a yearly basis, yet China never coerces the United States. Prime Ministers and Presidents in Oceania – Australia and New Zealand, for example – also met with the Dalai Lama, yet China did not use or threaten coercion. In contrast, European heads of government – France, Germany, and Britain in particular – received the Dalai Lama, and China used harsh coercive measures against these countries. There is, therefore, curious temporal and cross-national variation when it comes to Chinese coercion for the Dalai Lama visits.

This chapter thus focuses on two sets of questions: first, what explains the temporal variation of Chinese coercion, and second, why China preferred to coerce European countries such as France but not other major powers such as Australia. I first explain the general temporal trend and then zoom in a paired comparison, pitting Chinese coercion on European states such as France and Germany against lack of Chinese coercion regarding Australia. The chapter proceeds in the following order. After a brief recap of the theory and observable implications, Section I describes and explains the general trends of Chinese coercion. Section II discusses the paired comparison. Section III lays out alternative explanations and refutes them. The final section concludes.

Recap of the Theory

The cost balancing theory predicts the following. For the same issue, first, states will choose coercion when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Second, in rare circumstances when the need to establish a reputation for resolve and economic vulnerability cost are equally high, states will only use coercion if the issue importance is highest. Third, states are much more likely to choose non-militarized coercive tools such as

diplomatic sanctions, economic sanctions, and gray-zone coercion to avoid geopolitical backlash. Fourth, states are also more likely to selectively target challengers as opposed to coercing all challengers, also due to concerns of the geopolitical backlash cost. Fifth, all else equal, states are more likely to use coercion when the issue importance is highest. Table 8.1 summarizes observable implications.

Table 8.1 Observable Implications for the Cost Balancing Theory

	High	Low
Need to Establish a Reputation for Resolve	<ul style="list-style-type: none"> • Incidents of receptions were abundant and highly visible, especially through the international media. • Official and semi-official statements stressed showing resolve. • Interviews with officials and government analysts indicated concerns about appearing weak and the need to deter other states from engaging in threatening actions in the future. 	<ul style="list-style-type: none"> • There were few incidents and they were not visible; the media remained low key and did not make these incidents salient. • Official, semi-official statements, and interviews indicated satisfaction with the target state, noting their restraint.
Geopolitical Backlash Cost	<ul style="list-style-type: none"> • Official and semi-official statements and analyses and interviews indicated concerns about geopolitical pressure. 	<ul style="list-style-type: none"> • Official and semi-official statements and analyses, and interviews indicated lack geopolitical pressure.
Economic Vulnerability Cost	<ul style="list-style-type: none"> • Objective economic data indicated Chinese reliance on the target for imports and export markets. • Official and semi-official statements as well as and interviews indicated China's overwhelming need for the target state's foreign direct investment, capital, high-technology products. 	<ul style="list-style-type: none"> • Objective economic data indicated reducing Chinese reliance on the target states for imports and export markets, as manifested possibly in the increase in alternative import origins and export markets. • Official and semi-official statements as well as and interviews indicated a reduced need for the target's foreign direct investment due to growing alternatives.

As for issue importance, in the theory chapter, I laid out that territorial disputes, Taiwan, and Tibet are all considered issues of important national security concerns to China. China deems Taiwan and Tibet its core interests – the issues of the highest importance. I have documented this interest hierarchy in detail in the empirical chapters regarding territorial disputes and Taiwan. Concerning Tibet specifically, former Chinese diplomats and senior government policy analysts have repeatedly stated that the Dalai Lama visits — “the Tibet issue” — concern China’s core interest.²⁰ Foreign officials also indicate that China views Tibet as its core interest. For example, according to Jeffery Bader, former senior director for Asian affairs on the National Security Council in the Obama Administration, in the first few months when President Obama came into office, the Chinese government informed U.S. officials of their “core interests,” that is, Taiwan and Tibet.²¹ As Bader recalled, the Chinese side even warned privately that a presidential meeting with the Dalai Lama before President Obama’s visit to Beijing would have “grave” and “unspecified consequences” for the U.S.-China relationship.²² In short, just like Taiwan, Tibet is China’s core-interest issue, the issue assuming the highest importance.

Section I. Reception of the Dalai Lama – Explaining the General Trend

This section proceeds as follows. I first lay out the temporal trend and then demonstrate the cost balancing theory generally explains this temporal variation, albeit with some deviation from the prediction of the theory. The need to establish a reputation for resolve and economic vulnerability cost of coercing were equally high in the 1996-2002 period. Given the high issue

²⁰ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#100, Beijing, China, July 28, 2016.

²¹ Jeffrey A. Bader, *Obama and China's Rise*, p. 49.

²² *Ibid.*

importance of Tibet, China should have used or threatened coercion. Yet China refrained from coercion in general in the 1996-2002 period (except for the 2002 coercion against Mongolia), as shown in Figure 8.1.

These post-2006 cases of coercion shown in Figure 8.1 constitute as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, they are state action, implemented through the Chinese Ministry of Foreign Affairs, the Ministry of Commerce or the China Customs Agency (economic sanctions). Second, Chinese behavior, be they diplomatic sanctions or economic sanctions, inflicts damage on the target state, which will be shown in detail in the sections on case studies.

Third, the goals of Chinese coercive behavior are clear. The direct goal was to force the target state to stop meeting with the Dalai Lama.²³ For example, when the Canadian Prime Minister met with the Dalai Lama in October 2007, the spokesman of the Chinese MFA urged Canada to “correct its wrongdoing regarding the Dalai issue” and to stop “supporting Tibet independence,” including “taking measures to neutralize the negative effects of the Dalai visit.”²⁴ Similarly, when the Danish Prime Minister received the Dalai Lama in May 2009, the spokesperson of the Chinese MFA stated that Denmark harmed China’s core interest and that Denmark should “correct its wrong actions regarding the Tibet issue.”²⁵ The broader goal, however, was to deter other states from receiving the Dalai Lama in the future. For example, after the Austrian Prime Minister met with the Dalai Lama, the Chinese MFA spokesperson expressed that Austria sent “wrong signals” to those

²³ Interview KZ-#59, Wuhan, China, April 18, 2016.

²⁴ MFA Press Conference, October 30, 2007, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t376498.shtml, accessed November 18, 2017.

²⁵ MFA Press Conference, May 30, 2009, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t565332.shtml, accessed November 18, 2017.

pro-Tibet independence forces and that Austria should stop supporting Tibet independence.²⁶ The case studies will elaborate more on Chinese goals.

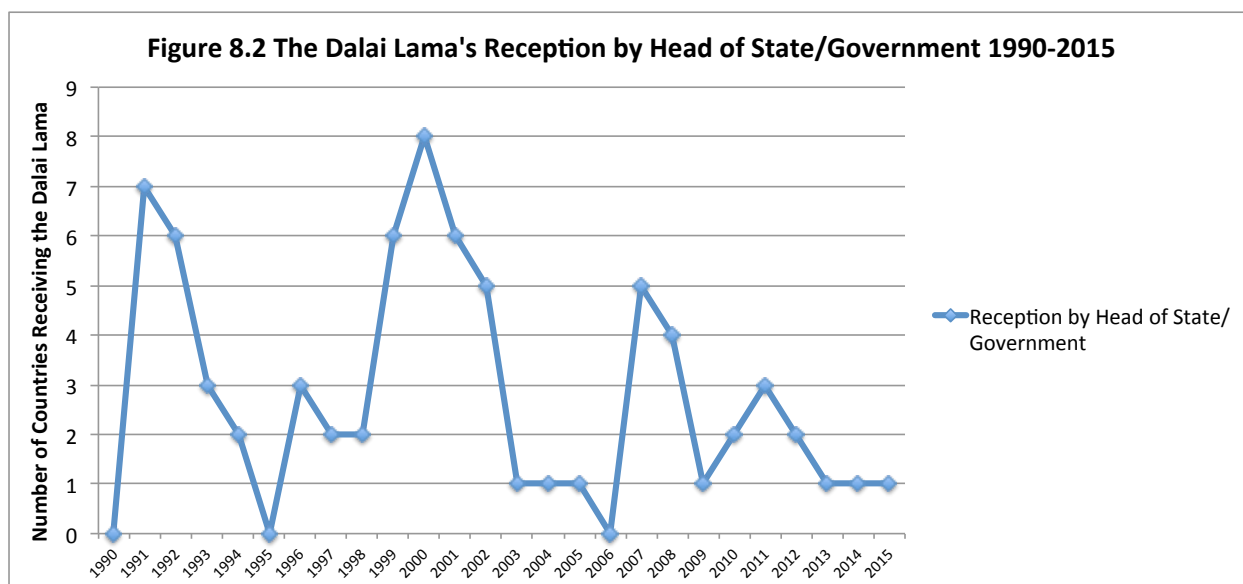
The following paragraphs explain the temporal trend first by carefully measuring and tracking the ebbs and flows of the need to establish a reputation for resolve, economic vulnerability cost, and geopolitical backlash cost. If the cost balancing theory is correct, we should see China uses coercion when the need to establish a reputation for resolve is high and economic vulnerability is low. We should see China choosing non-militarized coercive tools when the geopolitical backlash cost is high.

The Need to Establish a Reputation for Resolve

The need to establish a reputation for resolve was low in the 1990-1995 period, became high between 1996 and 2002, turned low roughly between 2003 and 2006, and became high again in the post-2007 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns the number of Dalai Lama visits. The second kind involves official assessments, semi-official assessments, and interviews with government analysts and former officials. The third type is scholarly writing, but I limit it only to the extent that it is necessary.

Turning first to objective measures, Figure 8.2 (data shown in Appendix V) below is the number of countries in which the head of state or government received the Dalai Lama in a given year.

²⁶ MFA Press Conference, May 26, 2012, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t935327.shtml, accessed November 18, 2017.

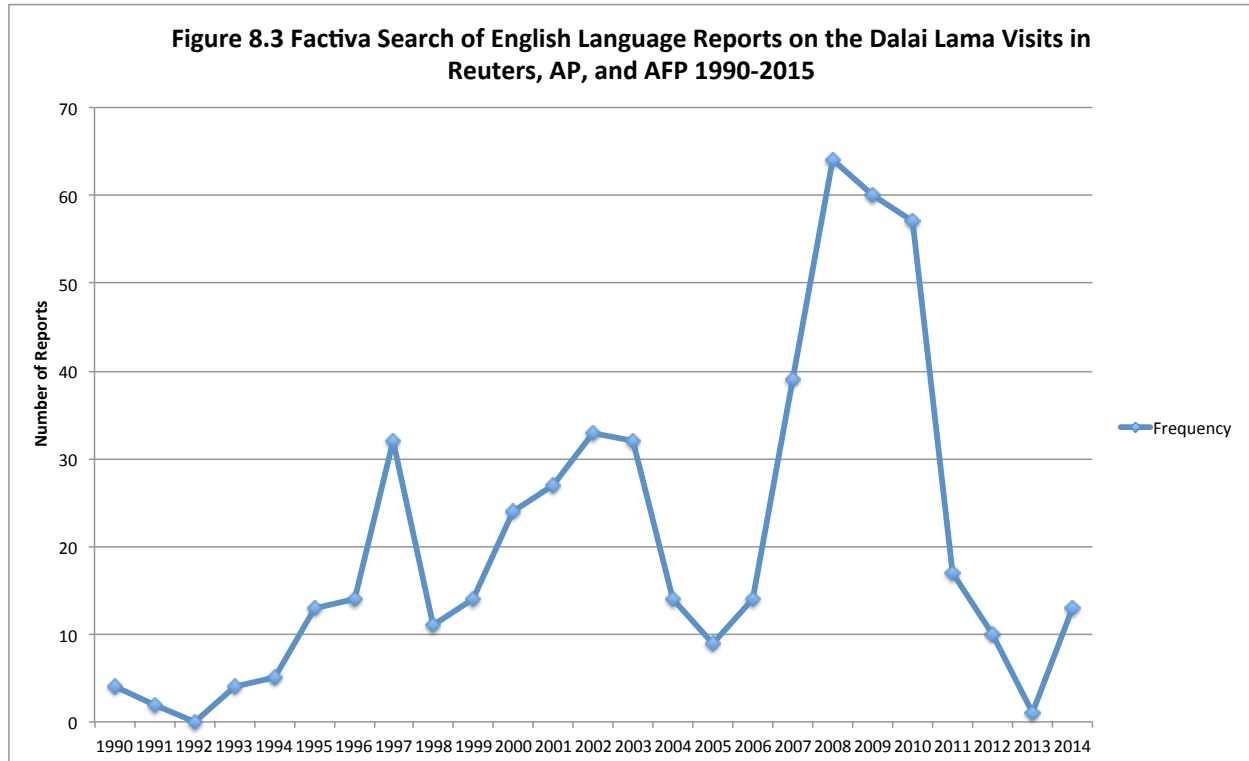


It is clear that in the pre-2002 period, the number of countries receiving the Dalai Lama had been high, except for a brief dip in 1995. Some of the receptions of the Dalai Lama were particularly serious and highly salient, from the Chinese perspective. For example, in October 1990, the German President met with the Dalai Lama, which, according to then Chinese Ambassador to Germany Mei Zhaorong, set a precedent for Western European heads of the state receiving the Dalai Lama.²⁷ The British Prime Minister then met with the Dalai Lama in 1991 and 1999, respectively. The French President received the Dalai Lama in 1998. Other European heads of government or state also met with the Dalai Lama in the 1990s and early 2000s, including Norway, Denmark, Lithuania, the Czech Republic, Austria, and Italy.²⁸ The number of countries receiving the Dalai Lama decreased in the 2002-2006 period but picked up again after 2007, with 2007 being the peak.

²⁷ Gu Lijun ed., *Zhongde jianjiao 40 zhounian huigu yu zhanwang [40 Years Since China and Germany Established Diplomatic Relations]* (Beijing: Social Sciences Academic Press, 2012), p. 48.

²⁸ See appendix V.

Figure 8.3 below shows the Factiva search of reports containing either “Dalai Lama meeting” or “Dalai Lama visit” in *Reuters*, *Agence France Presse*, and *Associated Press*.²⁹ I choose these three because they are the most influential English-language news agencies.



A greater exposure from them would increase the salience of the Dalai Lama issue and the pressure to establish one’s a reputation for resolve. Generally albeit not perfectly in line with Figure 8.2, international media exposure was lower in the early 1990s, high from the mid-1990s to 2002, dropped between 2003 and 2006, and picked up again since 2007. As such, the need to establish a reputation for resolve was low between 1990-1995 and between 2003-2006, because either the Dalai Lama was not received by many heads of state or the international media exposure was not high, or both. The need to establish a reputation for resolve was high in the 1996-2002 and post-2006 periods because both the frequency of the Dalai Lama visits and the international media exposure were high.

²⁹ I did not use *LexisNexis* because it only contains *Reuters* reports.

Turning then to official and semi-official sources, government policy analysts and former Chinese diplomats have repeatedly stated that China used coercive measures beginning in 2007 to deter other states from similarly receiving the Dalai Lama in the future.³⁰ In particular, China was afraid of such a demonstration effect in Europe – the fact that Dalai Lama was being received in one European country might have a demonstration effect to other European countries, which will lead more European states to receive the Dalai Lama.³¹ The Chinese government thus wanted to avoid being viewed as weak and believed in establishing a reputation for resolve: coercing one target to deter others.³² To quote from Chinese government analysts and diplomats, it is “killing the chicken to scare the monkey,” just as the South China Sea cases and French arms sales to Taiwan.³³ In fact, of the 73 times the Dalai Lama was received by foreign heads of state or government from 1990 to 2015, 41 times took place in Europe, which takes up 56% of the Dalai Lama’s visits.³⁴ In line with this concern, we have also seen earlier Chinese MFA spokesperson stressing that the target state should not send the wrong signals to those who were pro-Tibet independence. In short, the need to establish a reputation for resolve was in general low between 1999 and 1995, high from the mid-1990s to 2002, low between 2003 and 2006, and became high again in the post-2007 period.

Economic Vulnerability Cost

Economic vulnerability cost, especially vis-à-vis Europe was high in the pre-2006 period and became low in the post-2006 period. The following paragraphs demonstrate this change with three kinds of evidence. The first concerns economic data. The second kind involves official

³⁰ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#49, Beijing, China, February 23, 2016; Interview KZ-#100, Beijing, China, July 28, 2016.

³¹ Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#70, Shanghai, China, May 5, 2016.

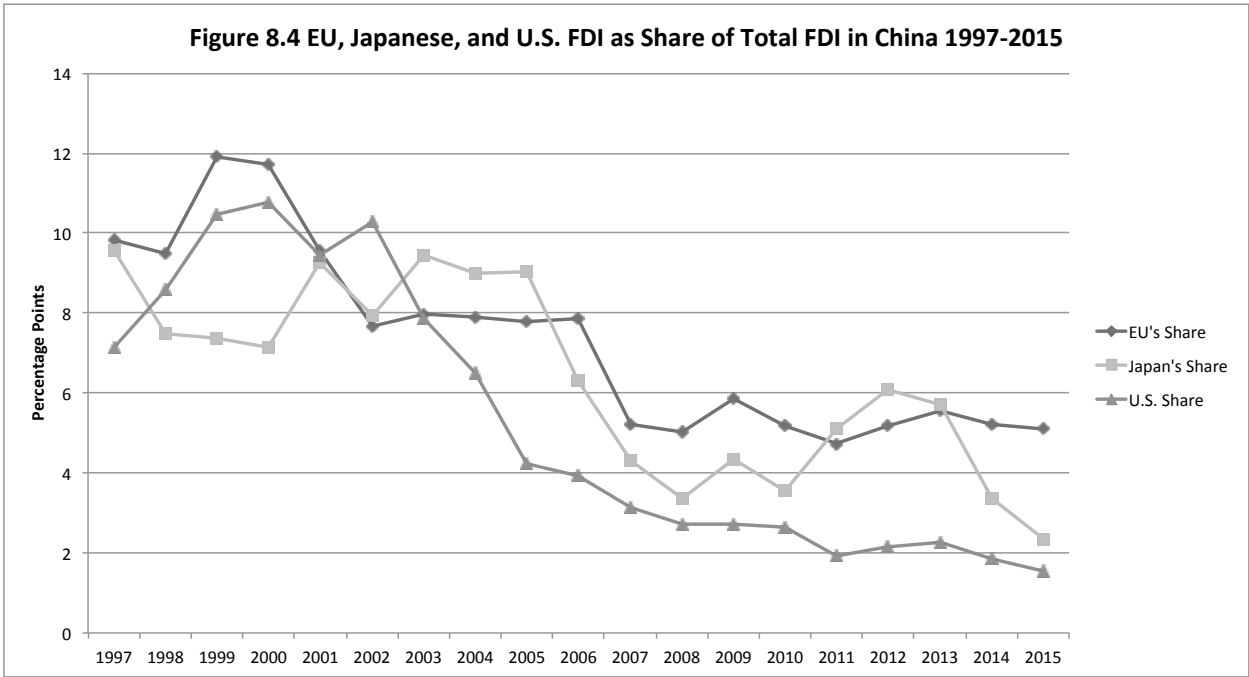
³² Interview KZ-#50, Beijing, China, March 3, 2016; Interview KZ-#59, Wuhan, China, April 18, 2016.

³³ Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#52, Beijing, China, March 9, 2016.

³⁴ For data, see appendix V.

assessments, semi-official assessments, and interviews with government analysts and former officials. The third type is scholarly writing, but I limit it only to the extent that it is necessary. Because Sino-U.S. and Sino-Japan economic relations had been discussed in detail in previous chapters and because Europe constituted 56% of the Dalai Lama’s visits, I will focus on the Sino-European economic relations in the following paragraphs.

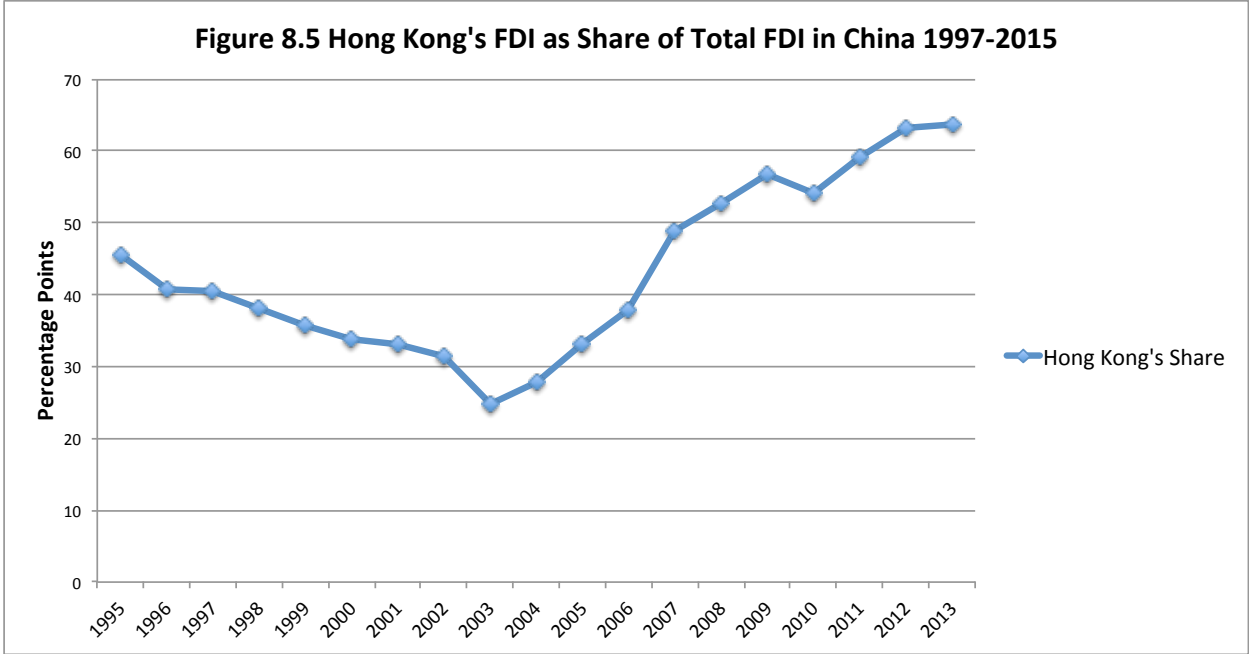
Turning first to economic data, it is true that the share of Chinese exports to European had been steadily increasing in the last 30 years, as shown in figures in Chapters 4 and 6. Nevertheless, the importance of European foreign direct investment (FDI) in China, a significant driver of Chinese economic growth, has decreased in recent years, as seen below in Figure 8.4.³⁵



It is clear that EU’s FDI in China was higher in the pre-2006 period, maintaining a yearly average of about 10% of overall FDI in China. In the post-2006 period, however, EU’s share of China’s FDI dropped significantly to a yearly average of about 5%. As stated in Chapters 6 and 7, the trends are

³⁵ Data comes from *China Customs Data*, available in the China Premium Database at CEIC database, available at <https://www.ceicdata.com/en/products/china-economic-database>, accessed April 25, 2018.

similar regarding Japanese and U.S. FDI in China. In contrast, Hong Kong's share of FDI in China has been dramatically increasing since 2004, as shown below in Figure 8.5. That is, China does not depend on the EU, the United States, or Japan for their FDI as much as it did before the early 2000s.



In short, as seen from economic data, especially the FDI statistics, China economic vulnerability cost for China to coerce EU countries was much higher in the pre-2006 period and significantly lower in the post-2006 period.

Official and semi-official sources also reflect China's decreasing economic vulnerability vis-a-vis the EU. In the 1990s and early 2000s, official MFA documents indicated the importance of the EU for China's economic growth. For example, the MFA's annual *China's Foreign Affairs of 1997* stated that between 1979 and 1996, the EU constituted 48.8% of the technology transfers to China.³⁶ Similarly, the MFA's *China's Foreign Affairs of 2002* and *China's Foreign Affairs of 2004* emphasized that the EU constituted the greatest share of foreign technology transfers to China.³⁷

³⁶ MFA, *China's Foreign Affairs 1997*, p. 447.

³⁷ MFA, *China's Foreign Affairs 2002*, p. 308; MFA, *China's Foreign Affairs 2004*, p. 37.

Beginning 2005, *China's Foreign Affairs* no longer mentioned the EU as the largest entity transferring technology to China and focused instead on joint Sino-EU economic cooperation, suggesting a more balanced economic relationship.³⁸ Reflecting this more balanced economic relationship, the official EU policy papers on its China policy in 2006 also began to emphasize China's economic revival, stressing that China should shoulder more economic responsibilities.³⁹

Semi-official sources also concur with official MFA assessment. For example, the *Annual Bluebook on Europe*, a semi-official document published by CASS, stated in 2007 that China's economic growth had begun to put pressure on Europe.⁴⁰ This report added that Europe's economy lacked competitiveness and that interest differences among EU members made it impossible for the EU to have a collective economic strategy towards China.⁴¹ The *Annual Bluebook on International Situation and Chinese Foreign Policy*, published by CIIS, also stated in 2007 that the EU was experiencing a low point (*dimi*).⁴² Ding Yuanhong, former Chinese Ambassador to the EU, also noted the EU's economic issue in 2006.⁴³ Interviews are also in line with the temporal trends reflected by the EU FDI in China. One former diplomat stated that in the 1990s China needed Europe economically much more than vice versa, but starting from around 2006 and 2007, this began to change in that Sino-EU economic relations became more balanced, and China no longer had a pressing economic need vis-à-vis Europe.⁴⁴ This former diplomat indicated that such observation was a consensus among China's Europe analysts, which manifested itself in interviews

³⁸ See, for example, *China's Foreign Affairs 2005*, *China's Foreign Affairs 2006*.

³⁹ Commission of the European Communities report, COM(2006) 631 final: "Closer Partners, Growing Responsibilities, A policy paper on EU-China trade and investment: Competition and Partnership," October 10, 2006, http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130791.pdf; http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130875.pdf, accessed November 19, 2017.

⁴⁰ CASS, *Ouzhou fazhan baogao [Annual Bluebook on Europe 2006-2007]* (Beijing: Social Sciences Academic Press, 2007), p. 105.

⁴¹ *Ibid.*, p. 108.

⁴² CIIS, *Annual Bluebook on International Situation and Chinese Foreign Policy 2006-2007*, p. 61-62.

⁴³ Ding Yuanhong, "Oumeng de kunhuo yu zhongou guanxi [EU's confusion and Sino-EU relations]," *Guojiwenti yanjiu [Studies of International Issues]*, Issue 4, 2006.

⁴⁴ Interview KZ-#22, Beijing, China, December 15, 2015.

with other senior Chinese government policy analysts.⁴⁵ Another former Chinese diplomat based in the EU emphasized that by 2007, China had surpassed all major European countries in terms of GDP.⁴⁶

Further, Chapter 7 indicated that China's push to enter the WTO in the 1990s was an important economic factor restraining Chinese coercion against the United States. The United States was one of the major hurdles that China had to jump through, and the other was the EU, as stated in the *Annual Bluebook on Europe*.⁴⁷ Scholars close to the government also concurred that the WTO issue was an important restraining factor in Sino-EU relations in the 1990s.⁴⁸ And it was after 2008 that China began to gain the upper hand in its interactions with the EU in the WTO.⁴⁹

In short, as seen both from economic data and official and semi-official sources, Chinese economic vulnerability vis-à-vis Europe was high in the pre-2006 period and began to become low beginning in 2007.

Geopolitical Backlash Cost

Turning finally to geopolitical backlash cost, it has been generally low for China in the past 25 years. Despite the 1989 Tiananmen incident, China's relations with the Western world improved in a relatively short period, which manifested itself in the Chinese MFA's annual China's Foreign

⁴⁵ Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#44, Beijing, China, February 2, 2016; Interview KZ-#50, Beijing, China, March 3, 2016; Interview KZ-#52, Beijing, China, March 9, 2016; Interview KZ-#70, Shanghai, China, May 5, 2016; Interview KZ-#49, Beijing, China, February 23, 2016

⁴⁶ Interview KZ-#46, Beijing, China, February 15, 2016.

⁴⁷ Zhou Hong and Shen Yannan eds., *Ouzhou fazhan baogao [Annual Bluebook on Europe 2000-2001]* (Beijing: Social Sciences Academic Press, 2001), p. 84-85; Zhou Hong ed., *Ouzhou fazhan baogao [Annual Bluebook on Europe 2014]* (Beijing: Social Sciences Academic Press, 2014), p. 102.

⁴⁸ Interview KZ-#14, Beijing, China, November 25, 2015.

⁴⁹ Zhou Hong ed., *Ouzhou fazhan baogao [Annual Bluebook on Europe 2014]*, p. 101.

Affairs in the 1990s. For example, China's Foreign Affairs stated in 1993 and 1994 that China's relations with the West recovered and witnessed new development, respectively.⁵⁰ The 1995 *China's Foreign Affairs* emphasized in particular that China's relations with Europe had made major improvements.⁵¹ The MFA's annual assessment was in line with the observation of one former Chinese diplomat who was based in Europe.⁵² Both the MFA and interviewees noted the European Commission's 1995 document, "A long-term policy for China-Europe relations," which listed strengthening dialogues and cooperation with China as a long-term goal of European China policy.⁵³ The annual report on Europe by CASS noted in 1996 that the European Commission's 1995 document had a positive effect on Sino-European relations and that this signaled that the West was further wedged and divided (*fenhua*) when it came to political confrontation with China.⁵⁴

The Chinese government's assessment that Europe was politically divided on China continued in the 2000s. For example, Feng Zhongping, senior CICIR analyst on Europe stated in 2006 that European countries, especially France and Germany, were internally focused on issues regarding the livelihood of the domestic public.⁵⁵ Ding Hongyuan, former Chinese Ambassador to the EU, also concurred in 2006 that the EU had neither a leader nor unity, which made it difficult to speak with one voice in foreign affairs.⁵⁶ Ding's assessment was echoed by other Chinese government analysts, CIIS, and CASS reports.⁵⁷ Mei Zhaorong, former Chinese Ambassador to

⁵⁰ MFA, *China's Foreign Affairs Overview 1993, China's Foreign Affairs Overview 1994*.

⁵¹ MFA, *China's Foreign Affairs Overview 1995*.

⁵² Interview KZ-#38, Beijing, China, January 20, 2016.

⁵³ For the original document, see EU document "A long term policy of China-European relations," http://eeas.europa.eu/archives/docs/china/docs/com95_279_en.pdf, accessed November 19, 2017.

⁵⁴ CASS, *Ouzhou fazhan baogao [Annual Bluebook on Europe 1996-1997]* (Beijing: Social Sciences Academic Press, 1997), p. 93-94.

⁵⁵ Feng Zhongping, "Oumeng neiqing ruohua le qi guoji yingxiangli [The EU's inward focus weakened its international influence]," *Xiandai guoji guanxi [Contemporary International Relations]*, Issue 9, 2006.

⁵⁶ Ding Yuanhong, "Oumeng de kunhuo yu zhongou guanxi [EU's confusion and Sino-EU relations]."

⁵⁷ See, for example, Zhang Jian, "Oumeng de kunjing, bianhua, jiqi yingxiang [EU's dilemma, change, and effects]," *Xiandai guoji guanxi [Contemporary International Relations]*, Issue 2, 2006; CASS, *Ouzhou fazhan baogao [Annual Bluebook on Europe 2006-2007]*, p. 3; CASS, *Ouzhou fazhan baogao [Annual Bluebook on*

Germany, put it more bluntly in 2012: “China and Europe do not have geopolitical conflicts, and nor does Europe have the hegemonic capability; [therefore,] Europe cannot hurt us as much as the United States can.”⁵⁸ Interviews with Chinese government analysts and other former diplomats concur with Mei’s assessment.⁵⁹ In short, the geopolitical backlash cost for China vis-à-vis Europe has been low since the post-Cold War period.

Summary

Table 8.2 Cost Balancing and China’s Coercion

	Need to establish a reputation for resolve	Costs		Coercion Used or Not
		Geopolitical Backlash Cost	Economic Vulnerability Cost	
1990-1995	Low	Low	High	No
1996-2002	High	Low	High	No (not predicted by the theory) ⁶⁰
2003-2006	Low	Low	High	No
2007-present	High	Low	Low	Yes (no cases of militarized coercion)

As shown above, in Table 8.2, the major trends of the need to establish a reputation for resolve and economic vulnerability are in congruence with patterns of Chinese coercion, except for the 1996-2002 period. As the cost-balancing theory predicted, China refrained from coercion in the 1990-1995 and 2003-2006 periods because the need to establish a reputation for resolve was low

Europe 2008-2009] (Beijing: Social Sciences Academic Press, 2009), p. 32; CIIS, *Annual Bluebook on International Situation and Chinese Foreign Policy 2006-2007*, p. 72.

⁵⁸ Qtd. in Wang Yiwei ed., *Quanqiu shiye xiade zhong’ou guanxi [Sino-European Relations in a Global Perspective]* (Beijing: World Knowledge Press, 2012), p. 17-18.

⁵⁹ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#46, Beijing, China, February 15, 2016; Interview KZ-#52, Beijing, China, March 9, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016; Interview KZ-#82, Shanghai, China, May 16, 2016.

⁶⁰ Except in 2002 when China coerced Mongolia for meeting with the Dalai Lama. The economic vulnerability vis-à-vis Mongolia, however, was low. And Mongolia was dependent on China economically.

and economic vulnerability was high. China began to coerce other states beginning in 2007, European states in particular, due to the high need to establish a reputation for resolve and low economic vulnerability cost. However, because of the high issue importance of Tibet, the theory predicted that China would use coercion despite the equally high need to establish a reputation for resolve and economic vulnerability. Yet China did not use coercion, which is similar to Chapter 7 – China did not coerce the United States for arms sales in the 1990s despite the equally high need to establish a reputation for resolve and economic vulnerability. Although the cost-balancing theory does not predict correctly the temporal trend in the 1996-2002 period regarding the Dalai Lama visits, it suggests that when it comes to relations with Western countries such as Europe and the United States, Chinese economic concerns trump everything else. This is precisely because China was acutely economically vulnerable vis-à-vis Europe and the United States in the 1990s and thus prioritized economic vulnerability as the core concern. When Chinese economic vulnerability concerns are less acute, Chinese coercive behavior regarding the Dalai Lama visits conforms to the cost balancing theory. The following sections conduct case studies and demonstrate that the cost-balancing theory explains the cross-national variation as well, that is, China is a selective bully and does not coerce all states that receive the Dalai Lama.

Section II. Explaining Cross-National Variation – Why Pick on the Europeans?

It is understandable that China does not coerce the United States over the Dalai Lama issue, because of Chinese economic dependence on the United States, which is in line with Chinese behavior when it comes to arms sales to Taiwan.⁶¹ What is interesting, however, is that among all

⁶¹ Interview KZ-#37, Beijing, China, January 19, 2016.

other countries that receive the Dalai Lama, China prefers to coerce European countries. Of the 11 times China used coercion over the Dalai Lama visit, nine cases of coercion were against European countries, taking up 82% of Chinese coercion for the Dalai Lama issue. Despite similar diplomatic rhetoric following the Dalai Lama's visits, China coerced European states such as France and Germany, but not Australia. These European states are comparable with Australia in that they are all major powers. Australia, France, and Germany are similar in terms of their GDP per capita: \$48,806, \$42,384, \$48,189, respectively.⁶² With regard to GDP, Germany ranked the fourth in the world, France the sixth, and Australia the 13th.⁶³ These three countries were thus roughly comparable advanced industrialized economies. Moreover, all are U.S. allies. The timing of the visits are also comparable: the German Chancellor Angela Merkel met with the Dalai Lama in September 2007 and the French President Nicolas Sarkozy received the Dalai Lama in December 2008, whereas the Australia Prime Minister met with the Dalai Lama in May 2007.

It is therefore puzzling why China would coerce France and Germany, but not Australia, a country quite similar to its European counterparts. If the cost-balancing theory is correct, we should see the need to establish a reputation for resolve being high and the economic vulnerability cost being low vis-à-vis France and Germany. In contrast, we should also see the need to establish a reputation for resolve being low and the economic vulnerability cost being high vis-à-vis Australia. I therefore adopt a most-similar case research design below to tease out the mechanisms through which China coerced France and Germany, but not Australia. Choosing France and Germany as cases is important for several reasons. First, given the Dalai Lama visited Europe the most, if we should see Chinese coercion at all, it is more likely to take place in Europe. It is therefore paramount to understand why China chose particular countries such as Germany and France to coerce. Second,

⁶² Based on IMF data, see <http://www.businessinsider.com/the-richest-countries-in-the-world-2017-3/#30-japan-gdp-per-capita-38893-31732-1>, accessed November 20, 2017.

⁶³ Data is based on IMF GDP (Nominal) Ranking 2016, as calculated by <http://statisticstimes.com/economy/projected-world-gdp-ranking.php>, accessed November 20, 2017.

Chinese coercion against France and Germany is among the harshest of all Chinese coercion for the Dalai Lama issue, which calls for analyzing why China was harsh towards France and Germany. The following paragraphs first trace the costs and benefit of coercing France and Germany and then turn to Australia.

Chinese Coercion Towards France and Germany

On December 6, 2008, French President Nicolas Sarkozy — serving then also as the rotating Chair of the EU — met with the Dalai Lama.⁶⁴ The spokesperson of the Chinese MFA immediately responded the next day, blaming France for interfering with China’s internal affairs and urging the French to “take concrete measures to correct its mistakes.”⁶⁵ China subsequently used harsh coercive measures including diplomatic and economic sanctions. First, China delayed the 11th meeting between China and the EU indefinitely. China also canceled senior diplomatic exchanges between China and France, engaging in a “tour de France” beginning January 2009, that is, visiting all European countries surrounding France, but not France. These measures were in direct response to President Sarkozy’s meeting with the Dalai Lama, as former Chinese State Councilor Dai Bingguo stated in his memoir.⁶⁶ Interviews with other former diplomats and government policy analysts confirmed Chinese diplomatic sanctions against France.⁶⁷ Second, China imposed economic sanctions, in particular, by “freezing” and “delaying” Airbus orders from France.⁶⁸ It is

⁶⁴ Matthew Day, “Defiant Nicolas Sarkozy meets Dalai Lama despite China’s trade threat,” *Telegraph*, December 6, 2008, <http://www.telegraph.co.uk/news/worldnews/asia/china/3629865/Defiant-Nicolas-Sarkozy-meets-Dalai-Lama-despite-Chinas-trade-threat.html>, accessed November 20, 2017.

⁶⁵ MFA, December 7, 2008, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t525253.shtml, accessed November 20, 2017.

⁶⁶ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo’s Memoir]* (Beijing: People’s Press, 2016), p. 350.

⁶⁷ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#50, Beijing, China, March 3, 2016.

⁶⁸ Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#43, Beijing, China, January 28, 2016.

important to note that China did not cancel Airbus orders, which would have been a breach of WTO rules. Rather, China delayed and froze orders already made between China and France. As former Chinese diplomats based in the EU noted, delaying Airbus orders would cause issues of job creation in France in the particular year when the orders were delayed.⁶⁹ This is because the production of Airbus orders will begin only after China has made a down payment, but if China freezes the order and does not make the down payment, production will not begin, which means no job for local workers in France.⁷⁰ In addition, Airbus France might also encounter potential monetary issues, because it might need money from the down payment to pay back other mortgages.⁷¹ Finally, freezing Airbus orders might have a chained effect on the local French production chain, because local French companies might be producing parts of the Airbus.⁷² If China froze the orders for French Airbus, these local French companies could also be adversely affected as well.

On September 23, 2007, German Chancellor Angela Merkel met with the Dalai Lama as a private person in her presidential residence.⁷³ The spokeswoman for the Chinese MFA immediately responded by saying that Angela Merkel was “interfering with domestic Chinese affairs” and that “Germany should take measures to improve Sino-German relations as soon as possible.”⁷⁴ Similar to the French case, China used both diplomatic and economic coercive measures. On the diplomatic front, China canceled senior-level exchanges between Chinese and German leaders, as confirmed by

⁶⁹ Interview KZ-#46, Beijing, China, February 15, 2016; Interview KZ-#49, Beijing, China, February 23, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016; Interview, Beijing, China, July 9, 2014.

⁷⁰ Interview KZ-#49, Beijing, China, February 23, 2016.

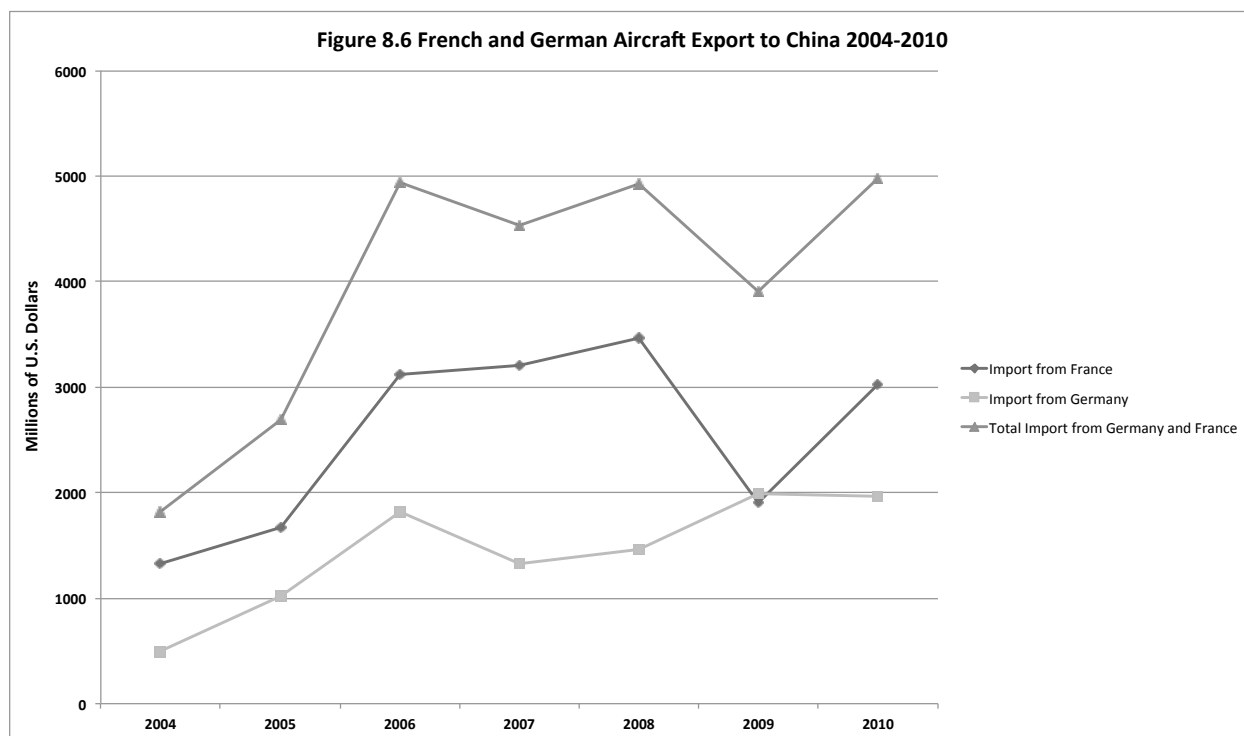
⁷¹ *Ibid.*

⁷² Interview KZ-#70, Shanghai, China, May 5, 2016.

⁷³ “Merkel Meets Dalai Lama Despite Chinese Criticism,” *Deutsche Welle*, September 23, 2007, <http://www.dw.com/en/merkel-meets-dalai-lama-despite-chinese-criticism/a-2793322>; Judy Dempsey, “Despite censure from Beijing, Merkel meets with Dalai Lama in Berlin,” *New York Times*, September 23, 2007, <http://www.nytimes.com/2007/09/23/world/europe/23iht-berlin.4.7609899.html>, accessed November 20, 2017.

⁷⁴ MFA Press release reported by *BBC News*, September 25, 2007, http://news.bbc.co.uk/chinese/simp/hi/newsid_7010000/newsid_7011700/7011781.stm, accessed November 20, 2017.

former diplomats.⁷⁵ On the economic front, former diplomats indicated China also imposed soft economic sanctions such as disrupting German investment in China.⁷⁶ Figure 8.6 below shows how China played the card of “delaying Airbus orders” against France, and possibly Germany, too.



In Figure 8.6,⁷⁷ the darkest gray line denotes imports from France and the lightest gray Germany, presumably most of which come from Airbus. The line at the top of the figure is the sum of German and French Aircraft exports to China. The data from the Chinese Customs include two categories: aircraft with the Operating Empty Weight (OEW) of over 45 tons and aircraft with OEW between 15-45 tons. Most Airbus models have an OEW of over 45 tons except for certain models of

⁷⁵ Interview KZ-#14, Beijing, China, November 25, 2015; Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#65, Beijing, China, April 27, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016; Interview KZ-#82, Shanghai, China, May 16, 2016.

⁷⁶ Interview KZ-#22, Beijing, China, December 15, 2015.

⁷⁷ Data comes from the *China Customs Statistics Yearbooks*, compiled by the Chinese CGA. Note that the CGA Yearbooks do not specify companies and only list categories of the goods and countries of origin. So I assume here that Airbus and Boeing sales generally constitute the majority of aircraft exports to China from the respective countries. The HS code for Aircraft over 45 tons is 88024020 and the HS code for Aircraft between 15 and 45 tons is 88024010.

A319 and A320, which are under 45 tons but greater than 15 tons.⁷⁸ I therefore include these two categories, even though the Customs data also include categories such as those with an OEW below 15 tons. Notably, overall aircraft sales from Airbus did drop in the affected years – 2007 and particularly 2009 – in dollar terms. Before 2007, aircraft sales from Germany and France grew at a similar rate. Yet when Chancellor Merkel received the Dalai Lama in early September 2007, German aircraft exports to China in the fourth quarter dropped by 34% compared to the last quarter and 40% compared to the fourth quarter of 2006.⁷⁹ The decline continued for a year until September 2008, when Germany reaffirmed that Tibet is part of Chinese territory and China deemed that Sino-German relations had "comprehensively recovered."⁸⁰ Import from France continued to increase in 2007. Two months after the Dalai Lama's visit to Germany, China signed a contract to buy 160 Airbus from France.⁸¹ In dollar terms, the decrease of German aircraft exports to China was not substantial: being China's largest trading partner in Europe, Germany exported mainly machinery and automobiles to China, and aircraft only constituted about 4% of German exports to China. Total German exports to China continued to decrease. This sanction episode is interesting, for it did not hurt the German economy seriously.

After this episode, however, France was sanctioned. The French President received the Dalai Lama in December 2008, and consequently, French aircraft sales to China in 2009 dropped by 45.5% compared to 2008. Again, the timing was indicative: French aircraft exports to China

⁷⁸ For data regarding the OEW of different aircraft models, see the generic aircraft database provided by Skyplan Services Ltd., at <ftp://ftp.skyplan.com/Manuals/Generic%20Aircraft%20Database.pdf>, accessed May 21, 2018.

⁷⁹ Data comes from the Chinese Ministry of Commerce Country Report at http://countryreport.mofcom.gov.cn/record/index.asp?p_coun=%B5%C2%B9%FA, accessed February 17, 2014. German aircraft exports to China in the fourth quarter – from September to December – were \$465 million in 2005, 714 in 2006, 431 in 2007, 632 in 2008, 526 in 2009, 533 in 2010, and 942 in 2011, respectively.

⁸⁰ Zhao Ke and Lu Ruijun, "Jiangjiao sishinian laide zhongde zhengzhi guanxi" [Sino-German relations in the past 40 years], in Gu Junli, ed. *Zhongde jianjiao sishinian, huigu yu zhanwang*, p. 241.

⁸¹ Tan Jingjing and Chang Lu, "Zhongguo jiang cong faguo goumai 160jia kongke feiji" [China will purchase 160 Airbus from France], November 26, 2007, *Xinhua News*, http://news.ifeng.com/mainland/200711/1126_17_311641.shtml, accessed December 8, 2013.

immediately fell by 68.2% in the first quarter of 2009 compared to that of 2008, and this decline lasted for a year until the first quarter of 2010.⁸² Meanwhile, aircraft sales from Germany picked up. The global financial downturn cannot explain this significant dip in French aircraft sales to China since German aircraft sales to China were increasing. Interviews with Chinese scholars indicate that the Chinese government “froze” the orders from Airbus in France (*dongjie dingdan*).⁸³ That is, China did not cancel the orders, yet it just simply did not carry through these orders, which means that France still could not get the payment (*xieyi qianding le, dan buzhexing*).

Press reports also indicate that this dip was intentional. After the Dalai Lama’s visit, Chinese Premier Wen Jiabao visited countries such as Germany and Britain, yet avoided France, which the French media dubbed “tour de France” (*huanfa*).⁸⁴ This avoidance had economic impacts. When Chinese Minister of Commerce Chen Deming led the “Chinese group of trade and investment promotion” (*zhongguo maoyi touzi cujintuan*) to Europe, with €17 billion, he also avoided France.⁸⁵ Unlike the “small-dose” sanction on Germany, Chinese sanctions on France were larger in scale and targeted specifically at aircraft. French exports to China (France’s 9th largest export destination) dropped by 17% compared to 2008, with aircraft sales contributing to 91% of the drop. In dollar terms, the decrease of \$2.1 billion was not a small amount to the aviation industry, which usually constitutes about 30% of total French exports to China. From a comparative perspective, French aircraft exports to China constituted about 15% of total French aircraft exports in 2007 and 2008,

⁸² Data comes from the Chinese Ministry of Commerce Country Report at http://countryreport.mofcom.gov.cn/record/index.asp?p_coun=%B7%A8%B9%FA, accessed February 17, 2014.

⁸³ Interview, Beijing, July 9, 2014.

⁸⁴ “Zhongfa guanxi lengdong 90tian, faguo minzhong duihua taidu fuza” [Sino-France relations have been frozen for 90 days, the French public maintained complicated attitudes towards China], *Guoji xianqu daobao* [International Herald, a newspaper under China's state news agency, Xinhua news], March 6, 2009, <http://www.chinaqw.com/news/200903/06/153882.shtml>, accessed December 8 2013.

⁸⁵ *Ibid.*

and this proportion dropped to 7% in 2009.⁸⁶ The decrease in aircraft exports to China contributed to 66% of the total decline of French aircraft exports. China indeed chose the right sector on which to impose targeted sanctions.

Chinese reactions regarding France and Germany constitute as coercion because of the following characteristics: state action, clearly identified targets, use or threats of tools that inflict pain, and most importantly, clear intentions (goals). First, they are state action, which manifested itself through interviews with former diplomats and the memoir of Dai Bingguo. Second, Chinese behavior, be they diplomatic sanctions or economic sanctions, inflicted damage on France and Germany, which was particularly the case with regard to China freezing Airbus orders. Third, the goals of Chinese coercive behavior are clear. The immediate goal was to force the target to stop receiving the Dalai Lama, as indicated by above statements from spokespersons of the Chinese MFA. Former State Councilor Dai Bingguo, who was the person dealing with the French President's meeting with the Dalai Lama, put it more bluntly in his memoir: China took harsh measures (*qiangying*) in order to force the French to "stop making troubles in its China policy" (*poshi fafang buzai duihua zhengce shang xia zheteng*).⁸⁷ The broader goal was to deter other states from following suit and meeting with the Dalai Lama, as former Chinese diplomats stated.⁸⁸

According to Dai Bingguo, France reached out to Dai following Chinese coercion to express the wish to arrange a meeting between French and Chinese leaders, while promising that France would not meet with the Dalai Lama in bilateral or multilateral settings.⁸⁹ China subsequently

⁸⁶ For data on French aircraft exports, see Commodity Trade Statistics Database at the United Nations Statistics Division. The HS codes are 880220, 880230, and 880240, available at http://data.un.org/Data.aspx?d=ComTrade&f=_11Code%3a88, accessed April 30, 2014.

⁸⁷ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo's Memoir]*, p. 350.

⁸⁸ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#65, Beijing, China, April 27, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016; Interview KZ-#82, Shanghai, China, May 16, 2016.

⁸⁹ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo's Memoir]*, p. 351.

agreed to set up a meeting between President Sarkozy and President Hu in April 2009.⁹⁰ French Presidents subsequently refrained from meeting with the Dalai Lama. Similarly, former Chinese diplomats based in Europe, including former Chinese Ambassador to Germany Mei Zhaorong, indicated that both France and Germany made promises in private that they would not meet with the Dalai Lama in the future.⁹¹ As then Chinese Ambassador to Germany Ma Canrong noted, China and Germany reached a consensus in January 2008, and Angela Merkel refused to meet with the Dalai Lama again in May 2008, as the Chinese MFA noted.⁹²

Why Coercing France and Germany

Turning first to the need to establish a reputation for resolve, in line with the post-2006 trend, the need to establish a reputation for resolve for China was high, which is especially the case when it comes to European countries. The receptions by French and German heads of government were particularly severe, from the Chinese government's perspective. As then Chinese Ambassador to Germany Ma Canrong stated, Chancellor Merkel's meeting with the Dalai Lama in the Chancellor's Residence set a bad precedent (*kaichuang le e'li*) and had extremely adverse influence, especially given Merkel was the first German Chancellor ever to receive the Dalai Lama.⁹³ In a way, China was afraid that subsequent German Chancellors might follow suit. Ma therefore indicated that China had to take resolute countermeasures to force Germany to realize the seriousness of its

⁹⁰ *Ibid.*

⁹¹ Interview KZ-#46, Beijing, China, February 15, 2016; Mei's remarks was quoted in Gu Junli ed., *Zhongde jianjiao 490zhounian huigu yu zhanwang*, p. 50-51.

⁹² MFA Press Release, May 13, 2008, <http://www.fmprc.gov.cn/ce/cede/chn/ssxw/t452108.htm>, accessed November 20, 2017; Ma's remarks was quoted in Gu Junli ed., *Zhongde jianjiao 490zhounian huigu yu zhanwang*, p. 79.

⁹³ Ma's remarks was quoted in Gu Junli ed., *Zhongde jianjiao 490zhounian huigu yu zhanwang [40 Years Since the Sino-German Rapprochement and its Future Prospects]*, p. 79.

mistakes.⁹⁴ Not only was China concerned that subsequent German Chancellors might follow Merkel's behavior, China was also anxious that Germany might set a dangerous precedent for which other European states might imitate. As former Chinese Ambassador to Germany Mei Zhaorong stated, this is because, in Sino-EU relations, Germany played the leadership role (*lingtou yang*).⁹⁵ Interviews with former Chinese diplomats based in Europe also confirmed that China was afraid of Germany's influence, which might cause other states to imitate Germany's behavior.⁹⁶ In short, China was afraid of Germany's demonstration effects and used coercion to establish its reputation for resolve.⁹⁷

The need to establish a reputation for resolve was similarly high with regard to France, as one former Chinese diplomat stated, President Sarkozy was the first ever to have met with the Dalai Lama while he was rotating chair of the EU.⁹⁸ To quote a Chinese proverb, the gun should aim for the first bird that emerged (*qiangda chutou niao*) — China was afraid that France would also set a bad precedent.⁹⁹ Like Germany, senior Chinese diplomats – including former State Councilor Dai Bingguo – also viewed France as the “leader in a herd of goat” (*lingtou yang*).¹⁰⁰ That is, France was a leader in Europe. China thus needed to coerce France to establish its reputation for resolve and to deter similar visits in the future.¹⁰¹

China's concerns to establish a reputation for resolve regarding Europe were not just mere perception. Of the 20 times the Dalai Lama was received in the post-2006 period, 12 of them were by European heads of state or government, which is 60% of the Dalai Lama's visits. China was thus

⁹⁴ *Ibid.*

⁹⁵ Mei's remarks was quoted in *ibid.*, p. 12.

⁹⁶ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#65, Beijing, China, April 27, 2016.

⁹⁷ Interview KZ-#37, Beijing, China, January 19, 2016.

⁹⁸ Interview KZ-#38, Beijing, China, January 20, 2016.

⁹⁹ *Ibid.*

¹⁰⁰ Dai Bingguo, *Zhanlue duihua: dai bingguo huiyilu [Strategic Dialogues: Dai Bingguo's Memoir]*, p. 352.

¹⁰¹ Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#14, Beijing, China, November 25, 2015; Interview KZ-#49, Beijing, China, February 23, 2016.

correct in being worried about the potential demonstration effects that Germany and France might have.¹⁰² The need to establish a reputation for resolve regarding France and Germany was thus high.

Turning next to economic vulnerability cost, in line with the post-2006 trend, the economic vulnerability cost of coercing France and Germany was low for China. The trump card that China had was “divide and conquer with Airbus.” After the Dalai Lama’s visit to France, the Chinese MFA spokesperson was asked whether the visit would affect Sino-French trade and commercial orders from Airbus. He replied, “Sino-French trade relations are built on mutual interests, and we hope the French side will create favorable conditions for cooperation.”¹⁰³ Although the spokesperson did not say so explicitly, China did target France and Germany with Airbus.

It is true that Airbus is a pan-European consortium, yet China can use the alternating purchase from France and Germany in two ways. First, some Chinese scholars stress that Airbus not only provides profits, but also employment. So whether China orders from France or Germany may make a difference in terms of local job creation at the respective manufacturing sites.¹⁰⁴ After all, Airbus manufacture sites in France and Germany are responsible for different types of Airbus aircraft.¹⁰⁵ Therefore, Airbus orders can be politicized. Chinese decision-makers think that this is particularly the case for France. Former Chinese Ambassador to France Cai Fangbo writes that both Presidents Chirac and Sarkozy were concerned about Airbus sales to China. As early as 1997, before visiting China, President Chirac told Ambassador Cai that he hoped that China would order 50

¹⁰² See appendix V.

¹⁰³ MFA Press Conference on December 4, 2008.

¹⁰⁴ Interview, Beijing, January 14, 2014.

¹⁰⁵ See the Airbus company website at <http://www.airbus.com/company/aircraft-manufacture/how-is-an-aircraft-built/production/>, accessed February 17, 2014.

instead of 10 Airbus aircraft *while he was visiting Beijing*.¹⁰⁶ If not, Chirac would postpone the visit. The two sides reached an agreement in which China ordered 30 Airbus and another 10 French aircraft. Chirac then visited China and signed the contract for 40 aircraft. Cai recalled that after the French media covered the agreement positively and intensively, Chirac said he was "pleased."¹⁰⁷ In fact, Chirac linked Airbus sales directly with job creation in France, stating that China's order would create 4,000 jobs that could last for three years.¹⁰⁸ Chirac had been consistent with his emphasis on Airbus deals. Chinese Foreign Minister Li Zhaoxing writes in his memoir: Chirac told President Hu Jintao in 2004 that the purchase of 21 Airbus aircraft "is a sensitive and political project and that my [Chirac's] Airbus issue is your [Hu's] Taiwan issue." Chirac hoped that China would *announce* the decision to purchase 21 Airbus aircraft; otherwise France would feel *disappointed* and *lose face*.¹⁰⁹ President Sarkozy continued this emphasis, saying that he wanted to do better than Chirac and hoped that China would buy even more aircraft.¹¹⁰ From the accounts of senior Chinese diplomats, it is clear that China understands that Airbus purchases are a salient political issue for France and can thus use the withholding of French Airbus orders to China's advantage, although Airbus itself is a consortium.

Second, Chinese scholars argue that while China's freezing of Airbus orders did reduce overall Airbus import of the given year, which sends a signal that China is dissatisfied with the country's behavior and more "sticks" will come if it does not change its policies.¹¹¹ For example, German aircraft exports to China only constitute about 4% of total exports to China. Although not

¹⁰⁶ Dai Changlan's interview with Cai Fangbo on September 22, 2008, http://news.xinhuanet.com/world/2008-09/22/content_10088938.htm, accessed February 17, 2014.

Emphasis added.

¹⁰⁷ Cai Fangbo, *Cong daigaole dao sakeqi*, p. 204.

¹⁰⁸ *Ibid.*, p. 209.

¹⁰⁹ Li Zhaoxing, *Shuobujin de waijiao [Endless words on diplomacy]* (Beijing: Zhongxin [CITIC] Press, 2014), p. 87. Emphasis added.

¹¹⁰ Li Jie's interview, "Qinli zhongfa guanxi 24ge chunqiu" [24 years of witnessing Sino-French relations], *Liaowang*, August 31, 2009, http://news.xinhuanet.com/world/2009-08/31/content_11971399_3.htm, accessed February 17, 2014.

¹¹¹ Interview, Beijing, December 30, 2013.

purchasing aircraft from Germany did very little damage to Sino-German trade, it did send a clear message to Germany that China was upset about Merkel's meeting with the Dalai Lama. Moreover, China engaged in a six-month "Cold War" with Germany by canceling a meeting with the German treasurer, terminating some large purchasing contracts, and stalling contracts still in negotiation.¹¹² Of course, China's sanctions on Germany were much smaller compared to France, which was probably because German exports – intermediary machinery – were important for Chinese economic growth. China therefore sanctioned Germany as a political signal: due to the economic costs of embargoing major German exports to China, China only sanctioned sectors not crucial to Sino-German trade. Moreover, the basic condition conducive to Chinese sanctions is that China freezing Airbus orders reduces the overall Airbus import of the given year, as shown in Figure 8.6, which in turn could create tensions between Germany and France, because they are both members of the Airbus consortium and will bear the pain of reduced Airbus orders.

Interviews with former diplomats and Chinese government analysts also indicate that China was not economically vulnerability vis-à-vis Germany and France.¹¹³ Rather, they believe that China had many "economic cards" to play, because France, Germany, and Britain were all vying for China economically – as a former Chinese diplomat based in Europe stated, China could divide and conquer Europe by dangling economic carrots selectively.¹¹⁴ Specifically regarding Airbus, senior Chinese government policy analysts indicated that despite Airbus being a consortium, it still kept separate accounts (*fenzhang de wenti*), and thus freezing one country's Airbus order would only affect that particular country.¹¹⁵ Another senior Chinese government policy analyst concurred, stating that Airbus orders assumed important symbolic meaning because it symbolized good

¹¹² Interview by CCTV with Shi Yinhong, <http://opinion.cntv.cn/20120914/106608.shtml>, accessed April 16, 2014.

¹¹³ Interview KZ-#14, Beijing, China, November 25, 2015.

¹¹⁴ Interview KZ-#46, Beijing, China, February 15, 2016.

¹¹⁵ Interview KZ-#37, Beijing, China, January 19, 2016.

results from high-level bilateral visits.¹¹⁶ Therefore, both Germany and France would want to secure Airbus orders, and China would agree to one country and freeze the order of the other country that received the Dalai Lama, thus putting pressure on the country receiving the Dalai Lama.¹¹⁷ Also, such a freeze would usually last no more than six months, and therefore would not have any adverse effect on the Chinese economy.¹¹⁸ In short, as analysts and former diplomats indicated, China always had exit options because of the competition between France and Germany – when China froze French Airbus orders, Germany would vie for Airbus orders from China.¹¹⁹ In short, the economic vulnerability cost for coercing either France or Germany was low for China.

Why Not Coercing Australia

Australia is similar to France and Germany in many respects. All three countries are advanced economies. As for power status, Australia is an important power in the Asia-Pacific region, just as France and Germany are influential in Europe. And the French President, German Chancellor, and Australian Prime Minister all received the Dalai Lama. It is thus puzzling why China coerced Germany and France, but not Australia. The Australian Prime Minister met with the Dalai Lama in May 2007, and the spokesperson of the Chinese MFA voiced the standard protest.¹²⁰ Yet China did not coerce Australia, and Chinese President Hu Jintao subsequently met with the Australian Prime Minister in September 2007.¹²¹ As shown below, China treated Australia

¹¹⁶ Interview KZ-#43, Beijing, China, January 28, 2016.

¹¹⁷ *Ibid.*

¹¹⁸ *Ibid.*

¹¹⁹ Interview KZ-#59, Wuhan, China, April 18, 2016; Interview KZ-#70, Shanghai, China, May 5, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016.

¹²⁰ MFA Press Release, June 15, 2007,

http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t330345.shtml, accessed November 21, 2017.

¹²¹ MFA Press Release, September 6, 2007,

http://www.fmprc.gov.cn/web/ziliao_674904/zt_674979/ywzt_675099/wzzt_675579/hcfa_APCE_675581/t359240.shtml, accessed November 21, 2017; Interview KZ-#19, Guangzhou, China, December 4, 2015.

differently because it views Australia as a source of energy diversification and the need to establish a reputation for resolve was lower.

Turning first to the need to establish a reputation for resolve, the need to establish a reputation for resolve regarding Australia was low, especially when compared with major European states. Of the 73 times the Dalai Lama was received by foreign heads of state or government from 1990 to 2015, countries in Oceania (Australia and New Zealand) only received the Dalai Lama 6 times, a mere 8%. Of the 20 times that the Dalai Lama was received in the post-2006 period, only Australia received him one time in 2007. The rate of the Dalai Lama's visits to Ocean is much lower when compared with Europe: 5% of total visits in the post-2006 period versus 60%, respectively.

Further, former Chinese diplomats, government policy analysts, and scholars were also aware of these differential rates of visits and the varying degrees of potential demonstration effects. One senior Chinese scholar specializing in Australia fleshed out this logic: adding to the fact that the headquarter for Western support for the Dalai Lama was in Germany, the ability of France and Germany to influence major Western media was much greater than Australia; furthermore, there were so many countries in Europe than in Oceania, and with the influence that France and Germany had, China was afraid other European countries would follow suit.¹²² This scholar concluded that China selected countries that were influential, in the sense that other states might imitate their behavior, which included countries such as France and Germany for the Dalai Lama issue and the Philippines for the South China Sea issue.¹²³ Other government policy analysts and former Chinese diplomats based in Europe also believed that Australia's influence was much smaller when compared with major European countries, especially pointing out the fact that there were 28

¹²² Interview KZ-#19, Guangzhou, China, December 4, 2015.

¹²³ *Ibid.*

countries in the EU that could have easily followed France and Germany (*genfeng*).¹²⁴ The need to establish a reputation for resolve regarding the Australian Prime Minister's meeting with the Dalai Lama was therefore low.

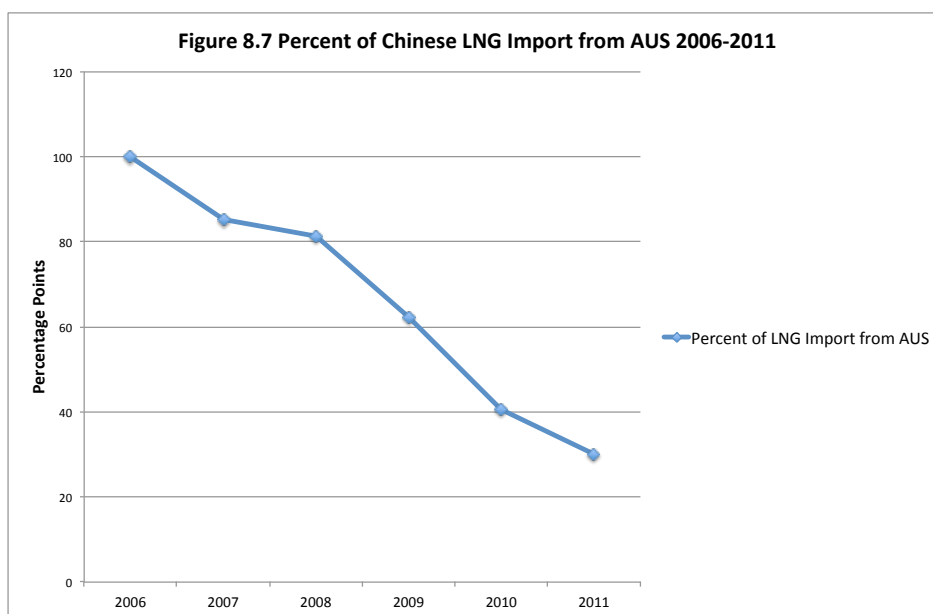
Turning then to economic vulnerability cost, China was economically vulnerability vis-à-vis Australia regarding one specific sector, the energy sector. Owing to the growing need for energy imports (China became a net importer of energy in 1993) and concerns about the stability of the Middle East, the Chinese government began to pursue a strategy of energy import diversification. On one hand, China continued to strengthen relationships with oil producing states in the Persian Gulf. On the other, it began to diversify import sources and types of energy. Zhou Dadi, head of the Institute of Energy Research under the Chinese National Development and Reform Commission (NDRC), expanded on China's diversification strategy. Zhou stated that China should increase the use of international gas and mineral resources, because "we would rather import more-than-adequate amount of oil and gas to increase energy security."¹²⁵ In line with Zhou, one internal document from China's Ministry of Finance indicated that in 2007, China would continue to use preferential tax policies to encourage natural resource-related imports and to reduce energy exports. One observer noted that this policy aimed to expand energy imports while controlling energy exports.¹²⁶ Australia is one important country in China's diversification strategy, because of

¹²⁴ Interview KZ-#20, Beijing, China, December 9, 2015; Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#44, Beijing, China, February 2, 2016; Interview KZ-#46, Beijing, China, February 15, 2016; Interview KZ-#49, Beijing, China, February 23, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016.

¹²⁵ Zhou Dadi's address during the annual conference of "Energy Diversification and Investment Security" (*Nengyuan duoyuanhua yu touzi anquan*), October 2005. This document can be accessed at https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCoQFjAA&url=http%3A%2F%2Fwww.china5e.com%2Fuserfiles%2Ffile%2F1143510907.doc&ei=t8oIU_7ELcug0gHs9oHoAg&usg=AFQjCNEW-A5aFvDAtoI2oLCpr7d5ILt2BA&sig2=Hbm3N_fv7nd0UUrnhu-R1g&bvm=bv.62922401,d.dmQ&cad=rjt, accessed March 16, 2014. The NDRC is one of China's most powerful bureaucracies. It wrote China's first Government white paper on energy policies. See the white paper at <http://www.scio.gov.cn/zfbps/ndhf/2007/Document/307873/307873.htm>, accessed March 16, 2014.

¹²⁶ Wang Li, "Duoyuanhua zhanlue: jiang huajie zhongguo nengyuan jinkou fengxian wenti" [The diversification strategy will solve China's energy issues], *Jingji cankao bao* [Economic Reference], http://www.dss.gov.cn/Article_Print.asp?ArticleID=241340, accessed March 16, 2014.

its abundant energy resources and the relatively secure and short route for transportation.¹²⁷ Before 2005, China had struck several deals with Australia that secured Australian provision of liquid natural gas (LNG) – one of the foci of the diversification strategy – to China’s coastal provinces.¹²⁸ According to Sun Hui from the CICIR, China’s growing need for mineral products led to a drastic increase in Australian mineral imports.¹²⁹ What is particularly noteworthy is that starting from 2006, China became a net importer of natural gas. In 2006, such imports increased by 37.6 percentage points, constituting half of China’s imports from Australia. And these imports continued to grow in 2007 and 2008 at even higher rates despite the Dalai Lama’s visit.¹³⁰ Figure 8.7 below shows Chinese imports of LNG from Australia as a share of total Chinese LNG imports.¹³¹



¹²⁷ See Hou Minyue and Han Dongtao, “Zhong’e, zhong’ao nengyuan hezuo bijiao yanjiu” [A comparative study on Sino-Russian and Sino-Australian energy cooperation], *E’luosi yanjiu* [Russian Studies], Issue 1 (2012); Wu Chongbo, “Zhongguo yu aodaliya hezuo yinglai xinqiji” [New Opportunities in Sino-Australian economic cooperation], *Nanyang wenti yanjiu* [Southeast Asian Affairs], General 119, No. 3 (2004).

¹²⁸ Wu Chongbo, “Zhongguo yu aodaliya hezuo yinglai xinqiji.”

¹²⁹ Sun Hui, “Hu Jintao fang wen aodaliya, zhongao qiutongcunyi huligongying” [President Hu visited Australia, China and Australia pursued a win-win relationship], September 6, 2007, http://www.china.com.cn/international/txt/2007-09/06/content_8829011.htm, accessed March 16, 2014.

¹³⁰ Data comes from the Ministry of Commerce at http://countryreport.mofcom.gov.cn/record/index.asp?p_coun=%B0%C4%B4%F3%C0%FB%D1%C7, accessed March 16, 2014.

¹³¹ Data from Chang Chenguan and Yu Changsen eds., *Zhong’ao guanxi daqushi* [General Trends in Sino-Australian Relations] (Guangzhou: Sun Yat-sun University Press, 2012), p. 80.

It is clear from Figure 8.7 above that LNG imports from Australia constituted a significant portion of overall Chinese LNG imports. In the years immediately prior to the Dalai Lama visit in Australia, China almost exclusively imported LNG from Australia. In short, there was no exit option for China concerning LNG imports from Australia. Despite the decreasing share in more recent years, Australian LNG exports to China still took up 30% of Chinese LNG imports. It would still be difficult for China to seek immediate alternative sources of LNG imports even in recent years since 30% is not an insignificant proportion. Chinese scholars and government policy analysts were well aware of this asymmetry and Australia's economic advantage.¹³²

Furthermore, Australia is rich in uranium, which is essential for nuclear energy. In April 2006, Premier Wen Jiabao signed an agreement with Australia regarding the transfer of nuclear materials. The *People's Daily* interpreted this as an indication of economic complementarity – China needs nuclear power plants, and Australia is one of the leading exporters of uranium.¹³³ CASS analysts and other scholars also pointed out that Australia was China's largest source of iron ore imports and that China was highly dependent on Australian iron ore.¹³⁴ In short, due to China's urgent need for energy resources, Australia has become an important source of energy imports, thus reducing China's incentive for disrupting Sino-Australian trade (half of which is energy-related). This explains why Chinese scholars argued that the basis for Sino-Australian friendship was trade and Chinese leaders kept stressing that China should improve Sino-Australian

¹³² *Ibid.*, p. 77-81; Interview KZ-#19, Guangzhou, China, December 4, 2015; Interview KZ-#20, Beijing, China, December 9, 2015; Interview; KZ-#37, Beijing, China, January 19, 2016. Interview KZ-#59, Wuhan, China, April 18, 2016.

¹³³ Huang Qing (senior editor of the *People's Daily*), *Zhong'ao youhao hezuo kancheng dianfan* [Sino-Australian cooperation as a model], *People's Daily Overseas Edition*, June 29, 2006, Section 1, http://paper.people.com.cn/rmrhwb/html/2006-06/29/content_7126539.htm, accessed March 16, 2014. According to the agreement, China will import 10,000 tons of Uranium from Australia annually.

¹³⁴ Li Xiangyang ed., *Yatai diqu fazhan baogao 2015 [Annual Report on Development of Asia-Pacific]* (Beijing: Social Sciences Academic Press, 2015), p. 72; Interview KZ-#59, Wuhan, China, April 18, 2016.

cooperation on energy and mineral resources.¹³⁵

Table 8.3 below summarizes the contrast between Australia and European states such as France and Germany.

Table 8.3 Cost Balancing and China's Coercion

	Need to establish a reputation for resolve	Economic Vulnerability Cost	Coercion Used or Not
France and Germany	High	Low	Yes (no cases of militarized coercion)
Australia	Low	High	No

As one former diplomat summarized, China chose countries such as France, Germany, and Britain, because China was no longer economically vulnerable towards them, yet their influence was much more significant than smaller countries.¹³⁶ Since China cannot coerce the United States, it selected these major European countries for coercion.¹³⁷ Another former Chinese diplomat based in Europe similarly stated that, compared with European countries, the influence or demonstration effect of Latin American countries was smaller, and China thus coerced mainly European states.¹³⁸ That is, barring from the United States, whom China cannot coerce, the countries having the most influence on the Dalai Lama issue would be European states.¹³⁹ If China did not coerce major European countries, others, especially the rest of Europe, would follow suit. To quote one scholar, the “sheep-herd effect” (*yangqun xiaoying*) is most acute regarding Europe.¹⁴⁰ This is why of the ten times that China used coercion for the Dalai Lama issue in the post-2006 period, nine took place in Europe,

¹³⁵ Sun Hui, “Hu Jintao fang wen aodaliya, zhong’ao qiutong cunyi huli gongying.” Chinese leaders made such statements both before and after Dalai Lama’s visit to Australia. See Wenjiabao’s speech in *People’s Daily*, January 16, 2007, section 3; Assistant Foreign Minister He Yafei’s remarks on August 28, 2007, http://news.xinhuanet.com/newscenter/2007-08/28/content_6620541.htm, accessed March 16, 2014.

¹³⁶ Interview KZ-#22, Beijing, China, December 15, 2015.

¹³⁷ *Ibid.*

¹³⁸ Interview KZ-#46, Beijing, China, February 15, 2016.

¹³⁹ Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#46, Beijing, China, February 15, 2016.

¹⁴⁰ Interview KZ-#59, Wuhan, China, April 18, 2016.

covering 90% of Chinese coercion over the Dalai Lama visits. Chinese coercion was quite successful in these cases, in that German and French leaders refused to meet with the Dalai Lama subsequently. And the number of countries receiving the Dalai Lama decreased in more recent years, as seen in Figure 8.1. Even non-EU countries were deterred. For example, in 2011, South Africa declined to grant a visa to the Dalai Lama; in 2014, South Africa refused to grant the Dalai Lama a visa again, with Foreign Minister Nkosazana Dlamini Zuma stating that “[l]et’s be honest, it was also about avoiding putting South Africa on a ‘collision course’ with China.”¹⁴¹ Beginning in 2014, the United States became the only country that was willing to receive the Dalai Lama.

Geopolitical Backlash Cost

Although geopolitical backlash cost does not determine when China uses coercion, it is another factor that distinguishes Australia from France and Germany. China believes that sanctioning either France or Germany will not incite a backlash from Europe. For example, two months after Chancellor Merkel met with the Dalai Lama in 2007, China noticed that German diplomats were worried that the Chinese reaction towards Germany would “leave the opportunities to France” and that Paris would “make use of” Germany’s deteriorating relations with China.¹⁴² Five days later, China announced the decision to purchase Airbus aircraft from France.¹⁴³ Then Foreign Minister Tang Jiaxuan summarized in his memoir the Chinese strategy towards Germany: “When Germany tried to meddle in China’s internal affairs, we fought back on just grounds, *to our*

¹⁴¹ “Need for an explicit government policy on Dalai Lama,” *Pretoria News (South Africa)*, September 5, 2014 Friday, E1 Edition; Loyiso Langeni, “SA denies China pressure on Dalai Lama,” *Business Day (South Africa)*, September 27, 2011 Tuesday.

¹⁴² “Zhongguo biaoda fennu zhendong deguo” [China’s anger shook Germany], November 21, 2007, *Global Times*, http://www.china.com.cn/news/txt/2007-11/21/content_9265995.htm, accessed December 8, 2013.

¹⁴³ See fn. 103. The timing at least suggests that China knew the German worry and was convinced that instead of Germany balancing with France against China, it could play France against Germany by giving carrots to the former but sticks to the latter.

advantage, and with restraint."¹⁴⁴ What did he mean by "to our advantage"? Tang immediately instructed the MFA to "press on with the German effort [to try to amend relationships] while continuing to apply proper pressure, [and] to handle relations with other major European powers well."¹⁴⁵ While not stated explicitly, Tang's measures seemed to follow a "divide and conquer" strategy of indirect sanctions (*duomai bieren de, fen'er zhizhi, jianjie zhicai*), according to interviews with Chinese scholars.¹⁴⁶ This strategy hinged on the belief that there was "advantage" to take in Europe by isolating Germany while improving relations with its neighbors, which also applies to Chinese sanctions against France. This strategy was made possible by the geopolitical situation in Europe: the director of European Studies Institute at the Chinese Academy of Social Sciences (CASS) argues that *unlike* the U.S. Congress, which can call for trade protectionism against China, the European Union finds it difficult to act in unison as its members derive different degrees of benefits from their trade relations with China.¹⁴⁷ Yuan Peng, director of American studies at the China Institute of Contemporary International Relations (CICIR), states that there is no Western front line of containment among Germany, France, and Britain.¹⁴⁸ The reasoning of these government think tanks might reflect the calculation of Chinese leaders that due to interest differences, Germany, France, and Britain would not be able to unite to balance against China. Of course, the low geopolitical backlash cost does not mean China has to use military coercion – it just implies it is possible that China might use military coercion. Given the Dalai Lama visit is more of a political issue, it makes sense that China uses non-military measures when it knows they will be sufficiently effective. Hypothetically, if a foreign government is aiding a military rebellion or armed conflict in

¹⁴⁴ Tang, *Heavy Storm and Gentle Breeze: A Memoir of China's Diplomacy* (New York: Harper Collins, 2011), p. 463. Emphasis added.

¹⁴⁵ *Ibid.*, p. 486.

¹⁴⁶ Interview, Beijing, July 9, 2014.

¹⁴⁷ Zhou Hong, "Zhongguo yu ouzhou guanxi 60nian" [Sino-European relations in the past 60 years], in Zhang Yunling ed., *Zhongguo duiwai guanxi: huigu yu sikao (1949-2009)*, p. 62. Emphasis added.

¹⁴⁸ Yuan Peng, "Zhongguo waijiao xu jinfang dazhanlue shiwu" [China should avoid strategic mistakes], *Xiandai guoji guanxi* [Contemporary International Relations], No. 11 (2010), p. 13. The CICIR is under the Chinese Ministry of State Security.

Tibet, China might use military coercion. This further refutes the alternative explanation that states will prefer to use military coercion.

In contrast, Chinese scholars state that Australia possesses immense strategic value to China, mostly because of its geographical location. They argue from a geopolitical standpoint that Australia is the front line for maritime nations wanting to contain land-based great powers (such as China). Therefore, it is critical for China's security that Australia (and New Zealand) remains friendly to China.¹⁴⁹ After all, Chinese scholars believe that ASEAN, Japan, and India are all trying to use Australia to increase their respective balance of power.¹⁵⁰ The geopolitical significance of Australia contributed to China's friendly tone: the *People's Daily* stresses that neither Australia nor China views each other as threats and the two countries should therefore focus their relationships on the positive sides.¹⁵¹ Despite the Dalai Lama's visit, President Hu Jintao paid a state visit to Australia in September 2007, stating that deepening Sino-Australian comprehensive cooperation (*quanmian hezuo*) is conducive to long-term and strategic interests on both sides and that China views the bilateral relationship from a "strategic height."¹⁵² This indicates that geopolitics also played a restraining role.

¹⁴⁹ For this line of reasoning, see Zhang Lu and Huang Ji, *Zhongguo zhoubian zhanlue zhong de aodaliya* [Australia in China's Regional Strategy], No. 2 (2007), *Xiandai guoji guanxi* [Contemporary International Relations].

¹⁵⁰ Zhai Kun, *Zhong'ao hezuo lizai yatai* [Sino-Australian cooperation is beneficial to the Asia-Pacific], *People's Daily Overseas Edition*, September 4, 2007, section 1, http://paper.people.com.cn/rmrhwb/html/2007-09/04/content_18825505.htm, accessed March 16, 2014. Zhai is the director of Southeast Asian and Oceanian Studies at the CICIR.

¹⁵¹ Huang Qing, *Zhong'ao youhao hezuo kancheng dianfan*.

¹⁵² Lai Hailong, "Hujintao: zhong'ao guanxi chengwei youhao huli dianfan" [Sino-Australian relations became a model for mutual friendship], September 4, 2007, <http://news.sina.com.cn/c/2007-09-04/224313816278.shtml>, accessed March 16, 2014; *People's Daily*, September 7, 2007, section 1.

Section III. Alternative Explanations

As stated in the theory chapter, there are two primary alternative explanations regarding when China decides to coerce. The first concerns bureaucratic interests and the power struggle among different bureaucracies and domestic interest groups such as state-owned enterprises. In this view, when and why China uses coercion is a result of the winning bureaucracies, rather than centrally led cost-benefit decision making. The second alternative explanation champions an individual based explanation, stating that leadership differences explain when China uses coercion.

Both government policy analysts and scholars indicated that bureaucratic politics or domestic lobbying groups are not drivers of Chinese coercion decisions.¹⁵³ When it comes to the Dalai Lama visits, the United Fronts Department and the Bureau of Religious Affairs (*Zongjiao shiwu guanliju*) are involved, with the MFA being the coordinator.¹⁵⁴ Nevertheless, these agencies simply implement the policies, and it is the central government that makes the final decision.¹⁵⁵ For cases such as the French and British heads of government meeting with the Dalai Lama, the decisions were all elevated to Premier Wen Jiabao and Premier Li Keqiang, respectively.¹⁵⁶ Also, the fact that China did not change the overall quantity of Airbus aircraft indicated that domestic lobbies such as domestic aviation competitors do not drive coercion decisions: if domestic lobbying groups want to reduce the number and value of imported aircraft, we should have seen a decrease in the total aircraft import from Airbus.

As for the personality alternative, both government policy analysts and former Chinese diplomats base in Europe indicated that leadership personality is not the deciding factor of Chinese

¹⁵³ Interview KZ-#49, Beijing, China, February 23, 2016; Interview, Beijing, China, July 9, 2014; Interview KZ-#100, Beijing, China, July 28, 2016.

¹⁵⁴ Interview KZ-#100, Beijing, China, July 28, 2016.

¹⁵⁵ Interview KZ-#49, Beijing, China, February 23, 2016; Interview, Beijing, China, July 9, 2014.

¹⁵⁶ Interview, Beijing, China, July 9, 2014.

coercion.¹⁵⁷ In particular, regardless of which leader is in power, he or she exercises rational calculus when it comes to the Dalai Lama issue. In fact, of the ten times China used coercion for the Dalai Lama issue in the post-2006 period, President Hu Jintao used coercion nine times, and Xi Jinping, the allegedly most assertive leader, used coercion once. If leadership personality is the most critical factor, we should see more coercion in President Xi Jinping's administration, but we see the reverse instead, indicating the limit of the individual leadership alternative in explaining coercion decisions.

Some might also argue that leaders might use coercion to increase their domestic legitimacy and that they are forced to use coercion to score domestic points. Yet government policy analysts, scholars, and former diplomats based in Europe have repeatedly stated that domestic legitimacy is not the critical concern for China when it comes to coercion for the Dalai Lama issue.¹⁵⁸ If domestic legitimacy concern is most critical, we should see more coercion in the 1990s, especially immediately after the Tiananmen incident, when legitimacy concerns should be most acute. Yet China did not use coercion for the Dalai Lama issue in the 1990s at all.

Conclusion

To briefly summarize, Chinese coercion regarding the Dalai Lama issue varies both temporally and cross-nationally. Similar to the previous chapter on Taiwan, China did not use

¹⁵⁷ Interview KZ-#49, Beijing, China, February 23, 2016; Interview KZ-#52, Beijing, China, March 9, 2016; Interview KZ-#74, Shanghai, China, May 10, 2016.

¹⁵⁸ Interview KZ-#19, Guangzhou, China, December 4, 2015; Interview KZ-#22, Beijing, China, December 15, 2015; Interview KZ-#37, Beijing, China, January 19, 2016; Interview KZ-#38, Beijing, China, January 20, 2016; Interview KZ-#43, Beijing, China, January 28, 2016; Interview KZ-#49, Beijing, China, February 23, 2016; Interview KZ-#52, Beijing, China, March 9, 2016.

coercion for the Dalai Lama visits in the pre-2002 period, despite the great need to establish a reputation for resolve in the 1996-2002 period. The theory would have predicted that China would use coercion in the mid to late 1990s because Tibet is a core-interest issue. This slight deviance from the theory in the pre-2002 period suggests that economic vulnerability vis-à-vis the United States and Europe in general trumps other factors in China's coercion calculus before 2002. Except for the 1996-2002 period, the patterns of Chinese coercion are in line with the theory's predictions. Just as the South China Sea cases, China does not coerce all states that receive the Dalai Lama in the post-2006 period but focuses on major European countries, because the need to establish a reputation for resolve was great vis-à-vis major European countries whereas the economic vulnerability cost became low. This chapter indicates that the cost-balancing theory does not apply only to territorial disputes or the Taiwan issue, but also can generalize to more political issues such as foreign leaders' reception of the Dalai Lama.

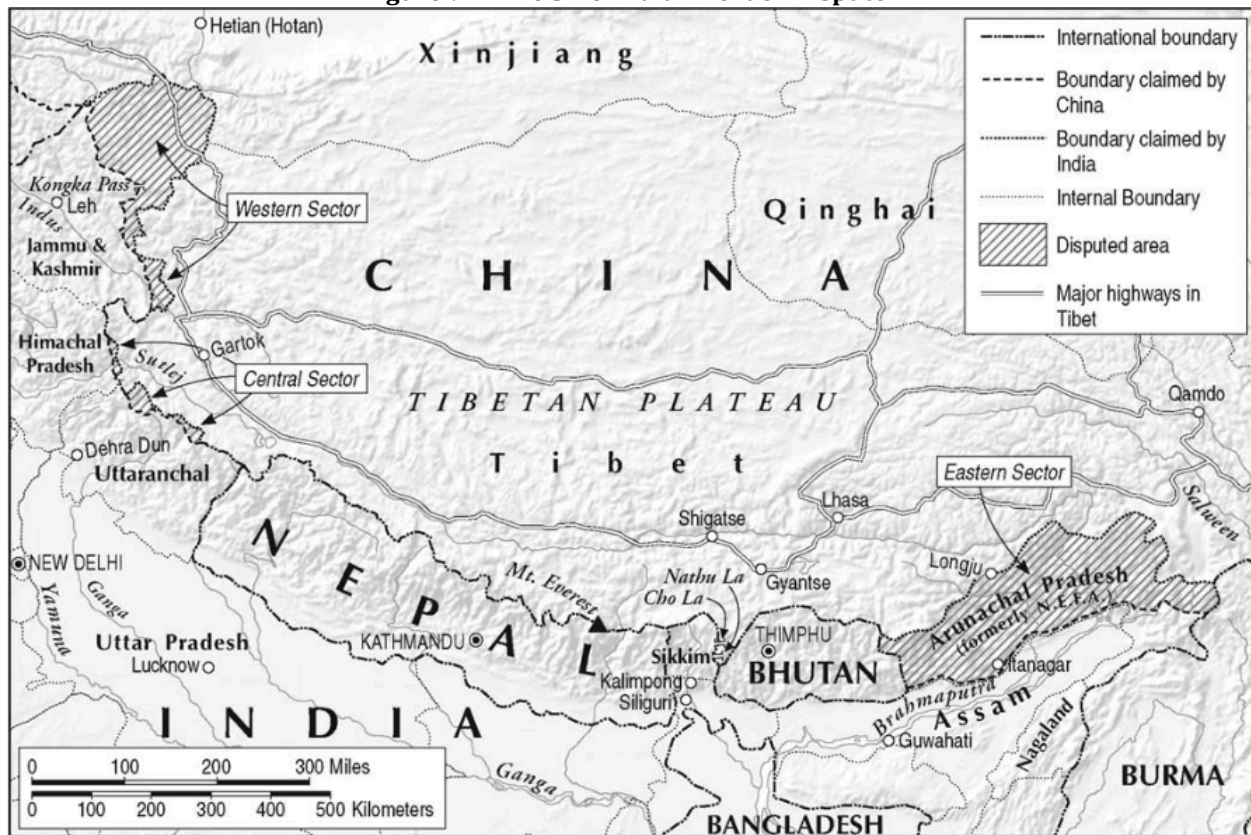
Chapter 9

The Sino-Indian Border Dispute

Section I. Introduction

Having explained maritime territorial disputes, the Taiwan issue, and the Tibet issue, we now turn to China's territorial disputes on land, the Sino-Indian territorial disputes.

Figure 9.1. The Sino-Indian Border Dispute¹



As shown above in Figure 9.1, China and India have territorial disputes along the western sector, central sector, and the eastern sector of the Sino-Indian border. In terms of significant territories

¹ This map is adapted from Taylor Fravel, *Strong Border, Secure Nation*, p. 80.

controlled, China controls Aksai Chin in the western sector, whereas India controls Arunachal Pradesh in the eastern sector. The Line of Actual Control (LAC) is a demarcation line that separates Indian-controlled territories from Chinese-controlled territories, which traverses three areas — the western sector (Ladakh, Kashmir), central sector (Uttarakhand, Himachal), and eastern (Sikkim, Arunachal).² Both China and India, however, have different perceptions about where the LAC actual lies in some segments of the LAC.³ In 1996, India and China signed an called “Agreement Between the Government of the Republic of India and the Government of the People's Republic of China on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas,” in which the two sides agree to “speed up the process clarification and confirmation” of the LAC.⁴ Nevertheless, up till the present, China and India have yet to clarify and confirm the LAC completely.

China and India fought a war in 1962 over the disputed territory, yet no major conflicts have taken place ever since, which is especially the case for the post-Cold War period.⁵ Both sides have taken measures to control and manage the territorial disputes, signing an “Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India-China Border Areas”⁶ in 1993, an “Agreement Between the Government of the Republic of India and the

² “All you want to know about the Line of Actual Control (LAC),” *The Times of India*, September 19, 2014, <https://timesofindia.indiatimes.com/all-you-want-to-know-about-the-line-of-actual-control-lac/listshow/42893743.cms>, accessed April 30, 2018.

³ “Agreement Between the Government of the Republic of India and the Government of the People's Republic of China on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas,” November 29, 1996, document provided by UN Peacemaker, https://peacemaker.un.org/sites/peacemaker.un.org/files/CN%20IN_961129_Agreement%20between%20C hina%20and%20India.pdf, accessed April 30, 2018.

⁴ *Ibid.*

⁵ As Tao Wanxian, Chief of Staff of the Chinese Tibetan Border Defense Forces noted, see Bian Jibu, “Zoujin zhongyin bianjing shikongxian” [Regarding the Sino-Indian LAC], *Zhongguo bianfang jingcha [Chinese Border Police]*, January 2007, p. 58. Of course, there was the Sumdorong Chu standoff in 1987, yet it was not a major conflict.

⁶ “Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India-China Border Areas,” September 7, 1993, document provided by UN Peacemaker, https://peacemaker.un.org/sites/peacemaker.un.org/files/CN%20IN_930907_Agreement%20on%20India-China%20Border%20Areas.pdf, accessed April 30, 2018.

Government of the People's Republic of China on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas"⁷ in 1996, a "Declaration on Principles for Relations and Comprehensive Cooperation Between the People's Republic of China and the Republic of India"⁸ in 2003, an "Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question"⁹ in 2005, the "India-China Agreement on the Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs"¹⁰ in 2012, and a "Border Defense Cooperation Agreement between India and China"¹¹ in 2013. Nevertheless, the Sino-Indian border dispute is an important case for analyzing Chinese coercion in the post-Cold War period due to three issues.

First, because of the different perceptions of the LAC in certain segments of the disputed border regions, there are at times transgressions along the LAC, that is, Chinese troops entering what India considers to be its side of the LAC or vice versa.¹² It is curious, however, that in the 1990s, there were rarely Chinese transgressions of the LAC. One Indian scholar indicated that "no

⁷ "Agreement Between the Government of the Republic of India and the Government of the People's Republic of China on Confidence-Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas," November 29, 1996.

⁸ MFA, "Declaration on Principles for Relations and Comprehensive Cooperation Between the People's Republic of China and the Republic of India," June 25, 2003, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t22852.shtml, accessed April 30, 2018.

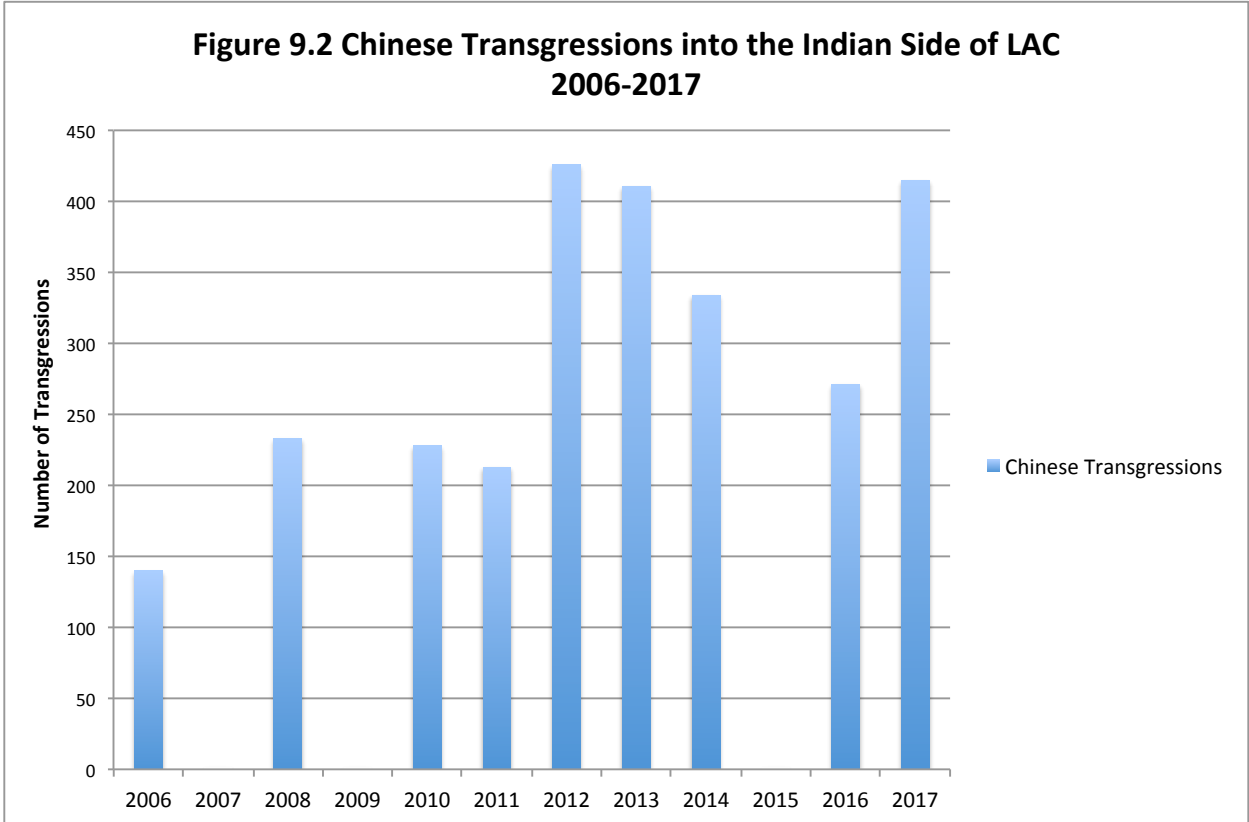
⁹ Indian Ministry of External Affairs, "Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question," April 11, 2005, <http://www.mea.gov.in/bilateral-documents.htm?dtl/6534/Agreement+between+the+Government+of+the+Republic+of+India+and+the+Government+of+the+Peoples+Republic+of+China+on+the+Political+Parameters+and+Guiding+Principles+for+the+Settlement+of+the+IndiaChina+Boundary+Question>, accessed April 30, 2018.

¹⁰ Indian Ministry of External Affairs, "India-China Agreement on the Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs," January 17, 2012, <http://mea.gov.in/bilateral-documents.htm?dtl/17963/IndiaChina+Agreement+on+the+Establishment+of+a+Working+Mechanism+for+Consultation+and+Coordination+on+IndiaChina+Border+Affairs>, accessed April 30, 2018.

¹¹ "Border Defence Cooperation Agreement between India and China: full text," *New Delhi Television (NDTV)*, October 23, 2013, <https://www.ndtv.com/india-news/border-defence-cooperation-agreement-between-india-and-china-full-text-538646>, accessed April 30, 2018.

¹² Interview KZ-#116, Beijing, China, December 19, 2017; Peter Lee, "China's border rows mirror grim history," *Asia Times*, May 3, 2013, <http://www.atimes.com/atimes/China/CHIN-01-030513.html>, accessed April 30, 2018.

[Chinese] incursions [into the LAC of the Indian side] were reported for a decade from 1988 to 1998.”¹³ A Factiva search of Indian newspapers from 1990 to the present confirmed this. In fact, the earliest Chinese transgression reported by the Indian media dated back to June 26, 2003.¹⁴ Figure 9.2 below indicates the number of Chinese transgressions as reported by India from 2006 to 2017.¹⁵



¹³ Mohan Malik, “Victory Without Bloodshed: China’s India Strategy,” *The Diplomat*, August 20, 2013, <https://thediplomat.com/2013/08/victory-without-bloodshed-chinas-india-strategy/?allpages=yes>, accessed April 30, 2018.

¹⁴ Chinese transgressed on LAC in Arunachal - India, 25 July 2003, *The Times of India*.

¹⁵ Data comes from “ITBP Chief proves BJP MP right but gives logical reason,” *The Economic Times*, October 24, 2007; “No PLA intrusion since 2010: Govt,” *The Times of India*, August 20, 2014; Prabhaskar K. Dutta, “Doklam hangover: Crisis averted but threat persists as China renews focus on borders,” *India Today*, January 11, 2018, <https://www.indiatoday.in/india/story/doklam-hangover-crisis-averted-but-threat-persists-as-china-renews-focus-on-borders-1133458-2018-01-11>, accessed April 30, 2018. These are official data made public due to query from Indian Members of Parliament, provided by the Indo-Tibetan Border Police (ITBP), the force in charge of border patrol along the LAC. Data for 2007, 2009, and 2015 is unavailable. Pre-2006 data is also unavailable.

As shown above in Figure 9.2, despite the missing data from 2007, 2009, and 2015, there is an average of 297 transgressions per year from 2006 to 2017, and the number of transgressions has witnessed a gradual increase from 2006. Even though aggregate data in the pre-2006 period is unavailable, a Factiva search of Indian reports of Chinese transgressions only yields two reports in the pre-2006 period. This lack of reports before 2006, along with the Indian scholar's claim that no Chinese incursions were reported between 1988 and 1998, suggests that Chinese transgressions of the LAC have increased dramatically since 2006.¹⁶ Chinese scholars concur with this observation, too.¹⁷ It is therefore critical to explain what prompted and explained this sudden and continuous increase.

Second, 2013 and 2014 witnessed more proactive Chinese attempts to establish tents or more permanent infrastructure in the area adjacent to the LAC or what India considers to its side of the LAC, resulting in militarized stand-offs lasting for weeks. On April 15, the Chinese People's Liberation Army (PLA) decided to build tents and camps on the Depsang plain abutting Aksai Chin in the western sector of the Sino-Indian border, refusing to acknowledge the Indian accusation of a breach in the LAC.¹⁸ More than 300 PLA troops camped in Chumar of the Depsang plain and China did not dismantle these tents until three weeks later.¹⁹ In September 2014, more than 200 PLA soldiers entered what India considers its territory and used cranes and bulldozers to build a 1.2-

¹⁶ An Indian defense journalist previously based in India and China confirmed this, too. Interview KZ-#116, Beijing, China, December 19, 2017.

¹⁷ Interview KZ-#118, Beijing, China, March 26, 2018.

¹⁸ Manoj Joshi, "Making sense of the Depsang incursion," *The Hindu*, May 7, 2013, <http://www.thehindu.com/opinion/op-ed/making-sense-of-the-depsang-incursion/article4689838.ece>, accessed April 30, 2018.

¹⁹ Prabhash K. Dutta, "How India, China compromise: A look at how standoffs before Doklam were resolved," *India Today*, August 31, 2017, <https://www.indiatoday.in/india/story/doklam-standoff-india-china-compromise-demchok-chumar-daulta-beg-oldi-1034861-2017-08-31>, accessed April 30, 2018; Ananth Krishnan, "India, China end border standoff along LAC," *India Today*, September 30, 2014, <https://www.indiatoday.in/world/neighbours/story/india-china-border-standoff-ladakh-lac-kashmir-xi-jinping-chumar-301589-2014-09-30>, accessed April 30, 2018; See Peter Lee, "China's border rows mirror grim history."

mile road.²⁰ As the 1993 agreement stated, “in case personnel of one side cross the line of actual control, upon being cautioned by the other side, they shall immediately pull back to their own side of the line of actual control.”²¹ One former Chinese diplomat based in New Delhi also confirmed that most of the time Chinese and Indian border defense troops have an amicable relationship. For example, Chinese border forces would leave cigarettes along the LAC in exchange for Indian fur products; during major Chinese as well as Indian festivals such as the New Year, both sides would celebrate.²² Therefore, as one Indian journalist indicated, this development in 2013 and 2014 indicated something new.²³ It is thus curious why China would begin to take more assertive and coercive measures starting 2013 and 2014.

Finally, the Sino-Indian Doklam standoff began on June 16, 2017, some ten days after Bhutan objected to Chinese road construction in the disputed area between China and Bhutan.²⁴ Bhutan requested the Indian Army, which led to Chinese and Indian soldiers jostling with each other.²⁵ Subsequently, troops from both the Chinese and Indian sides took their positions merely 150 meters from each other at Doklam.²⁶ China demanded that India withdraw its troops.²⁷ In addition to this militarized standoff, China also denied Indian official pilgrims entry into China via the Nathu La Pass.²⁸ Closed since the 1962 war, the Nathu La crossing was re-opened only in 2015

²⁰ “India-China border standoff highlights tensions before Xi visit, Jason Burke in Delhi and Tania Branigan in Beijing,” *The Guardian*, September 16, 2014, <http://www.theguardian.com/world/2014/sep/16/india-china-border-standoff-xi-visit>, accessed April 30, 2018.

²¹ “Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India-China Border Areas,” September 7, 1993.

²² Interview KZ-#3, Beijing, China, August 25, 2015.

²³ Interview KZ-#116, Beijing, China, December 19, 2017.

²⁴ Prabhash K. Dutta, “How India, China compromise: A look at how standoffs before Doklam were resolved.”

²⁵ *Ibid.*

²⁶ *Ibid.*

²⁷ MFA Press Conference, June 26, 2017, http://www.fmprc.gov.cn/web/fyrbt_673021/t1473257.shtml, accessed April 30, 2018.

²⁸ *Ibid.*; MFA Press Conference, June 27, 2017, <http://in.china-embassy.org/chn/fyrth/t1473513.htm>, accessed April 30, 2018.

as a confidence-building measure.²⁹ China also pushed off the border issue meeting between Indian and Chinese foreign ministries till December 2017.³⁰

These three sets of more recent development suggested an increase in Chinese coercion regarding the Sino-Indian border disputes. The following paragraphs therefore aim at explaining the general trend of increased transgressions, the 2013 construction of tents in the LAC region, and the 2017 Doklam stand-off involving China, Bhutan, and India. I have yet to obtain more data regarding the 2014 standoff and therefore do not discuss the 2014 case. I will first explain the general trend, then discuss the 2013 standoff, and finally the 2017 Doklam standoff. Chinese coercion regarding the Sino-Indian border disputes is similar to Chinese land reclamation in the South China Sea because it is more proactive. That is, there are no direct actions on the part of India that triggered Chinese coercion. Although the evidence is still preliminary, I find that the cost-balancing theory generally explains Chinese coercion regarding land disputes. In particular, China coerces India because of the low economic vulnerability cost and uses mainly militarized coercion because the geopolitical backlash cost is low.

Section II. Explaining Trends and Cases in Sino-Indian Border Disputes

This section first explains the increase of Chinese transgressions along the LAC and then investigates individual cases of Chinese coercion.

²⁹ Jeff M. Smith, "High moon in the Himalayas: behind the China-India standoff at Doka La," War on the Rocks, July 13, 2017, <https://warontherocks.com/2017/07/high-noon-in-the-himalayas-behind-the-china-india-standoff-at-doka-la/>, accessed April 30, 2018.

³⁰ MFA Press Conference, June 30, 2017, <http://in.china-embassy.org/chn/fyrth/t1474476.htm>; MFA Press Conference, December 19, 2017, <http://in.china-embassy.org/chn/fyrth/t1520714.htm>, accessed April 30, 2018.

Explaining the Increase of Chinese Transgressions Along the LAC

As shown in Figure 9.2, Chinese transgressions into what India perceives to be its side of the LAC has witnessed a sharp increase since 2006. Indian defense journalists, former Indian military officials, and Chinese government policy analysts cautioned that such Chinese transgressions are not unilateral because transgressions from the Indian side have also been increasing.³¹ One former Chinese intelligence analyst of India indicated that Chinese and Indian transgressions or encounters are not necessarily intentional: for one, both sides have different perceptions about the LAC; for another, some routes for patrol in the eastern sector are quite long — 30 to 40 kilometers — and could take more than one day to patrol, which means that Chinese and Indian patrol forces could encounter one another, even though the convention is such that the Chinese patrols on one day and the Indian patrols the next day.³² Yet it is important to note that these Chinese transgressions are akin to Chinese land reclamation in the South China Sea – proactive and general coercive behavior not aimed at particular targets or events. That is, the increase has to do with the long-term capability growth of China and China would not have been able to increase its transgressions without capability growth.³³

The most important factor contributing to increased Chinese transgressions is the completion of the Tibet-Qinghai railway (*qingzang tielu*) in 2006, according to several former Chinese diplomats based in India and Indian journalists.³⁴ This railway greatly improved China's logistical capability such that China would be able to transport divisions of Chinese troops to the

³¹ Interview KZ-#116, Beijing, China, December 19, 2017; Interview KZ-#11, Beijing, China, October 14, 2015; Lt. General V.K. Kapoor, "Chinese Incursions in Indian Territory," *SP's Land Forces*, <http://www.spslandforces.com/experts-speak/?id=64&h=Chinese-Incursions-in-Indian-Territory>, accessed April 30, 2018.

³² Interview KZ-#72, Shanghai, China, May 7, 2016; Interview KZ-#119, Beijing, China, March 27, 2018.

³³ Interview KZ-#116, Beijing, China, December 19, 2017

³⁴ Interview KZ-#116, Beijing, China, December 19, 2017; Interview KZ-#3, Beijing, China, August 25, 2015; Interview KZ-#62, Wuhan, China, April 20, 2016.

Sino-Indian border in a significantly shorter amount of time, slightly more than ten hours.³⁵ Furthermore, Lin Minwang, a former diplomat at the Chinese embassy in New Delhi, noted that China's infrastructure in the border regions has dramatically improved to the extent that many roads could reach areas merely five to ten kilometers from the LAC, which makes it easier for the border forces to patrol along the LAC.³⁶ Finally, Indian experts indicated that since 2000, China has put in place a sophisticated military infrastructure in Tibet: "five fully operational air bases, several helipads, an extensive rail network, and 36,000 miles of roads—giving them the ability to rapidly deploy 30 divisions (approximately 15,000 soldiers each) along the border, a 3-to-1 advantage over India."³⁷ Chinese government policy analysts similarly stated that the development of technology, especially the GPS technology, made the monitoring of patrol easier, which in turn increased the frequency of actual border patrol.³⁸ That is, with the GPS attached to soldiers on the ground, they cannot lie to their field commanders that they have patrolled the border regions when they did not.

India reacted to China's capability growth, infrastructure development along the border regions, and completion of the 2006 railway by improving the Indian border forces. Even former Chinese diplomats acknowledged that it was after China completed the 2006 Tibet-Qinghai railway that India began to improve road construction in the border region while strengthening the stationing and patrol of border forces.³⁹ Chinese government policy analysts also agreed that India was quite defensive: India did not actively seek conflicts, but rather improved infrastructure for fear of China's rapid development in infrastructure.⁴⁰

³⁵ Interview KZ-#3, Beijing, China, August 25, 2015.

³⁶ Li Minwang, "Zhongyin shikong xianshang de diaogui youxi [The game on the Sino-Indian LAC]," September 19, 2015, http://opinion.china.com.cn/opinion_79_137779.html, accessed April 30, 2018. Lin was a former Chinese diplomat based in India.

³⁷ Mohan Malik, "Victory Without Bloodshed: China's India Strategy."

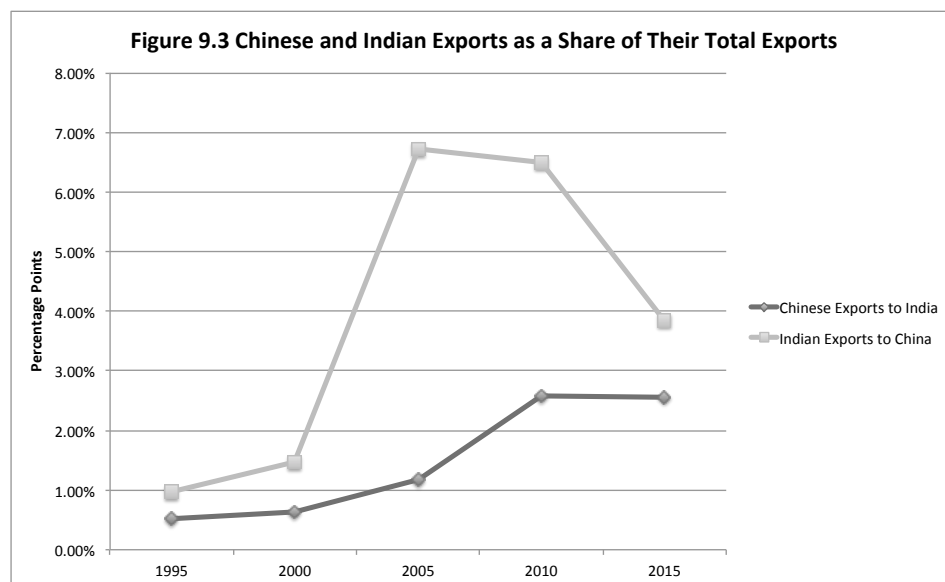
³⁸ Interview KZ-#119, Beijing, China, March 27, 2018.

³⁹ Li Minwang, "Zhongyin shikong xianshang de diaogui youxi."

⁴⁰ Interview KZ-#119, Beijing, China, March 27, 2018.

Chinese scholars also conceded that it was only starting from 2007 — after the Chinese 2006 Tibet-Qinghai railway — that India began to develop its offensive mountain division, increase the number of posts and troops in the western sector while building more airfields and roads along the border region.⁴¹ In short, it was China that initiated the militarized build-up along the LAC, which in turn contributed to increased transgressions along the LAC since 2006. This Chinese proactive behavior contrasts with Chinese land reclamation in the South China Sea because large-scale Chinese land reclamation takes place only after Vietnam, the Philippines, and Malaysia began building more infrastructure on their occupied land features in the Spratlys.

Furthermore, China was willing to engage in infrastructure upgrade in the border region as well as increasing transgressions of the LAC because of the low economic vulnerability cost vis-à-vis India, as the cost-balancing theory would predict. For one, China has increasingly become an important export market for India, whereas the Indian market is not as important for China, as shown in Figure 9.3 below.⁴²



⁴¹ Qiu Meirong, “Yindu zai zhongyin bianjing zhengduan zhongde xindongxiang” [India’s new directions in the Sino-Indian border dispute], *Xiandai guoji guanxi [Contemporary International Relations]*, Issue 6 (2016), p. 16.

⁴² Data comes from UNComtrade, compiled by CASS analysts, March 27, 2017, http://www.sohu.com/a/131340697_611310, accessed April 30, 2018.

In Figure 9.3, the light gray line denotes Indian exports to China as a total share of Indian exports. It is clear that Indian exports to China constituted a significantly greater share of total Indian exports beginning early 2000s. In fact, China was only India's 19th export destination in 2000 but has emerged as India's third largest export destination since 2005.⁴³ China remains to be in the top three or top five export markets for India, despite India running a trade deficit against China.⁴⁴ In other words, China is still among the most important export markets for India. In contrast, the dark gray line denotes Chinese exports to India as a total share of Chinese exports. It is true that the share of Chinese exports to India has increased over the years, yet unlike Chinese exports to the United States, Japan, the EU, or even ASEAN – as shown in Figure 4.6 in Chapter 4 – exports to India are not critically important for China. In 2005, India was China's 16th largest export market, and even in 2015, India ranked a mere ninth in China's export destinations.⁴⁵ In short, Indian was not a major export destination for China.

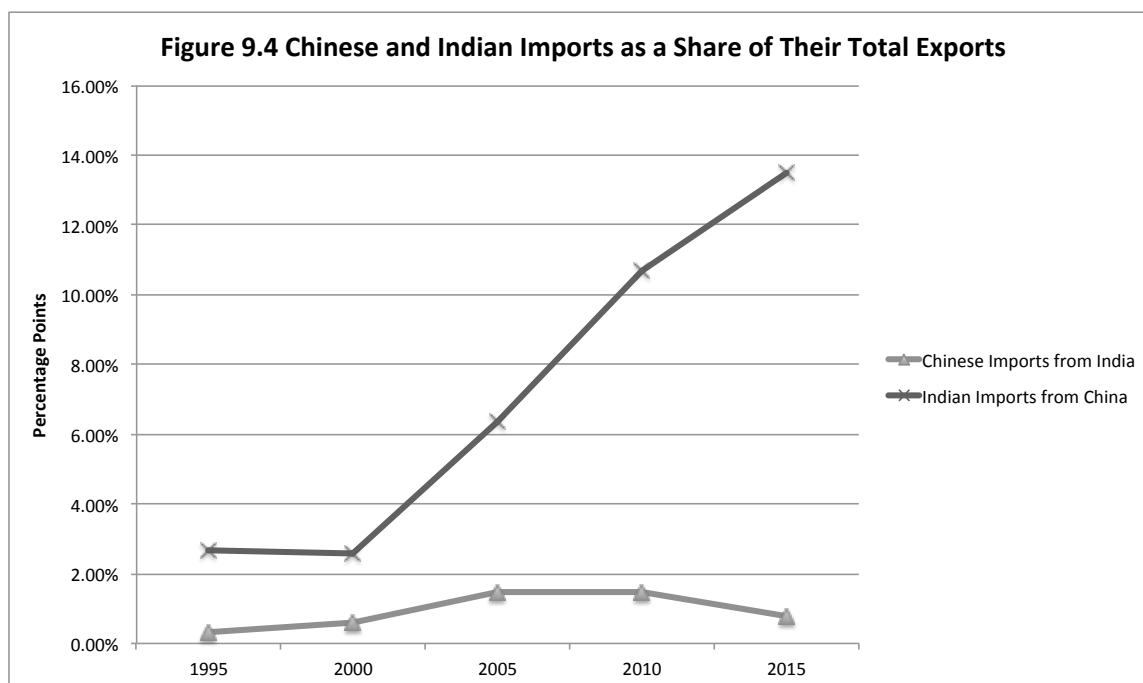
For another, China remains an important import source for India, whereas import from India is not as crucial to China, as shown below in Figure 9.4.⁴⁶

⁴³ *Ibid.*

⁴⁴ For discussions about India's trade deficit towards China, see Li Li, "Zhongyin maoyi guanxi de guoji zhengzhi jingjixue fenxi [An IPE analysis of Sino-Indian trade]," *Dongnanya nanya yanjiu [Southeast Asia and South Asia studies]*, Issue 2 (2011).

⁴⁵ Data comes from UNComtrade, compiled by CASS analysts, March 27, 2017, http://www.sohu.com/a/131340697_611310, accessed April 30, 2018.

⁴⁶ *Ibid.*



In Figure 9.4, the dark gray line denotes Indian imports from China, which picked up dramatically since the early 2000s. By 2005, China has become India’s largest import source and has remained so.⁴⁷ India, however, is not a critical import source for China, as seen by the light gray line. Chinese imports from India has remained less than two percentage points of total Chinese imports. From 1995 to 2015, India was only China’s 29th, 27th, 15th, 14th, and 25th largest import source, respectively.⁴⁸ In other words, in the economic sense, China is much more important to India and India is to China, which senior CASS analysts also agree.⁴⁹ China’s economic vulnerability vis-à-vis India has therefore been low.

Finally, the geopolitical situation between China and India makes it more favorable for China to use military coercion and military measures. As Chinese scholars and government policy analysts indicate, unlike maritime territorial disputes, it is mainly the Chinese PLA that is directly

⁴⁷ *Ibid.*

⁴⁸ *Ibid.*

⁴⁹ Zhao Jianglin, “An assessment of the current Sino-Indian economic relations” [Dui dangqian zhongyin guanxi de pinggu], *Nanya yanjiu [South Asia Studies]*, Issue 4 (2013), p. 7.

involved in border transgressions and standoffs between China and India.⁵⁰ The geopolitical backlash cost for using military coercion in Sino-Indian disputes has been low. As seen in Table 4.3 in Chapter 4, China was aware that U.S. priority was in Europe in the 1990s, which applied to South Asia as well. Even after the United States increased its resources in Asia since the 2000s, the targets were focused on Pakistan (for counterterrorism purposes), Japan, and Southeast Asia.⁵¹ One senior former Chinese diplomat based in India stated that even though the United States has been increasingly emphasizing the strategic partnership with India, the United States would not directly get involved with the Sino-Indian border dispute.⁵² That is, the United States is much more likely to get militarily involved in maritime territorial disputes in the East and South China Seas than Sino-Indian border disputes.⁵³

Semi-official sources concur with this development. For example, the CASS annual *Yellow Book of International Politics* in 2007 noted that China's security environment was such that tensions with [neighboring states] in the south relaxed and relations with western neighbors improved.⁵⁴ India falls into China's neighbor on the southwestern border. In addition, this same CASS assessment proclaimed that even though the United States improved its relations with India, India would not be willing to ally with the United States against China, nor would India follow the United States.⁵⁵ This CASS assessment is in line with previous and subsequent annual CASS and CICIR assessments.⁵⁶ Similarly, former Chinese diplomats based in India, now at CIIS, agreed that India has always been engaged in hedging and prided itself in independent foreign policy, and thus

⁵⁰ Interview KZ-#119, Beijing, China, March 27, 2018; Interview KZ-#118, Beijing, China, March 26, 2018.

⁵¹ Zhang Li, "Meiguo aobama zhengfu de nanya zhengce chutan [A probe into the Obama administration's South Asia policy]," *Nanya yanjiu jikan [South Asia Studies Quarterly]*, Issue 1 (2009).

⁵² Interview KZ-#120, Beijing, China, March 29, 2018.

⁵³ *Ibid.*

⁵⁴ CASS, *Yellow Book of International Politics 2007*, p. 171.

⁵⁵ *Ibid.*, p. 190.

⁵⁶ CASS, *Yellow Book of International Politics 2002*, p. 57; CICIR, *Strategic and Security Review 2002/2003*, p. 154; CICIR, *Strategic and Security Review 2004/2005*, p. 256; CICIR, *Strategic and Security Review 2009/2010*, p. 164-165.

would not ally with the United States to contain China.⁵⁷ This view that India would be unwilling to act as a junior ally of the United States and that the United States was also guarding against India has been echoed by government analysts from CASS, CIIS, and CICIR, as well as former Chinese diplomats.⁵⁸ Because of this, CIIS analysts stated that “there is little prospect of India and the US reaching consensus on Chinese issues” and “China had no reason to be concerned about India-US relations.”⁵⁹ Interviews with government policy analysts and former Chinese diplomats based in India also suggest that China believed that outside states — especially the United States — would not get involved in Sino-Indian border disputes.⁶⁰ Interestingly, Indian defense journalists also concur with this view.⁶¹ As such, the geopolitical backlash cost for China to use military coercion – transgressions by Chinese troops and having the PLA establish tents and construct roads – has been low in Sino-Indian border disputes. This Chinese preference to resorting to militarized tools in the Sino-Indian border disputes stands in sharp contrast with Chinese coercion in the South and East China Seas. Because of concerns of geopolitical backlash cost in the post-2000s, Chinese coercion in

⁵⁷ Zheng Ruixiang and Rong Ying eds., *Yindu de jueqi you zhongyin guanxi [India's rise and Sino-Indian relations]* (Beijing: Dangdai zhongguo chubanshe [Contemporary World Press], 2006), p. 251-252. Zheng and Rong were former diplomats.

⁵⁸ Zhao Qinghai, “Meiyin junshi hezuo jiqi zhiyue yinsu [Restraining factors of the U.S.-Indian military relationship],” *Guoji wenti yanjiu [International Relations Studies]*, Issue 5 (2008). Zhao is at CIIS; Du Youkang, “Lengzhan houde yinmei guanxi [U.S.-Indian relations in the post-Cold War period],” *Guoji guancha [International observation]*, Issue 4 (1995), Du was a former diplomat based in India; Lou Chunhao, “Meiyin fangwu hezuo xintaishi pinggu [A new assesment of U.S.-Indian defense relations],” *Guoji wenti yanjiu [International Relations Studies]*, Issue 1 (2017). Lou is at CICIR; Duan Xiqun, “Dui meiyin guanxi fazhan de chubu kanfa [Some initial thoughts on the U.S.-Indian relationship],” *Nanya yanjiu jikan [South Asia Studies Quarterly]*, Issue 2 (1995). Duan was a military official in the Kunming theater; Zhang Guihong, “Meiyin zhanlue huoban: jinzhan, wenti, heqianjing [The progress, issues, and prospects of U.S.-Indian relations],” *Nanya yanjiu jikan [South Asia Studies Quarterly]*, Issue 4 (2004). Zhang was a former diplomat based in India; Yuan Peng, “Meiguo yatai zaipingheng yu zhongguo de zhoubian anquan xingshi [U.S. rebalancing and China's security situation],” *Heping yu fazhan [Peace and development]*, Issue 3 (2016). Yuan is at CICIR. Liu Xuecheng, “Meiyin zhanlue guanxi hudong jiqi fazhan qushi [The future prospects of U.S.-Indian relations],” *Guoji wenti yanjiu [International Relations Studies]*, Issue 6 (2005). Liu was at CIIS; see also Sun Xiaohui's comments, qtd. in Ananth Krishnan, “India, China end border standoff along LAC.” Sun is a government analyst at CIIS.

⁵⁹ Sun Xiaohui's comments, qtd. in Ananth Krishnan, “India, China end border standoff along LAC.”

⁶⁰ Interview KZ-#11, Beijing, China, October 14, 2015; Interview KZ-#72, Shanghai, China, May 7, 2016; Interview KZ-#119, Beijing, China, March 27, 2018.

⁶¹ Interview KZ-#116, Beijing, China, December 19, 2017.

maritime territorial disputes in the South and East China Seas has stayed mostly non-militarized, and China prefers gray-zone coercion to military coercion.

The 2013 Standoff

As stated in the introduction section, the Chinese PLA propped up tents in 2013 and engaged in road construction in 2014, both of which were within what India considered to be its side of the LAC. This proactive Chinese action led to month-long standoffs between the Chinese and Indian border patrol forces. As with the previous paragraphs explaining increased Chinese transgressions of the LAC, the 2013 and 2014 standoffs are manifestations of increased Chinese coercive behavior since 2006. The low economic vulnerability cost and geopolitical backlash cost also apply to the 2013 and 2014 standoffs. As such and because of the lack of detailed case-level information, the following paragraphs will not zoom in on explaining the 2013 and 2014 cases. Since more information for the 2014 standoff is lacking, the following will focus on the 2013 case.

Despite lacking more comprehensive and official data, Chinese action in 2013 seems quite coercive. In particular, as one senior former Chinese diplomat based in India indicated, prior to 2013, both the Chinese and Indian sides have transgressions into what the other side considered to be its controlled territory, but nothing serious took place (*meiyou chushi*) and neither side stationed troops along the LAC.⁶² The 2013 and 2014 standoffs constitute state action, and the PLA was directly involved. The construction of tents and the fact that the PLA stationed by the tents for more than three weeks is a show of force, which hints at more forces or the actual use of force if the Indian side does not comply. More importantly, the goals of Chinese coercion were clear. For one, India reactivated the advanced landing grounds (ALGS) at Daulat Beg Oldie (DBO), Fukche and Nyoma, while constructing temporary posts and bunkers at Chumar and Fukche near the LAC in

⁶² Interview KZ-#120, Beijing, China, March 29, 2018.

eastern Ladakh during the last four or five years prior to the 2013 standoff.⁶³ China was unhappy about such development and seemed to use coercion to force India to dismantle these temporary infrastructures. Sure enough, after the standoff, India “reportedly agreed to a Chinese demand to demolish bunkers near their de facto border in the Himalayas,” with Indian military officers viewing this compromise as “part of a deal to end a stand-off that threatened to scupper slowly improving relations.”⁶⁴

For another, the timing of 2013 coincided with China’s hope for India to agree to establish a “code of conduct” regarding Sino-Indian border disputes, whereas India did not want to accept a code of conduct, citing reasons that the 1993 and 1996 agreements were comprehensive enough.⁶⁵ Indeed, China had been hinting at its impatience with India’s lack of enthusiasm regarding Chinese suggestions on March 27, 2013, just two weeks before the standoff, Chinese President Xi Jinping told the Indian Prime Minister that both sides should strive to reach an acceptable framework to resolve the disputes as soon as possible.⁶⁶ According to a long-time Indian defense journalist based in China and India, China therefore wanted to force India to agree to a new code of conduct.⁶⁷ Sure enough, India and China came up with the “Border Defense Cooperation Agreement between India and China”⁶⁸ in 2013. India has long been hoping to work on the clarification of the LAC, but China does not want to, as with Chinese diplomats and government policy analysts saying verifying the LAC “is not the only way to solve the Sino-Indian disputes.”⁶⁹ This new agreement worked in China’s favor in that it did not mention the need for both sides to strive to verify and locate the LAC,

⁶³ Peter Lee, “China’s border rows mirror grim history.”

⁶⁴ “India destroyed bunkers in Chumar to resolve Ladakh row,” *Early Times Report*, May 7, 2013, <http://www.earlytimes.in/m/newsdet.aspx?q=107294>, accessed April 30, 2018.

⁶⁵ Interview KZ-#116, Beijing, China, December 19, 2017.

⁶⁶ MFA News Release, “Xi Jinping’s meeting with Indian Prime Minister Singh,” March 28, 2013, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677220/xgxw_677226/t1026236.shtml, accessed April 30, 2018.

⁶⁷ Interview KZ-#116, Beijing, China, December 19, 2017.

⁶⁸ “Border Defence Cooperation Agreement between India and China: full text.”

⁶⁹ Manoj Joshi, “Making sense of the Depsang incursion;” Lin Minwang, “Zhongyin shikong xianshang de diaogui youxi [The game on the Sino-Indian LAC];” Interview KZ-#120, Beijing, China, March 29, 2018; Interview KZ-#119, Beijing, China, March 27, 2018.

whereas previous agreements in the 1990s and early 2000s listed verification of the LAC as a necessary step. This omission is clearly something India did not welcome.

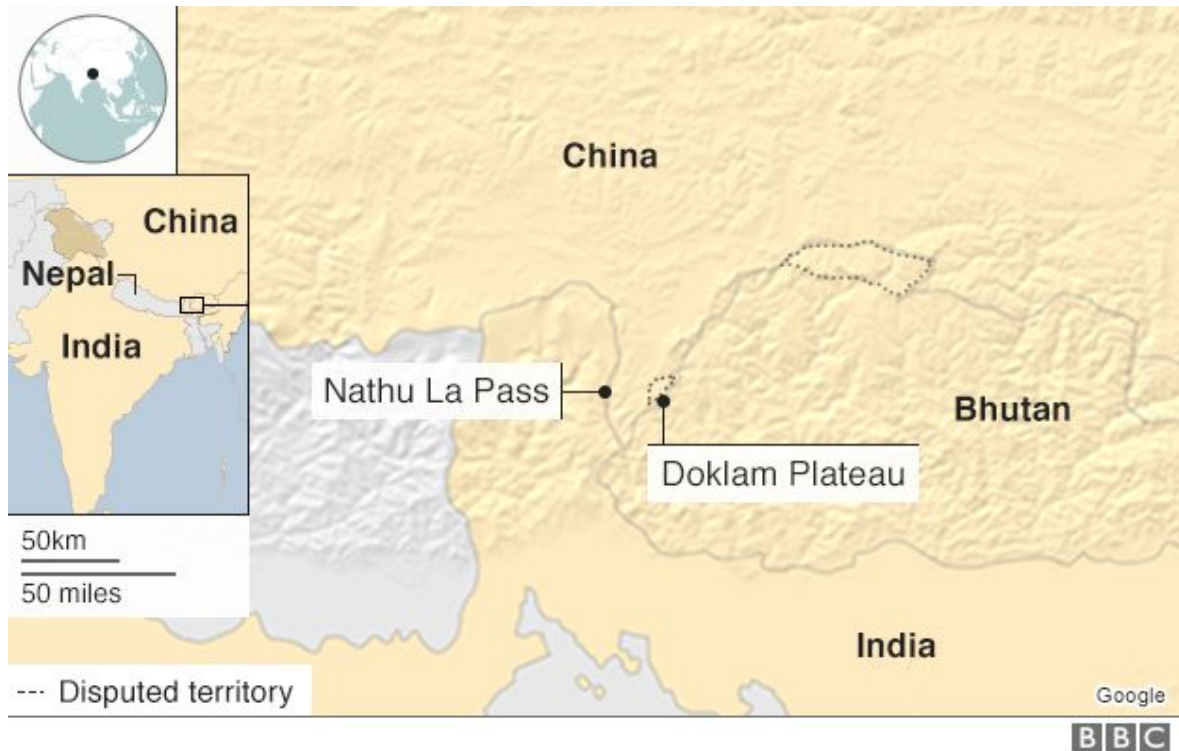
Furthermore, this new agreement does not preclude China from establishing more permanent infrastructures along the LAC region, since the agreement only stipulates that “in case a doubtful situation arises with reference to any activity by either side in border areas where there is no common understanding of the line of actual control, either side has the right to seek a clarification from the other side.”⁷⁰ Chinese construction of roads in 2014 (and to a less extent, in the Doklam area in 2017) fell into this category. Yet the agreement does not require China to dismantle infrastructure construction. In this sense, this goal of Chinese coercive behavior towards India is similar to the broader of Chinese coercion in the South China Sea, to force other disputants to agree to joint development, on China’s terms. That is, the 2013 standoff is an incidence of proactive Chinese coercion to force the Indians to resolve the border disputes on China’s terms. Low economic vulnerability and geopolitical backlash costs made it permissive for China to use military coercion. Unlike the South China Sea cases, the need to establish a reputation for resolve is not a central factor in the 2013 case.

The Doklam Standoff in 2017

The Doklam standoff is different from “usual” Sino-Indian border incidents since it technically sprang from a Sino-Bhutanese dispute, as shown below in Figure 9.5.⁷¹

⁷⁰ *Ibid.*

⁷¹ Image from “What’s behind the India-China border stand-off?,” *BBC News*, July 5, 2017, <https://www.bbc.com/news/world-asia-40478813>, accessed June 8, 2018.



As shown above, Doklam is located at the “trijunction” of Chinese, Indian, and Bhutanese borders. According to Taylor Fravel, images from 2005 (the first year available in Google Earth) show a road or track from undisputed Chinese territory in the Chumbi Valley into the area disputed with Bhutan and terminating as little as 200 meters from an Indian outpost that appears to be Doka La.⁷² China constructed roads in the Doklam area in 2017, which is disputed between China and Bhutan. It is, however, “unclear if China was upgrading this existing road [as shown on Google earth in 2005] or extending it south, toward the trijunction.”⁷³ India intervened on behalf of Bhutan based on its treaty with Bhutan, but both U.S. experts and Indian journalists pointed out that the real reason was that Chinese road construction in the Doklam area posted a threat to India: Chinese road constructions were extremely close to the Indian border.⁷⁴ Chinese scholars concur that Chinese

⁷² Interview of M. Taylor Fravel by P. Rajendran, “India has deployed troops in a third country for the first time to challenge China,” *Rediff News*, July 13, 2017, <http://www.rediff.com/news/interview/why-the-india-china-standoff-is-a-gamechanger/20170713.htm>, accessed April 30, 2018.

⁷³ *Ibid.*

⁷⁴ *Ibid.*; Interview KZ-#116, Beijing, China, December 19, 2017.

road construction on in the Doklam region came too close to the Indian border.⁷⁵ According to an Indian journalist based in China, there appeared to be some miscommunication between China and India: China seemed to have told India that it would construct the road in the Doklam area prior to the 2017 standoff, but for some reasons, this message did not come thorough and India seemed to have been taken by surprise.⁷⁶ It is true that the Dalai Lama visited the Arunachal Pradesh earlier in April 2017, which China was quite unhappy about.⁷⁷ It is also true that India had been working to upgrade road accessibility up to the Line of Actual Control in Ladakh in the western sector and that India's longest river bridge, capable of withstanding the weight of a 60-tonne battle tank, was inaugurated in Assam close to the border with China (in the eastern sector) on May 26, 2017 by Prime Minister Narendra Modi.⁷⁸ Yet it is unclear whether the Dalai Lama visit or India infrastructure prompted China to construct the road in the disputed Doklam area in June 2017. There is no direct evidence suggesting the link, and logically, it is strange for China to pick an area disputed between China and Bhutan (not China and India) for road construction if the initial target was India. In other words, previous Chinese road construction in the area is not a case of coercion; rather, Chinese behavior once India reacted to the road construction constituted as a case of reactive coercion. At this point, more official evidence has yet to come by. Nevertheless, as with the 2013 and 2014 standoffs, the low economic vulnerability and geopolitical backlash costs create a permissive environment for China to use coercion, including diplomatic sanctions against Indian

⁷⁵ Interview KZ-#118, Beijing, China, March 26, 2018.

⁷⁶ Interview KZ-#116, Beijing, China, December 19, 2017.

⁷⁷ "China Warns India Against Allowing Dalai Lama To Visit Arunachal Pradesh," *NDTV*, March 3, 2017, <https://www.ndtv.com/india-news/china-warns-india-against-allowing-dalai-lama-to-visit-arunachal-pradesh-1665805>, accessed April 30, 2018; Interview KZ-#116, Beijing, China, December 19, 2017.

⁷⁸ "India Upgrades Roads In Ladakh Near Line Of Actual Control," *NDTV*, September 27, 2016, <https://www.ndtv.com/india-news/india-upgrades-roads-in-ladakh-near-line-of-actual-control-1467185>; "India's Longest Bridge, Near China Border, Can Withstand A 60-Tonne Battle Tank," *NDTV*, May 14, 2017, <https://www.ndtv.com/india-news/pm-narendra-modi-to-inaugurate-indias-longest-bridge-on-may-26-near-china-border-1693293>, accessed April 30, 2018.

pilgrimages and delaying meetings on border issues between Indian and Chinese officials as well as, in particular, military coercion.⁷⁹

Section III. Conclusion

Information for the Sino-Indian border disputes is not as rich as Chinese coercion in the maritime realm, regarding Taiwan, and concerning foreign leaders' reception of the Dalai Lama. But with the information that I do have, it is quite clear that the cost balancing theory explains the general trend of increased Chinese military coercion in the Sino-Indian border disputes since 2006. Unlike the maritime cases, the geopolitical backlash cost for China to use military coercion against India had been low since the 1990s, and China therefore had consistently used militarized coercive tools, including military show of force. In contrast with the maritime cases, the Taiwan, and the Tibet cases, the need to establish a reputation for resolve has not been a central factor in China's coercion calculus in its land border disputes with India, because up till the 2017 Doklam standoff, the media exposure and the salience of the Sino-Indian border disputes was not high. Instead, China was the more proactive side of the disputes, prompting India to respond in kind since 2006. Finally, as with the cost-balancing theory, it is not bureaucratic or other domestic lobbying groups that prompted China to use military coercion in Sino-Indian border disputes. Both former Chinese diplomats and Indian journalists pointed out that local PLA border patrol forces were not acting independently and instead followed orders from the center.⁸⁰ One former Chinese diplomat based in India stated that the center had overall guidelines and chain of command moved from the

⁷⁹ Interview KZ-#118, Beijing, China, March 26, 2018; Interview KZ-#119, Beijing, China, March 27, 2018.

⁸⁰ Interview KZ-#116, Beijing, China, December 19, 2017; Interview KZ-#3, Beijing, China, August 25, 2015; Interview KZ-#72, Shanghai, China, May 7, 2016.

Chengdu Military Region, Tibet Sub Military Region, all the way to the border defense regiments.⁸¹ What to do and what not to do had been quite institutionalized.⁸² In short, this chapter concludes the empirical analysis of my dissertation. The next chapter concludes and discusses the theoretical and empirical generalizability of the cost-balancing theory.

⁸¹ Interview KZ-#3, Beijing, China, August 25, 2015.

⁸² *Ibid.*

Chapter 10

Conclusion

Since the 1990s, China has used coercion when faced with threats to its national security, in particular, territorial disputes, Taiwan, and Tibet. China is, however, curiously selective in the timing, target, and tools of coercion. I conclude first by summarizing my argument and reviewing the evidence presented in each empirical chapter while refuting alternative explanations. I then discuss the possibility of extending the cost balancing theory to other issue areas as well as generalizing my arguments to other states. I finally turn to the implications of my research for international relations theory and the study of Chinese foreign policy.

Section I. Review of the Argument and Evidence

I began this dissertation by arguing that the current literature on coercion focuses on evaluating the effectiveness of coercion, does not address adequately when states choose certain coercive tools over others, and leaves ample space to analyze non-militarized coercive measures. I therefore aim to contribute to the coercion literature by examining when, why, and how a state such as China coerces when faced with national security threats.

Building upon existing research on coercion, reputation and credibility, and economic interdependence, I proposed in Chapter 2 the cost balancing theory to explain China's coercion

calculus. China coerces one target state to deter other states: “killing the chicken to scare the monkey.” That is, China attempts to use coercive measures or threats as a means to establish a reputation for resolve in defending its national security interests. At the same time, coercion does carry with it costs to the coercing state, the primary of which being economic vulnerability, the degrees to which the coercing state depends on the target state for markets, supply, or capital. China thus balances between the need to establish a reputation for resolve and the potential cost of economic vulnerability. I argue that when issue importance is the same, China will coerce when the need to establish a reputation for resolve is high and the economic vulnerability cost is low. Furthermore, China is more likely to resort to non-militarized coercive tools when the geopolitical backlash cost is high, that is, concerns about the target state engaging in long-term balancing or involving a third-party great power that could potentially lead to immediate militarized escalation. Finally, when the need to establish a reputation for resolve and the economic vulnerability cost are equally high or low, issue importance — the importance of a given issue in a state’s stated interest hierarchy — becomes crucial. In these circumstances, China will only coerce when the issue importance is highest. In short, China is a rational and calculating coercer, taking into account the specific costs and benefits pertaining to coercion, which manifests itself in the following summary of the empirical chapters.

Chapters 4 and 5 apply this theory to Chinese coercion in maritime and territorial disputes in the South China Sea. In Chapter 4, I conduct congruence tests to explain the temporal trend for Chinese coercion, China’s preference for coercing the Philippines and Vietnam, and Chinese coercion regarding land reclamation and fishing. I find that China used coercion in the 1990s because of the high need to establish a reputation for resolve and low economic vulnerability cost. China especially used militarized coercion in this period, because the U.S. withdrawal from the Subic Bay in Southeast Asia and focus on Europe reduced China’s geopolitical backlash cost of using coercion. China refrained from coercion in the 2000-2006 period because of the high economic

vulnerability cost and low need to establish a reputation for resolve. China began to use coercion again after 2007, but because of the increasing geopolitical backlash cost since the post-2000 period, Chinese coercion remains non-militarized. China's land reclamation follows this pattern and can also be explained by changes in specific benefits and costs of coercion, particularly the actions and statements of the United States. China singles out the Philippines for coercion due to the high the need to establish a reputation for resolve and low geopolitical backlash and economic vulnerability costs. As for fishery coercion, China's increasing coercion has more to do with economic development. In short, except for fishery coercion, the cost balancing theory aptly explains when, why, and to whom China uses coercion. Chapter 5 process traces three cases – the Sino-Philippine Mischief Reef incident in 1995, the Sino-Philippine Scarborough Shoal incident in 2012, and the Sino-Vietnamese oilrig incident in 2014 – and demonstrate that the mechanisms of the cost balancing theory are present in case studies.

Chapter 6 turns to maritime and territorial disputes in the East China Sea involving Japan. I explain the trend of Chinese coercion in the East China Sea while conducting three in-depth case studies: the first Chinese entry into the territorial waters of the disputed Senkaku Islands in 2008, the Sino-Japan boat clash incident of 2010, and the incident of the Senkaku nationalization in 2012. When the need to establish a reputation for resolve exceeds economic vulnerability cost, China used coercion, as seen in the post-2005 trend, and in particular, the 2010 and 2012 cases. China refrained from military coercion for fear of potential geopolitical backlash and a complete shutdown of Sino-Japan economic relations. Nevertheless, China's 2008 entry into the territorial waters of the Senkakus was indeed explained by bureaucratic pathology, which indicated the limitation of the cost balancing theory – although it holds in most cases in general, it does not claim to explain every case. As with South China Sea cases in Chapters 4 and 5, of the benefits of coercion, the need to establish a reputation for resolve – demonstrating the capability and willingness to

defend one's sovereignty in these disputes – was considered to be more important than boosting domestic regime legitimacy.

Chapter 7 looks at Chinese coercion regarding Taiwan, involving the foreign arms sales to Taiwan and the Taiwan Strait Crisis of 1995 and 1996. In terms of the general trend, China did not use coercion — albeit moderate measures — towards the United States over arms sales to Taiwan until 2008. When both France and the United States sold critical weapons to Taiwan in 1992 — a significant breach from the Cold War era — China only chose to coerce the weaker of the two, the French. And Chinese coercion in the French case in 1992 was quite harsh. As for the 1995-1996 Taiwan Strait Crisis, China escalated to militarized coercion, the magnitude of which was the greatest among all cases of Chinese coercion regarding territorial disputes, Taiwan, and Tibet in the post-Cold War era. This chapter demonstrates the centrality of the issue importance variable in incidents involving Taiwan. That is, being the most important core interest of China, China had to use coercion, sometimes even militarized coercion, towards the United States, despite the equally high need to establish a reputation resolve and economic vulnerability cost. One slight aberration from the cost balancing theory concerns the 1992 cases of foreign arms sales. Both France and the United States sold jet fighters to Taiwan, yet China only coerced France, when the cost balancing theory expected that given the high issue importance, China should have coerced both France and the United States. This suggests that China's high economic dependence on the United States trumped issue importance in the 1992 case regarding U.S. arms sales to Taiwan.

Chapter 8 turns to Chinese coercion regarding foreign leaders' reception of the Dalai Lama, the Tibetan spiritual leader. Similar to the previous chapter on Taiwan, China did not use coercion for the Dalai Lama visits in the pre-2002 period, despite the great need to establish a reputation for resolve in the 1996-2002 period. The theory would have predicted that China would use coercion in the mid to late 1990s because Tibet is a core-interest issue. This slight deviance from the theory in

the pre-2002 period suggests that economic vulnerability vis-à-vis the United States and Europe in general trumps other factors in China's coercion calculus before 2002. Except for the 1996-2002 period, the patterns of Chinese coercion are in line with the theory's predictions. Just as the South China Sea cases, China does not coerce all states that receive the Dalai Lama in the post-2006 period but focuses on major European countries, because the need to establish a reputation for resolve was great vis-à-vis major European countries whereas the economic vulnerability cost became low. This chapter indicates that the cost-balancing theory does not apply only to territorial disputes or Taiwan, but also can generalize to more political issues such as the Dalai Lama visits.

Chapter 9, the last empirical chapter, examines the Sino-Indian border disputes. Information for the Sino-Indian border disputes is not as rich as Chinese coercion in the maritime realm, regarding Taiwan, and concerning foreign leaders' reception of the Dalai Lama. But with the information that I do have, it is quite clear that the cost balancing theory explains the general trend of increased Chinese military coercion in the Sino-Indian border disputes since 2006. Unlike the maritime cases, the geopolitical backlash cost for China to use military coercion against India had been low since the 1990s, and China therefore had consistently used militarized coercive tools, including military show of force. In contrast with the maritime cases, the Taiwan, and the Tibet cases, the need to establish a reputation for resolve has not been a central factor in China's coercion calculus in its land border disputes with India, because up till the 2017 Doklam standoff, the media exposure and the salience of the Sino-Indian border disputes was not high. Instead, China was the more proactive side of the disputes, prompting India to respond in kind since 2006. In short, the cost balancing theory holds in the Sino-Indian disputes, while performing the best in South China Sea cases and pretty well in East China Sea cases (except for the 2008 case which was explained by bureaucratic pathology). The Taiwan and Tibet cases generally, albeit not perfectly, conform to the cost balancing theory. In short, the cost balancing theory can be falsified and does not claim to

explain every single case of Chinese coercion, but does a better job of explaining patterns of Chinese coercion than alternative explanations.

Alternative Explanations

As for alternative explanations, I have shown in the above empirical chapters that individual leadership differences and powerful domestic lobbies such as business interests, the PLA, and different civilian bureaucracies do not explain when and why China decides to coerce. The following passages turn to several additional alternative explanations.

First, some might be wondering about the power variable, be it relative power, overall power, or the balance of power. As I summarize below, the power variable does not adequately explain when, why, and how China coerces. The “relative power” argument follows a preventative logic. Fravel argues that states are more likely to use force for territorial disputes when their claim strength is declining, part of which is a function of power projection capability. Yet in the post-1990s, Chinese projection capability has constantly been increasing, whether the issue is about territorial disputes, Taiwan, or Tibet. If the relative power argument is correct, we should see decreased coercive attempts when Chinese relative power position improves, yet empirically China has coerced other states in the post-2000s when it became stronger than the 1990s. This is especially the case for territorial disputes in the South China Sea. After all, China’s power position vis-à-vis Vietnam, Malaysia, and Malaysia greatly improved, especially after 2000.

As for the “overall power” argument, offensive realists predict that as Chinese capability grows, it will become more aggressive, eventually leading to the use of force. Yet the general trend of Chinese coercion does not accord to the overall power argument. China used military coercion when it was weaker in the 1990s and resorted mostly to non-militarized tools in the post-2000s,

except for Sino-Indian border disputes. China's use (or threats) of coercion and choices of tools are not a linear process – it does not become more militarily aggressive, as offensive realists would have predicted. In fact, offensive realism is indeterminate when it comes to explaining overall patterns of Chinese coercion, as shown below in Figure 10.1.

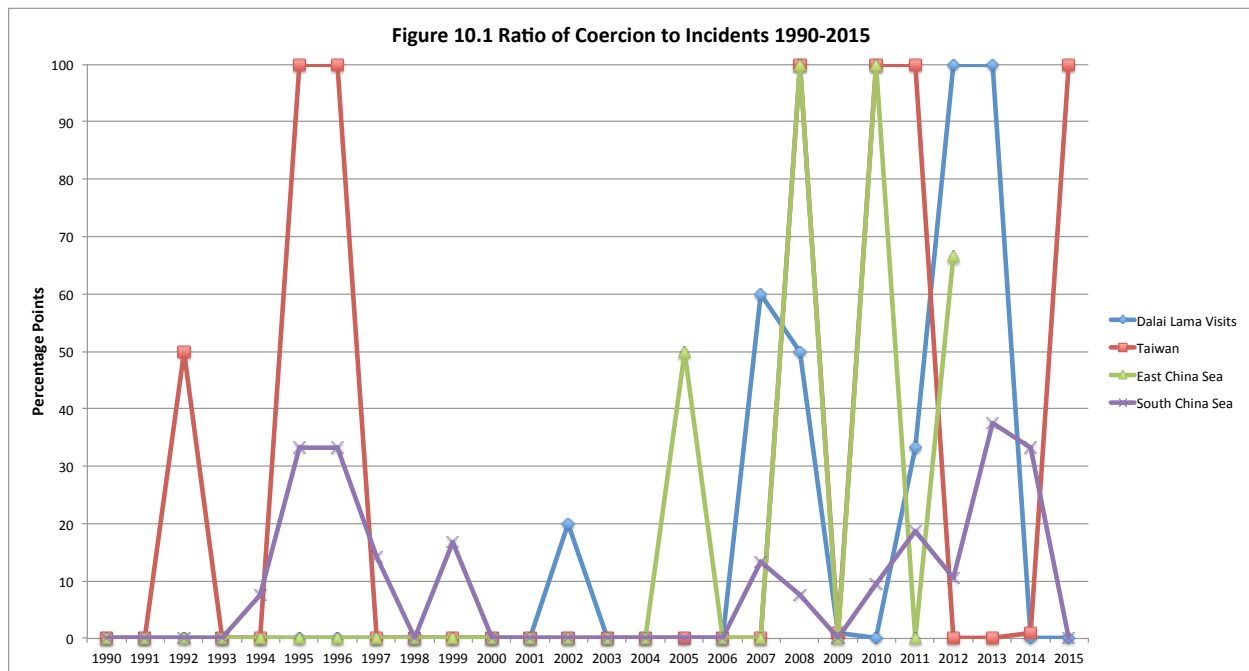


Figure 10.1 is the ratio of Chinese coercion to incidents (actions taken by other states that challenge Chinese national security) in four issue areas. The blue line with diamond shapes is about foreign heads of state or government receiving the Dalai Lama. The red line with squares concerns foreign arms sales to Taiwan and the Taiwan Strait Crisis. The green line with triangles involves incidents in the East China Sea, whereas the purple line with cross shapes is incidents in the South China Sea. The ratio is depicted in percentages points, with 100 percent indicating China using coercion whenever an incident comes up. It is clear from Figure 10.1 that the ratios of Chinese coercion regarding South China Sea disputes and Taiwan, respectively, have been quite stable over time. Especially with regard to the South China Sea, even the highest ratio of Chinese coercion to incidents remained under 40% throughout the last 30 years. That is, China has not coerced more

frequently than it did in the 1990s when it comes to the South China Sea and Taiwan. As for foreign leaders' reception of the Dalai Lama and incidents in the East China Sea, it is true that the ratio of Chinese coercion to incidents has increased since the 2000s. Nevertheless, there is still significant temporal and cross-national fluctuation of when China coerces and when China refrains from coercion. Moreover, if we look at overall capability in a dyadic manner, the power variable remains indeterminate in terms of when, whom, and how China coerces. Regarding the South China Sea cases, one would think that China should coerce Vietnam, the Philippines, and Malaysia equally because of their similar power positions, but China coerced the Philippines and Vietnam much more than Malaysia. As for cases concerning Tibet, China coerced France and Germany, but not Australia, even though these three countries are comparable in capability terms. Shifting to foreign arms sales to Taiwan and the Taiwan Strait Crisis, China coerced France when it was still in the very early stage of its rise and even used military coercion in 1995 and 1996, whereas the power variable might predict that China would not coerce France or the United States over Taiwan in the 1990s. It is true that one can argue that as overall Chinese capability grows, China does not have to use military coercion and can rely on non-militarized tools. Yet China still used militarized coercion against India for border disputes, despite being perfectly capable of using gray-zone coercion. In short, overall capability as one form of the power variable is indeterminate when it comes to explaining when, whom, and how China coerces.

Finally, the "balance of power" argument would suggest that China uses coercion to balance against the more powerful state, the United States. There is, however, scant empirical evidence indicating that Chinese intention in the South China Sea is to balance the United States. Even if Chinese intention is to balance against the United States, it is still puzzling that China would do so at certain times, but not others.

Still others have come up with the vague concept of learning or prestige as a counter-argument, without fleshing out what predictions the learning or prestige alternative would suggest. The argument is such that China coerces for prestige purposes or that patterns of Chinese coercion conform to a learning process. Regarding the prestige argument, if China coerces other states for prestige or status purposes rather than material purposes, we should probably expect China to coerce the most powerful state in the system because doing so will maximize China's prestige in the eyes of other states. Yet empirically China prefers to coerce smaller or weaker states and rarely coerces the United States, indicating that the prestige argument is not operative. Interview data and internal documents also confirm that the primary concern is about other states following the challenger's lead to further challenge Chinese national security, which is a material concern as opposed to prestige concern. Jonathan Renshon's work on status — a concept related to prestige — also notes that strategic nature of status-seeking behavior in world politics, that is, "states seek status commensurate with their abilities because it is a valuable resource for coordinating expectations of dominance and deference in strategic interactions."¹

With regard to the learning alternative, the predictions are even more indeterminate.² It is difficult to envision what exact lessons coercers are learning and how these lessons will influence their future coercive behavior. It is possible that if coercion is successful, China is likely to be even more firmly convinced of its logic. If coercion is unsuccessful, one can imagine that China will try to find whether it is because of the economic vulnerability or geopolitical backlash costs. Since part of China's coercive rationale is to deter other states, it is not inconceivable that coercion might be viewed as successful even if it does not change target behavior in the short run, as long as it has a deterrent effect on other states. This difficulty in determining what constitutes coercion success

¹ Renshon, *Fighting for Status: Hierarchy and Conflict in World Politics*, p. 20.

² For recent books on learning, see, for example, Uri Bar-Joseph and Rose McDermott, *Intelligence Success and Failure* (Oxford: Oxford University Press, 2017). See also, Jack Levy, "Learning and Foreign-Policy - Sweeping a Conceptual Minefield," *International Organization*, Vol. 48, Issue 2 (1994), p. 279-312.

further complicates the meaning of the learning alternative. Admittedly, some argue that the target state learns from Chinese coercion and may back down in the future, leaving only most resolved challengers and an ensuing pattern of decreased of Chinese coercion. This kind of learning and self-selection, however, does not undermine my argument. In fact, this pattern manifests itself in Chinese coercion regarding the Dalai Lama issue — with smaller states and major European countries deterred — the heads of few states except for the United States are willing to meet with the Dalai Lama. Chinese coercion on the Dalai Lama issue therefore decreased and because of the relatively high economic vulnerability cost of coercing the United States and the low need to establish a reputation for resolve (other states are not following suit), China still refrained from coercing the United States. This behavior conforms to the cost balancing theory. That is, regardless of whether target states are learning, when met with new challenges, China still has to make calculations about specific costs and benefits. It is therefore essential to note how cautious and calculative a rising power such as China is when it comes to issues of coercion. China's caution especially manifests itself in its policy towards the United States. As an internally circulated document on great power issues from the seventh bureau of the CCP's Central International Liaison Department stated, China should avoid confrontation with the United States as much as possible, particularly when encountering issues of low stakes and interests to China.³

Finally, the discussion on the learning alternative naturally leads one to ponder the effectiveness of coercion. Although evaluating the effectiveness of coercion and devising criteria for the evaluation is an interesting and important project in and of itself, I will briefly discuss to what extent Chinese coercion in territorial disputes, Taiwan, and Tibet might be considered effective. If by effective, one means decreased challenges from other states, then Chinese coercion is probably most effective regarding foreign leaders' reception of the Dalai Lama. As discussed in Chapter 8,

³ Qi Ju [Seventh bureau], *Daguo wenti yanjiu zhuanti baogao huibian*, p. 310. This document is internally circulated and classified as "secret."

after China coerced major European powers such as France, Germany, and Britain, heads of European countries and governments have since refused to meet with the Dalai Lama. In fact, after 2015, it was mainly just U.S. presidents that met with the Dalai Lama. Chinese coercion regarding Taiwan is mixed in terms of its effectiveness. Chinese coercion against France in 1992 was hugely successful in that it not only made France change its course of actions but also deterred other European states from selling weapons to Taiwan. Chinese coercion against the United States in 1995 and later, did not make the United States stop selling weapons to Taiwan. Nevertheless, it did make the United States exercise “dual deterrence” — deterring both Taiwan and mainland China from changing the status quo — while having an implicit red line of what weapons can or cannot be sold to Taiwan. Chinese coercion in the Sino-Indian border disputes also has a mixed effect. Although it possibly strengthened China’s claim on the disputed territories, India has not given up its claims and actually might move much closer to the United States than it did before.⁴ As for maritime territorial disputes, the degree of effectiveness is also mixed. In East China Sea cases, China has yet to force Japan to acknowledge the existence of the disputes, but did, in practice, force Japan to come to the negotiations table to discuss crisis management and code for unintended encounters in the maritime realm.⁵ Regarding South China Sea cases, although ASEAN countries, especially Vietnam and the Philippines, are moving closer to the United States, one does see a much conciliatory posture of the Philippine government when it comes to South China Sea disputes, especially after President Duterte came into office.⁶ In short, coercion is not a magic bullet. It might

⁴ For assessment, see M. Taylor Fravel, “Why India did not ‘win’ the standoff with China,” *War On the Rocks*, September 1, 2017, <https://warontherocks.com/2017/09/why-india-did-not-win-the-standoff-with-china/>, accessed May 5, 2018.

⁵ “Japan, China to set up contact system to avoid sea, air clashes,” *Kyodo News*, December 6, 2017, <https://english.kyodonews.net/news/2017/12/4193b335fc6e-urgent-japan-china-to-set-up-contact-system-to-avoid-sea-air-clashes.html>, accessed May 5, 2018.

⁶ Regarding the Philippines, see Steve Mollman, “‘Ignore the missiles’: Duterte says China’s South China Sea militarization is no problem,” *Quartz*, February 20, 2018, <https://qz.com/1211014/south-china-sea-militarization-nothing-to-fret-over-says-philippines-president-rodrico-duterte/>; Paterno Esmaguél II, “ASEAN avoids hitting China in Chairman’s Statement,” *Rappler*, November 16, 2017, <https://www.rappler.com/world/regions/asia-pacific/188636-asean-summit-2017-philippines-chairman->

force the target states to acquiesce and deter other states from challenging China in the future. Yet coercion could also have the effect of pushing these states closer to the hegemon, the United States.

Section II. Extending the Argument

This section is a plausibility probe to extend the cost balancing theory to other issue areas as well as other states. I will first discuss generalizations beyond territorial disputes, Taiwan, and Tibet. Some issue areas include nuclear non-proliferation and human rights issues. These cases are also important and require in-depth research. I offer only a tentative probe below. I then generalize to other rising powers, while comparing the behavior of contemporary rising powers and historical rising powers.

Generalizing to Other Issue Areas

One issue area of national security concerns to China is nuclear proliferation and the U.S. missile defense systems. Although issues related to nuclear weapons are not Chinese core interests, China does have a stake in preventing nuclear weapons to proliferate in the Korean Peninsula and has been systematically opposed to U.S. ballistic missile defense systems in South Korea (that is, Terminal High Altitude Area Defense, known as THAAD). China has indeed imposed economic sanctions both on North Korea and South Korea, the former for its nuclear tests and the latter for its

[statement-china-militarization](https://www.nytimes.com/2017/11/08/world/asia/philippines-south-china-sea.html?mtrref=www.google.com&gwh=9840A24CDB3FC1F83CAE703886C0A6B4&gwt=pay); Felipe Villamor, "Philippines Halts Work in South China Sea, in Bid to Appease Beijing," *New York Times*, November 8, 2017, <https://www.nytimes.com/2017/11/08/world/asia/philippines-south-china-sea.html?mtrref=www.google.com&gwh=9840A24CDB3FC1F83CAE703886C0A6B4&gwt=pay>, accessed April 30, 2018.

agreement for the United States to install THAAD.⁷ Regarding Chinese economic sanctions on South Korea, it appears that the cost balancing theory can explain Chinese coercion.⁸ For one, China is concerned about the reputation for resolve — the opposition against THAAD — because other East Asian states, Taiwan in particular, could follow suit. For another, China is not economically vulnerable vis-à-vis South Korea. China therefore coerced South Korea. Yet due to concerns about the geopolitical backlash cost, especially immediate escalation to a militarized conflict involving the United States, Chinese coercion against South Korea remains non-militarized.

China similarly imposed economic sanctions on North Korea by periodically shutting off oil and coal supplies to North Korea.⁹ According to the *New York Times*, China cut off oil exports to North Korea in September 2006 during the heightened tension over North Korea's nuclear programs. Chinese trade statistics show that China sold no crude oil at all to its neighbor in September 2006. North Korea depends on China for up to 90% of its oil supplies, much of which is sold on credit or for bartered goods, according to Chinese energy experts. According to the *New York Times*, any sustained reduction could cripple its isolated and struggling economy. The timing of this unannounced reduction was interesting – it was right between North Korea's missile tests in July and the nuclear test in October.¹⁰ It is possible that this was a signal from China for its ally to behave. China might have imposed similar sanctions in February 2013, when oil export to North

⁷ Jeongseok Lee, “Back to Normal? The End of the THAAD Dispute between China and South Korea,” *China Brief*, Vol. 17, Issue 15 (November 22, 2017), <https://jamestown.org/program/back-normal-end-thaad-dispute-china-south-korea>; Laura Zhou, “China-North Korea trade falls to near four-year low in January as sanctions bite,” *South China Morning Post*, February 23, 2018, http://www.scmp.com/news/china/diplomacy-defence/article/2134428/china-north-korea-trade-falls-four-year-low-january?utm_content=buffer0a272&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer#add-comment, accessed May 5, 2018.

⁸ Jeongseok Lee, “Back to Normal? The End of the THAAD Dispute between China and South Korea.”

⁹ Greg Price, “North Korea’s war supplies shut off by China as oil and fuel sanctions take toll,” *Newsweek*, December 26, 2017, <http://www.newsweek.com/china-war-north-korea-sanctions-oil-fuel-759202>, accessed May 5, 2018.

¹⁰ Joseph Kahn, “China May Be Using Oil to Press North Korea,” *New York Times*, October 31, 2006, https://www.nytimes.com/2006/10/31/world/asia/31korea.html?_r=2&, accessed April 30, 2018.

Korea was again zero, the first time since 2007.¹¹ Most recently, in late September 2013, the Chinese Ministry of Commerce publicly released a 236-page list of equipment and chemical substances it banned for export to North Korea, fearing that the North would use the items to speed up the development of an intercontinental ballistic missile with a nuclear bomb on top.¹² The front page of this document indicated that this export ban was in observance of the IAEA and Appendix 3 of the UNSC Resolution No. 2094.¹³ Earlier in 2013, China did not give any "gift" (i.e., grain, petroleum, etc.) after Kim Jong Un's special envoy visited China, which China would have given previously.¹⁴

It is true that North Korea is dependent on China for energy, yet China does not completely shut off energy supplies to North Korea.¹⁵ Chinese coercive pressure towards North Korea could have been much greater than it currently stands.¹⁶ As such, Chinese coercion against North Korea seems "half-hearted." China imposed coercive measures, but they are not stringent enough to really "bite." Chinese goals regarding North Korea are conflicting and not as straightforward as other issues. For territorial disputes, Taiwan, Tibet, and even THAAD, China wanted to stop the target state from doing things it is not pleased with and this is the primary goal. With North Korea, however, Chinese goals are two-fold: it does not want North Korea to proliferate, but it also does

¹¹ See <http://blog.ifeng.com/article/24850676.html>, accessed December 10, 2013.

¹² Jane Perlez, "China Ban on Items for Nuclear Use to North Korea May Stall Arms Bid," *New York Times*, September 29, 2013, <https://www.nytimes.com/2013/09/30/world/asia/china-ban-on-items-for-nuclear-use-to-north-korea-may-stall-arms-bid.html>, accessed April 30, 2018.

¹³ See Chinese Ministry of Commerce, "Guanyu jinzhi xiang chaoxian chukou de liangyong wuxiang he josh qingdan baogao [Announcement and list regarding the embargo of dual-use products and technologies to North Korea]," <http://www.mofcom.gov.cn/article/b/c/201309/20130900317772.shtml>, accessed December 10, 2013.

¹⁴ See Judy Wang, "Chaoxian xiwang zhongguo fangkuan jingji zhicai [North Korea hopes that China will relax economic sanctions]," *BWChinese*, June 21, 2013, http://www.bwchinese.com/article/1042485_3.html, accessed May 5, 2018.

¹⁵ David Tweed, "Why China Won't Cut Off North Korea's Oil Lifeline," *Bloomberg*, December 11, 2017, <https://www.bloomberg.com/news/articles/2017-12-11/why-china-won-t-cut-off-north-korean-oil-lifeline-quicktake-q-a>, accessed May 5, 2018.

¹⁶ Evan Osnos, "Why China won't press North Korea as much as Trump wants," *New Yorker*, September 19, 2017, <https://www.newyorker.com/news/news-desk/why-china-isnt-ready-to-put-pressure-on-north-korea>, accessed May 5, 2018.

not want North Korea to collapse if coercion proves effective. In addition, the need for China to establish a reputation for resolve against North Korea is low – if China does not coerce North Korea, its reputation for resolve will likely not be hurt vis-à-vis its adversaries, and it seems highly unlikely that Japan, South Korea, and Taiwan will develop nuclear weapons after perceiving Chinese unwillingness to coerce North Korea. Therefore, China remains partially committed to using economic sanctions against North Korea. Not viewing North Korea as a core interest, Chinese strategy towards the North Korea issue seems to be buck-passing – waiting for the United States and its allies to exert greater pressure.

Another issue area concerns human rights. China imposed sanctions on Norway after the Nobel Peace Prize was awarded to Chinese political dissident Liu Xiaobo, who has been imprisoned due to his activism. Immediately after the award, China canceled exchange visits between the two sides, terminated trade negotiations, and froze the negotiation on free-trade treaties. China also denied a visa by former Norwegian PM to visit China.¹⁷ Despite the Norwegian government's explanation that the prize was independent of government decisions, China imposed sanctions on Norwegian Salmon export to China – Norway's market for fresh salmon in China fell from about 90% percent in 2010 to under 30% in the first half of 2013.¹⁸ China also excluded Norway from the beneficiary of the policy of non-visa transit, starting from January 2013.¹⁹ The beneficiaries are able to stay in Beijing for up to 72 hours without a visa. All European countries were given this policy of non-visa transit except Norway. Officials in Beijing stated that these decisions were made by the MFA. Interviews indicate that the sanctions are still on-going and that some state-owned and

¹⁷ MFA Press Conference, as reported by *Xinhua News*, June 13, 2012, http://www.360doc.com/content/12/0614/01/5646261_218019392.shtml, accessed May 5, 2018.

¹⁸ See "Norway Penetrates China Blockage Through Vietnam," *The Nordic Page*, August 31, 2013, <https://www.tnp.no/norway/economy/3936-salmon-norway-penetrates-china-blockage-through-vietnam>, accessed May 5, 2018.

¹⁹ Ye Fan, "Norway was excluded from visa-free transit in China," *VOA*, December 7, 2012, <https://www.voachinese.com/a/beijing-to-allow-visa-free-transit-trips-20121206/1559981.html>, accessed May 5, 2018.

partially state-owned enterprises from Norway have had difficulty in operating in China, such as getting contracts in China (when they do have the areas of expertise and credential).²⁰ It is quite possible that China coerced Norway to establish a reputation for resolve in stopping other states from similarly “meddling” with what China considers to be its domestic issues. After all, the Nobel peace prize is highly salient and visible. It is conceivable that if China does not coerce Norway, other human rights organizations might similarly award Chinese political dissidents in the future. And the fact that China does not really depend on Norway makes it easier for China to impose economic and diplomatic sanctions.

Furthermore, it seems that China has also begun to use non-militarized coercive tools against third-party states “meddling with” the South China Sea disputes and those countries accusing China of exerting influence in their own territory. China has been reportedly “putting Australia into a diplomatic deep freeze, stalling on ministerial visits, deferring a trip by our top diplomat, and putting off a broad range of lower-level -exchanges to pressure Malcolm Turnbull over the new foreign-interference laws and naval challenges to disputed Chinese claims in the South China Sea.”²¹ As China begins to increase its overseas influence and as China economic vulnerability vis-à-vis some countries decreases, it is likely that we will be witnessing more Chinese coercive behavior in the future.

Finally, my dissertation project looks at the post-Cold War period, yet the Cold War period is equally fascinating.²² Further research needs to look at when, why, and how China coerced during the Cold War, and whether China is more likely to use brute force as opposed to coercion in the Cold War.

²⁰ Interview, Beijing, China, June 12, 2014.

²¹ Dennis Shanahan and Primrose Riordan, “Cold war: China’s freeze on ties,” *The Australian*, February 28, <https://www.theaustralian.com.au/national-affairs/cold-war-freeze-on-china-ties/news-story/f2673367ccfb5bf30f57dad473322a0f>, accessed May 5, 2018.

²² Shuguang Zhang, *Beijing's Economic Statecraft during the Cold War, 1949–1991* (Baltimore: Johns Hopkins University Press, 2016).

Generalizing Beyond China

Although my dissertation focuses on China, the cost balancing theory or components of the cost balancing theory travels beyond China.

First, regarding coercion, historical rising powers are much more coercive than contemporary rising powers such as China, India, Brazil, and South Africa. China, for example, has always been a risk-averse bully and is less belligerent than historical rising powers: the United States in the late 19th and early 20th century used aggressive gunboat diplomacy and intervention regarding smaller countries; Bismarckian Germany used force towards smaller countries, especially colonies; Wilhelmine Germany used force towards smaller and great powers, focusing on military use of force; interwar Japan also focused on the use of force against smaller powers.²³ Contrary to conventional wisdom and in contrast with historical rising powers, China is a cautious coercer and uses military coercion less when it becomes stronger, resorting to unconventional tools such as gray-zone coercion.

Although more detailed research must be done regarding the frequency and tools of other contemporary rising powers' use of coercion, it appears that rising Brazil, India, China, and South Africa do not engage in coercion frequently, nor do they have a preference for militarized coercion. This divergence from historical rising powers could be due to the centrality of economic development to these rising powers, and concerns about economic vulnerability and geopolitical backlash. That is, in a world where the economy is intricately intertwined through markets and a globalized production and supply chain, the economic vulnerability cost for rising powers to coerce

²³ See Ian Nish, *Japanese Foreign Policy in the Interwar Period* (Westport: Praeger, 2002); Imanuel Geiss, *Germany Foreign Policy 1871-1914* (London: Routledge & Kegan Paul, 1976); Prosser Gifford and W M. Roger Louis eds., *Britain and Germany in Africa: Imperial Rivalry and Colonial Rule* (New Haven: Yale University Press, 1967); Dana Gardner Munro, *Intervention and Dollar Diplomacy in the Caribbean, 1900-1921* (Princeton: Princeton University Press, 1964).

can be much higher than historical rising powers.²⁴ This is especially true for Brazil, China, India, and South Africa, all of which are tapped into and benefit from the international economic system, which in turn make them economically vulnerable to some targets whom they depend on. In addition, concerns about geopolitical backlash – especially immediate escalation to conflicts – are also acute for rising powers, because war and conflicts may disrupt markets and supply and negatively affect their economic growth. This stands in contrast with declining powers such as Russia, which is much less tapped into the contemporary global economic production chain. And we do see Russia acting much more aggressively with militarized coercion. As such, the cost balancing theory may be applicable to all contemporary rising powers. When, why, and how rising powers coerce might prove a fruitful venue for further research.

Second, the core benefit of coercion – the need to establish a reputation for resolve – can go beyond rising powers. In fact, such a reputational concern manifests itself in civil wars and U.S. economic sanctions for non-proliferation. In particular, the logic of “killing the chicken to scare the monkey” is evident in U.S. economic sanctions for allies that attempted to proliferate during the Cold War and governments trying to repress one rebel group to deter other groups in the civil war setting.²⁵ This suggests that concerns for a reputation for resolve might be much more prevalent and applicable to other both state and non-state actors, inter-state and intra-state conflicts.²⁶

²⁴ This conclusion is similar to Steve Brooks.’ argument Stephen G. Brooks, *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict* (Princeton: Princeton University Press, 2005).

²⁵ See Nick Miller’s work on nuclear non-proliferation and Barbara Walter’s work on civil war.

²⁶ See, for example, Jonathan Renshon et al., “Leader Influence and Reputation Formation in World Politics.”

Section III. International Relations Theory

In this section, I discuss the implications of my dissertation for international relations theories, including coercion, reputation and credibility, signaling, and rising powers.

First, this dissertation contributes to the coercion literature, especially the literature on compellence and coercive diplomacy, in two respects. For one, although the literature focuses on evaluating the effectiveness of coercion, this dissertation adds on to the burgeoning efforts to analyze coercion decisions. I especially specify the most important costs and benefits influencing when, why, and how states coerce.

For another, although the literature zooms in on particular forms of coercive tools, especially military coercion and sanctions, I attempt to put coercive tools on a full spectrum and identify conditions under which states are more likely to choose some coercive tools over others. The kinds of tools and the manner in which coercion is carried out by China are worth noting. For example, when the geopolitical backlash cost is high, China tends to prefer non-militarized coercion, especially gray-zone coercion if the issue concerns territorial disputes. China's use of gray-zone coercion suggests that more efforts should be made to theorize gray-zone coercion, which currently gains policy traction but is yet to be theorized more comprehensively. I argue that the literature needs to further clarify and bound the concept of gray-zone coercion. That is, actions taken by the military are not gray-zone measures; they are military action, regardless of whether the action is kinetic or not. One distinct feature of gray-zone coercion is plausibility deniability – the coercing state can deny that it is using the military and therefore possibly avoid triggering alliance treaties and getting involved in militarized conflicts. If military actions – be they display or show of force – are included in the concept of gray-zone coercion, then such actions lose the feature of plausible deniability and the “gray” aspect of gray-zone coercion. In Chapter 2, I show that the definitions for gray-zone coercion tend to include what is essentially military coercion. As such, future research

should expand on what specific gray-zone tools different states use in different contexts and what rationale prompts states to choose gray-zone tools over other coercive tools.

Another interesting aspect of China's coercive tools concerns how China coerces. For example, when China threatens or imposes economic sanctions, it rarely makes public announcements, which stands in contrast to sanctions announcement made by the United States.²⁷ One rationale for China's secretive and private economic sanctions is that it helps China eschew WTO rules. In a way, China can plausibly deny that it explicitly imposed economic sanctions, even though in private the intention of using economic sanctions for political purposes is clear. One rationale for China's secretive and private economic sanctions is that it helps China eschew WTO rules. In a way, China can plausibly deny that it explicitly imposed economic sanctions, even though in private the intention of using economic sanctions for political purposes is clear. China's "silent" economic sanctions challenge Allison Carnegie's argument that international institutions such as the WTO convinces states to eschew certain coercive tools and reduces the effectiveness of economic sanctions.²⁸ None of China's economic sanctions for territorial disputes, Taiwan, and Tibet in the post-Cold War period are disputed at the WTO, precisely because of the secretive and private nature of Chinese sanctions – none of these sanctions were publically announced. Even the rare earth embargo of the 2010 boat incident with Japan did not bring about a WTO dispute. The WTO noted that on March 13, 2012, the United States requested consultations with China with respect to China's restrictions on the export of various forms of rare earths, tungsten, and molybdenum, which was later joined by the EU, Japan, and Canada.²⁹ Yet none of these countries cited China's rare earth embargo during the 2010 boat incident as a source of dispute, because of

²⁷ See James Reilly, "China's Unilateral Sanctions," *Carnegie Council*, June 20, 2013, https://www.carnegiecouncil.org/publications/ethics_online/0082/_res/id=Attachments/index=0/China's_Unilateral_Sanctions.pdf, accessed May 5, 2018.

²⁸ Allison Carnegie, *Power Plays: How International Institutions Reshape Coercive Diplomacy* (Cambridge: Cambridge University Press, 2015).

²⁹ "DS431: China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum."

lack of direct evidence. This suggests that the literature may need to look beyond publically announced sanctions made by OECD countries, which is in line with Robert Trager's work on private communications as a tool for signaling.³⁰ After all, developing states and authoritarian states also impose economic sanctions, and the secretive and silent nature of some of these sanctions may ironically make them more effective.

Second, since the core benefit of coercion is to establish a reputation for resolve, my dissertation adds to the literature on reputation. There is a rich literature of reputation and credibility, and a significant portion of it is tied to deterrence. Related is the debate of whether credibility comes more from a reputation for resolve or a material calculation of capability. My dissertation contributes to the reputation literature in two ways. On one hand, I show that reputation is not only important for deterrence but also relevant for when and why states engage in compellence or coercive diplomacy. As the previous section shows, state actors and non-state actors coerce one target to deter others, which the Chinese saying terms as "killing the chicken to scare the monkey." In this sense, states are coercing or compelling to deter, which blurs the theoretical line between coercion (in the sense of compellence) and deterrence. After all, compellence and deterrence are interrelated and there might not be such a clear-cut line.

On the other hand, although Daryl Press challenges the notion that adversaries focus on current capability rather than reputation (or past actions) when calculating credibility, my dissertation shows that states pay keen attention to the reputation of their adversaries when calculating their alliance credibility. It is clear from China's coercion calculus that China did take into account U.S. credibility in the form of statements and past actions when calculating China's geopolitical backlash cost of coercion. Whether and how the United States gets involved in South China Sea disputes significantly affects China's decisions regarding when and how to coerce. For

³⁰ Robert F. Trager, *Diplomacy: Communication and the Origins of International Order* (Cambridge: Cambridge University Press, 2017).

example, according to U.S. scholars, the closing of Clark Air Base and Subic Bay produced not even a shiver of instability.³¹ Yet as seen in the 1990s, China actually took advantage of this geopolitical vacuum and used military coercion. In this case, it is not U.S. capability that was affected – the U.S. seventh fleet was still around and the United States did not need the symbolic troops stationed at the Clark Air Base and Subic Bay to win against China in a maritime battle. It was rather U.S. statements and past actions that suggested to China a lack of resolve in defending the Philippines that prompted China to militarily coerce the Philippines. Similarly, China had been watching U.S. statements and the lukewarm reactions of the Ukraine Crisis before going ahead with large-scale land reclamation in May 2014. These examples suggest that not only do states such as China care about their own reputation for resolve, they also calculate their adversaries' alliance credibility based on the level of resolve. As such, reputation for resolve remains an important theoretical concept and the debate on reputation and capability is not resolved.

Third and related to the reputation literature is the literature on signaling and costly signals. There has been a rich literature on audience costs as one form of costly signals to indicate resolve.³² Yet my dissertation reinforces Schelling's notion that states sometimes have to show physical evidence of resolve, that is, physical coercive actions. China mostly engages in coercive action as opposed to making coercive threats, and the rationale is that physical actions increase China's reputation for resolve, especially if other states are watching and if the purpose of Chinese coercion is "killing the chicken to scare the monkey." My dissertation is in line with Slantchev's argument that military actions send the strong signals because they are physical and costly. Yet it

³¹ Johnson and Keehn, "East Asian Security: the Pentagon's Ossified Strategy," p. 111.

³² James Fearon, "Domestic political audiences and the escalation of international disputes," *American Political Science Review*, Vol. 88, no. 3 (1994), p. 577-592; Jessica L. Weeks, "Autocratic Audience Costs: Regime Type and Signaling Resolve," *International Organization*, Vol. 68, No. 1 (2008), p. 35-64; for a review of the audience cost literature, see Bruce Bueno de Mesquita and Alastair Smith, "Domestic Explanations of International Relations," *Annual Review of Political Science*, Vol. 15 (2012), p. 161-181; for articles challenging the audience cost mechanism, see Mark Trachtenberg, "Audience Costs: An Historical Analysis," *Security Studies*, Vol. 21, No. 1 (2012), p. 3-42; see also other articles in "Do Audience Costs Exist? A Symposium," *Security Studies*, Vol. 21, No. 3 (2012), p. 369-415.

also expands on Slantchev's argument and argues that other physical signals – economic sanctions, diplomatic sanctions, gray-zone coercion – can also act as costly signals. The effectiveness of Chinese economic sanctions on countries such as France and Germany demonstrates non-military signals can be just as important, if not more so, as military signals. This suggests that we need to go beyond audience costs to explore other kinds of more physical costly signals, be it military mobilization, economic sanctions, security guarantees, or arms transfers.

Finally, as stated in the previous section, the cost balancing theory might be generalizable to contemporary rising powers. Moreover, my dissertation adds to the growing literature on the specific foreign policy behavior of rising powers. It goes beyond the broad questions of war and peace and power transition and looks instead at coercion – one important form of foreign policy behavior – when China is still in the process of rising. In so doing, I challenge the argument of offensive realism that rising powers tend to become more aggressive as their power grows. Rising powers such as China engage in coercion and have always been doing so. China has actually reduced its use of military coercion when it becomes more powerful. It is worth noting that by overlooking levels of economic vulnerability and the ways in which a rising power is connected to the international economic system, structural realism such as offensive realism fails to discern the nuances in the behavior of a contemporary rising power and consequently, the trajectory of a rising power. That is, instead of making assumptions, scholars studying rising power behavior should really go into the black box of rising powers' decision-making to identify what specific factors explains the behavior of rising powers.

The importance of the economic vulnerability variable suggests that economic interdependence, especially the intricate global supply chain that characterizes the contemporary international economic system, might have a dampening effect on the likelihood of rising powers becoming linearly aggressive in the future. Such economic vulnerability of rising powers on the

hegemon and its OECD allies – a trend that is unlikely to change in the near future – might reduce the pessimism that some scholars term as “the Thucydides’ Trap.”³³ Relatedly, the economic vulnerability variable points to the need to return to conceptualize power as a relational concept, as opposed to power as a property concept.³⁴ In other words, when we talk about China is growing as a rising power, we need to specify to whom and under what conditions is China gaining power (or influence). Just because overall Chinese economic and military capabilities – the base of power – increase, does not necessarily mean China has power or influence vis-à-vis every single country in the international system. Regardless of the stage of the rise, China has influence over some countries, especially those that are economically vulnerable vis-à-vis China, but not others. It is necessary for international relations scholars to adopt a more nuanced view of power and to deconstruct what the different aspects of power.

Section IV. China’s International Relations and Future Trajectory

China’s growing power in the last thirty years has been under the spotlight, be it in academia or in the policy world. Regardless of what specific topics a dissertation on China is about, one might inevitably arrive at questions of Chinese grand strategy, levels of Chinese assertiveness, and the trajectory of a rising China. This section therefore delves into these questions. I begin with a brief discussion of Chinese grand strategy, the assertiveness debate, then the future trajectory of China, and finally possible policy recommendations to manage China’s rise.

³³ Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

³⁴ David Allen Baldwin, *Power and International Relations: A Conceptual Approach* (Princeton: Princeton University Press, 2016), p. 50.

First, there is a rich literature on Chinese grand strategy.³⁵ The general consensus is that China still maintains a grand strategy of peaceful development and needs a stable international environment for its development. I agree with this assessment, but add that my research of Chinese coercion suggests that there has always been a tension in Chinese grand strategy. On one hand, China's economic development is deeply intertwined with the international economic system and China needs a stable environment to continue its development. On the other hand, China has security interests regarding territorial disputes, Taiwan, and Tibet, and sometimes does need to establish a reputation for resolve in defending these security interests. Defending China's perceived security interests is not always in line with China's overall objective of development. These two conflicting goals therefore lead China to make the goldilocks choices regarding coercion: China coerces to establish a reputation for resolve, but prefers non-militarized coercive tools to avoid geopolitical backlash cost. In addition, although China has clear objectives regarding the Taiwan and Tibet issues, the same cannot be said of maritime territorial disputes. My interviews and written documents suggest that China has yet to come up with clearly defined strategic goals regarding the South and East China Seas. It is true that China has territorial and jurisdictional claims in the South and East China Seas, yet it is unclear whether these claims are indicative of a grand strategy of expansion and global power projection. At the moment, territorial disputes are still not Chinese core interests *per se*, even though sovereignty and territorial integrity are core interests. Among issues of territorial disputes, Taiwan, and Tibet, Taiwan and Tibet remains the core interest and therefore issues of the highest importance to the Chinese government. This confirms that any research on Chinese grand strategy needs to be firmly grounded in empirical evidence, as opposed to making unfounded assumptions on Chinese aims in the South and East China Seas.

³⁵ See, for example, Avery Goldstein, *Rising to the Challenge China's Grand Strategy and International Security* (Palo Alto: Stanford University Press, 2005).

Second, both academia and policymakers have been convinced China is becoming more assertive. As I have argued in Chapter 1 of the dissertation, this debate is vague as to the definition of assertiveness. If we believe coercion to be an important indicator of assertiveness, then policymakers may be overstating China's passivity in the past and assertiveness at the present. China has been quite coercive both in the 1990s and the 2000s. In fact, Chinese used military coercion much more frequently in the 1990s. That is, China has always been assertive. It is incorrect and potentially dangerous to claim that China has suddenly become more assertive in the late 2000s, just because there are more media reports of Chinese coercion. We need to dissect when, to whom, and in what ways China is coercive or assertive.

Third, some might be wondering about China's future trajectory. Will China become more coercive? Will China conform to offensive realists' prediction? The cost balancing theory argues that economic vulnerability cost is an important cost of coercion. The trend is therefore worrying in that if China becomes less dependent on other states for markets, supply, and technology, it might be more free to engage in coercive action. Similarly, if the geopolitical backlash cost becomes smaller in the future, China may even become more militarily coercive. It is true that China has been trying to increase domestic consumption as well as indigenous innovation, yet the process can be quite long. As Michael Beckley argues, China still lags way behind the United States in terms of technological development and it will be quite difficult for China even just to catch up with the United States in the future.³⁶ As such, economic vulnerability might be a staying factor with China for the foreseeable future, although this does not mean China is economically vulnerable to all states. As for geopolitical backlash cost, it actually partially depends on U.S. posture in the Asia-Pacific, which I will discuss more in detail in the final section.

³⁶ Michael Beckley, *Unrivaled: Why America Will Remain the World's Sole Superpower* (Ithaca: Cornell University Press, forthcoming 2018).

One additional trend concerns the changing norms of Chinese leadership transitions. In February 2018, China's *Xinhua News* reported that "[t]he Communist Party of China Central Committee proposed to remove the expression that the President and Vice-President of the People's Republic of China 'shall serve no more than two consecutive terms' from the country's Constitution."³⁷ This, in fact, means that Chinese President Xi Jinping will be able to stay for a third term, which has adverse implications for the norm that Chinese presidents do not serve more than two terms. Although it is yet unclear how this constitutional change might affect Chinese foreign policy behavior, it does add to the uncertainty of the trajectory of China's rise.³⁸

Finally, how do we manage China's rise? Are there policy recommendations that we might derive from research on Chinese coercion? For issues such as territorial disputes and Taiwan that might have a higher chance of escalating to militarized conflicts, the United States is a critical actor. On the economic front, the United States needs to continue to engage China economically while at times using economic carrots and sticks as leverage. For example, the U.S. energy sector might be an area where China might depend on, as seen in the Malaysian case. The United States might also use China's growing outward investment as leverage by allowing or curbing Chinese investment in the United States. These economic measures may ensure that China is still economically vulnerable vis-à-vis the United States. On the geopolitical front, the United States as the hegemon should be particularly cautious about its statements and actions, because China does watch U.S. statements and actions around the world closely and derive assessments of U.S. alliance credibility from these

³⁷ "CPC proposes change on Chinese president's term in Constitution," *Xinhua News*, February 25, 2018, http://www.xinhuanet.com/english/2018-02/25/c_136998770.htm, accessed May 5, 2018.

³⁸ Jeffrey A. Bader, "7 things you need to know about lifting term limits for Xi Jinping," Brookings, February 27, 2018, https://www.brookings.edu/blog/order-from-chaos/2018/02/27/7-things-you-need-to-know-about-lifting-term-limits-for-xi-jinping/?utm_content=buffer602c7&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer; some suggests that the consolidation of Mr. Xi's power may also bolster China's growing confidence on the international stage, perhaps even its assertiveness. See Mary Gallagher, "Does a Stronger Xi Mean a Weaker Chinese Communist Party?," *New York Times*, March 2, 2018, https://www.nytimes.com/2018/03/02/opinion/xi-jinping-china.html?utm_content=buffer2f0b5&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer, accessed April 30, 2018.

statements and behavior. One specific suggestion regarding maritime territorial disputes is to regularize U.S. Freedom of Navigation Operations (FONOP) and increase the frequency of FONOPs. By increasing the frequency, the geopolitical backlash cost for China to use military coercion in maritime disputes may increase. By making FONOPs more regularized, such operations will not be a salient new-worthy issue and consequently will not become front-page news at *New York Times* or *Reuters* everytime the United States conducts FONOP, which in turn reduces the salience of the disputes and decreases the need for China to establish a reputation for resolve. In short, despite the growth of Chinese power, major conflicts or a war of power transition are not inevitable. There are measures that foreign states can do to possibly manage China's rise.

Appendix I

Interview Codebook

Table 1. Interviews

Interview Code	Date and Place	Source	Format	Length	Transparency
KZ-#1	2015-8-19 Beijing, China	Sample frame	Semi-structured	1.5 hours	Confidentiality required
KZ-#2	2015-8-20 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#3	2015-8-25 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#5	2015-9-16 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#6	2015-9-28 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#12	2015-10-22 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#7	2015-9-30 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#8	2015-10-6 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#4	2015-9-15 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#10	2015-10-13 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#9	2015-10-9 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Sample frame			

KZ-#11	2015-10-14 Beijing, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Snowball			
KZ-#13	2015-11-17 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#14	2015-11-25 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Snowball			
No response	Cannot seem to be able to contact the interviewee (emails sent always automatically returned by the system).	Snowball			
KZ-#39	2016-1-22 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#100	2016-7-28 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Sample frame			
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Sample frame			
KZ-#45	2016-2-2 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#36	2016-1-18 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#52	2016-3-9 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#42	2016-1-25 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#22	December 15, 2015 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required

Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Snowball			
KZ-#38	2016-1-20 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#49	2016-2-23 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#50	2016-3-3 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#37	2016-1-19 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#41	2016-1-22 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#43	2016-1-28 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#63	2016-4-25 Beijing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#18	2015-12-3 Guangzhou, China	Sample frame	Semi-structured	0.5 hour	Confidentiality required
KZ-#19	2015-12-4 Guangzhou, China	Sample frame	Semi-structured	1.5 hours	Confidentiality required
KZ-#85	2016-5-23 Guangzhou, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#16	2015-11-30 Guangzhou, China	Sample frame	Semi-structured	2 hours	Confidentiality required
KZ-#17	2015-12-1 Guangzhou, China	Sample frame	Semi-structured	1.5 hours	Confidentiality required
KZ-#20	2015-12-9: Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#21	2015-12-10 Beijing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#23	2015-12-19 Beijing, China	Snowball	Unstructured	1.5 hours	Confidentiality required
KZ-#24	2015-12-29 Nanjing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#25	2015-12-30 Nanjing, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#26	2015-12-30 Nanjing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#27	2015-12-31 Nanjing, China	Snowball	Semi-structured	1 hour	Confidentiality required
KZ-#28	2016-1-5 Haikou, China	Sample frame	Semi-structured	1 hour	Confidentiality required
KZ-#29	2016-1-5 Haikou, China	Snowball	Unstructured	0.5 hour	Confidentiality required
KZ-#32	2016-1-7 Haikou, China	Sample frame	Semi-structured	2 hours	Confidentiality required
KZ-#55	2016-4-12	Snowball	Unstructured	2	Confidentiality

	Haikou, China			hours	required
KZ-#56	2016-4-13 Haikou, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#57	2016-4-14 Haikou, China	Sample frame	Semi- structured	2 hours	Confidentiality required
KZ-#30	2016-1-6 Haikou, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#31	2016-1-6 Haikou, China	Snowball	Unstructured	0.5 hour	Confidentiality required
KZ-#34	2016-1-8 Haikou, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#35	2016-1-18 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#40	2016-1-22 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#93	2016-6-16 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#51	2016-3-8 Beijing, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
Declined	Interviewee declined citing reasons that the interviewee is not familiar with the area.	Snowball			
KZ-#92	2016-6-8 Beijing, China	Sample frame	Semi- structured	0.5 hour	Confidentiality required
KZ-#95	2016-7-4 Beijing, China	Sample frame	Semi- structured	0.5 hour	Confidentiality required
KZ-#94	2016-6-27 Beijing, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
KZ-#44	2016-2-2 Beijing, China	Snowball	Semi- structured	0.5 hour	Confidentiality required
KZ-#46	2016-2-15 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
Unavailable	Interviewee is away and will not be back until later.				
KZ-#89	2016-5-25 Guangzhou, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
KZ-#47	2016-2-17 Email exchange	Snowball	Structured	N/A	Confidentiality required
KZ-#48	2016-2-20 Email exchange	Snowball	Structured	N/A	Confidentiality required
KZ-#53	2016-3-17 Atlanta, USA	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#54	2016-4-8 Haikou, China	Sample frame	Semi- structured	0.5 hour	Confidentiality required
KZ-#60	2016-4-18 Wuhan, China	Snowball	Semi- structured	0.5 hour	Confidentiality required
KZ-#61	2016-4-18 Wuhan, China	Sample frame	Semi- structured	0.5 hour	Confidentiality required

KZ-#62	2016-4-20 Wuhan, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#59	2016-4-18 Wuhan, China	Sample frame	Semi- structured	1 hour	Confidentiality required
Declined	Interviewee declined, citing reasons that as a government policy analyst, the interviewee is not allowed to discuss China's foreign policy decision- making with me.				
KZ-#65	2016-4-27 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#64	2016-4-27 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#58	2016-4-14 Haikou, China	Sample frame	Semi- structured	1 hour	Confidentiality required
Declined	Declined stating that the interviewee is more familiar with issues regarding international law, but not the questions that I ask.				
Declined	Interviewee declined stating the interviewee is not familiar with the topic.				
KZ-#66	2016-5-4 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#67	2016-5-4 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#80	2016-5-13 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#70	2016-5-5 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#71	2016-5-6 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-79	2016-5-13 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
Declined	Interviewee declined stating that the interviewee is not familiar with the topic.				
Declined	Interviewee declined stating that the interviewee is not familiar with the topic.				
KZ-#117	2016-5-5 Cell phone exchange	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#73	2016-5-8	Sample	Semi-	1 hour	Confidentiality

	Shanghai, China	frame	structured		required
KZ-#68	2016-5-5 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#74	2016-5-10 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#81	2016-5-15 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#69	2016-5-5 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#72	2016-5-7 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#76	2016-5-12 Shanghai, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#75	2016-5-12 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#77	2016-5-12 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#82	2016-5-16 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#78	2016-5-13 Shanghai, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#83	2016-5-20 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#87	2016-5-24 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#86	2016-5-23 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#90	2016-5-25 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#84	2016-5-21 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#88	2016-5-25 Guangzhou, China	Snowball	Semi- structured	1 hour	Confidentiality required
Declined	Interviewee declined stating that it is complicated				
KZ-#97	2016-7-18 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#96	2016-7-6 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#91	2016-6-7 Beijing, China	Sample frame	Semi- structured	2 hours	Confidentiality required
KZ-#92	2016-6-13 Xiamen, China	Sample frame	Semi- structured	2 hours	Confidentiality required

KZ-#99	2016-7-21 Beijing, China	Sample frame	Semi- structured	2 hours	Confidentiality required
KZ-#98	2016-7-20 Cell phone exchange	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#106	2016-9-22 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#102	2016-8-21 Washington, D.C., USA	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#109	2016-12-5 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#101	2016-8-17 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#104	2016-9-6 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#103	2016-9-2 Philadelphia, USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#108	2016-9-29 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#105	2016-9-22 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#107	2016-9-28 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#110	2016-12-6 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#111	2016-12-27 Beijing, China	Sample frame	Semi- structured	0.5 hour	Confidentiality required
KZ-#112	2016-12-27 Beijing, China	Sample frame	Semi- structured	2 hours	Confidentiality required
KZ-#113	2016-12-29 Beijing, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
KZ-#114	2016-12-29 Beijing, China	Sample frame	Semi- structured	1.5 hours	Confidentiality required
KZ-#115	2017-1-18 Washington, D.C., USA	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#116	2017-12-19 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#118	2018-3-26 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
KZ-#119	2018-3-27 Beijing, China	Sample frame	Semi- structured	1 hour	Confidentiality required
KZ-#120	2018-3-29 Beijing, China	Snowball	Semi- structured	1 hour	Confidentiality required
Interview	December 30, 2013, Beijing, China	Previous interviews	Semi- structured	1 hour	Confidentiality required
Interview-1	January 14, 2014, Beijing, China	Previous interviews	Semi- structured	1 hour	Confidentiality required
Interview-2	January 14, 2014, Beijing,	Previous	Semi-	1 hour	Confidentiality

	China	interviews	structured		required
Interview	January 20, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 5, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 6, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 10, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 11, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 12, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 26, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	June 30, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	July 3, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-1	July 9, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-2	July 9, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	July 15, 2014, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	January 7, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview	January 8, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-1	January 13, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-2	January 13, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-3	January 13, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-1	January 14, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required
Interview-2	January 14, 2015, Beijing, China	Previous interviews	Semi-structured	1 hour	Confidentiality required

Appendix II

Incidents and Reactive and Immediate Cases of Coercion in the South China Sea

Table 1. Incidents Regarding Island Control and Oil Exploration

Year /Incidents	No action/rhetorical	Diplomatic Sanctions (Including Duration)	Economic Sanctions	Gray-zone Coercion (Specific kinds: expelling or etc.)	Military coercion (Including Duration)
Control Over Land Features in the South China					
1991.9.1: Malaysia planned to build an airstrip on Layang Layang Island in the Spratlys ¹	Diplomatic protests	No	No	No	No
1991.11.3: Vietnam took the Grainger bank in the Spratlys ²	No direct diplomatic protests.	No	No	No	No
1990.11.4: Vietnam took the Prince Consort Bank (Bai Phuc Nguyen) ³	No direct diplomatic protests.	No	No	No	No
1991.11.30: Vietnam took the Alexandra Bank ⁴	No direct diplomatic protests.	No	No	No	No

¹ *Herald Sun*, September 2, 1991, Kuala Lumpur.

² Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi* [Gazetteer of Hainan — Regarding the Parcel, Macclesfield, and Spratly Islands], compiled by the government in Haikou in 2005, p. 313. This material is available in the library of NISCSS; cross-checked with Alexander L. Vuving, “South China Sea: Who Claims What in the Spratlys?,” *The Diplomat*, May 6, 2016, <https://tribunecontentagency.com/article/south-china-sea-who-claims-what-in-the-spratlys/>, accessed April 17, 2018.

³ Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi* [Gazetteer of Hainan — Regarding the Parcel, Macclesfield, and Spratly Islands], p. 313; cross-checked with Alexander L. Vuving, “South China Sea: Who Claims What in the Spratlys?”

⁴ Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, p. 34; cross-checked with Alexander L. Vuving, “South China Sea: Who Claims What in the Spratlys?”

Summer 1992: Malaysia finished the runway on Layang Layang ⁵	No action, nor diplomatic mentioning publically.	No	No	No	No
1992.7.19: Vietnam established a small fishing harbor on the Changsha island in the Spratlys ⁶	No action, nor diplomatic mentioning; China stressed the need to peacefully resolve issues in the South China Sea. ⁷	No	No	No	No
1992.5: Philippines took four land features in the Spratlys ⁸	No direct diplomatic protests.	No	No	No	No
1992.3.19: Vietnamese armed fishery boat No. 710 removed Chinese markers in the Spratlys on the Alison Reef ⁹	No direct diplomatic protests.	No	No	No	No
1993.5.15: The Philippines ordered its armed forces to expand airports in disputed islands of the Spratlys ¹⁰	Yes, no action, nor diplomatic mentioning	No	No	No	No

⁵ Makito Ohashi, *The Nikkei Weekly (Japan)*, May 30, 1992.

⁶ Zhang Liangfu, *Nansha qundao dashiji*, p. 230.

⁷ *Ibid.*

⁸ No specific date was given, see Alexander L. Vuving, "South China Sea: Who Claims What in the Spratlys?," in 1992, the Philippine Navy rehabilitated the lighthouse and reported it to the International Maritime Organization for publication in the List of Lights (currently, this lighthouse is not operational). See Mark E. Rosen, "Philippine Claims in the South China Sea: A Legal Analysis," A CNA Occasional Paper, August 2014, https://www.cna.org/cna_files/pdf/IOP-2014-U-008435.pdf, accessed April 17, 2018. The Chinese sources provided the month, see Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi [Gazetteer of Hainan — Regarding the Paracel, Macclesfield, and Spratly Islands]*, p. 314.

⁹ *Ibid.*, p. 314.

¹⁰ Zhang Liangfu, *Nansha qundao dashiji*, p. 247; for cross-checking, see "Taiwan considering building airfield in Spratly Islands," *Taiwan Economic News*, July 14, 1993.

1993.7: The Philippines removed Chinese markers on the Mischief reef ¹¹	Yes, no action, nor diplomatic mentioning	No	No	No	No
1993.8.15: Philippine frigate no. 28 removed Chinese markers in Spratlys. ¹²	No direct diplomatic protests.	No	No	No	No
Southwest Cay: Song Tu Tay lighthouse is about 320 nautical miles from Nha Trang. The island of Song Tu Tay has an area of about 12 hectares. It is one of the six largest islands in Truong Sa. The lighthouse was built in 1993, with a height of about 36m. ¹³	No direct diplomatic protests.	No	No	No	No
1994.5.27: Vietnam established a lighthouse on Ladd Reef. ¹⁴	Yes	No	No	No	No
1994.6.7: Vietnam established lighthouses on the West London Reef. ¹⁵ One of which was completed on June 21, 1994, which was	Yes	No	No	No	No

¹¹ Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi* [Gazetteer of Hainan — Regarding the Parcel, Macclesfield, and Spratly Islands], p. 314.

¹² *Ibid.*

¹³ See “Photos: Nine lighthouses in Truong Sa,” *VietNamNet Bridge*, <http://english.vietnamnet.vn/fms/vietnam-in-photos/138216/photos--nine-lighthouses-in-truong-sa.html>; Russ Rowlett, “Lighthouses of the Spratly Islands,” <https://www.unc.edu/~rowlett/lighthouse/spr.htm>; Vietnam Ministry of Transport, “Song Tu Tay,” <http://www.vms-south.vn/en/hai-dang-luong-hang-hai/he-thong-hai-dang/song-tu-tay>, accessed April 17, 2018.

¹⁴ Zhang Liangfu, *Nansha qundao dashiji*, p. 265; cross-checked: Maritime Briefs, *Journal of Commerce*, July 1, 1994, Friday; Da Lat lighthouse is located on Ladd Reef that belongs to West Pole of Spratly islands, in Truong Sa district, Khanh Hoa province. It was established in 1994. Vietnam Ministry of Transport, “Da Lat,” <http://www.vms-south.vn/en/hai-dang-luong-hang-hai/he-thong-hai-dang/da-lat>, accessed April 17, 2018.

¹⁵ Zhang Liangfu, *Nansha qundao dashiji*, p. 265; The Da Tay Lighthouse is on Da Tay reef, built in June 1994, with a height of 20m. See “Photos: Nine lighthouses in Truong Sa.”

presumably the West London Reef. ¹⁶					
1994.8.27: Vietnam finished a fishing harbor on the Spratly island. ¹⁷	No direct diplomatic protests.	No	No	No	No
1994.9.27: Philippines established a marker on land features in the Spratlys ¹⁸	No direct diplomatic protests.	No	No	No	No
1994.9.29: Philippines established markers on land features in the Spratlys ¹⁹	No direct diplomatic protests.	No	No	No	No
1994.12 to 1995.2 Mischief Reef incident: China established infrastructure on the mischief reef first (through China's fishery administration). And in January 1995, Philippine fishers stopped by the reef, and was faced with Chinese coercion ²⁰	Yes, multiple diplomatic protests ²¹ ; but relations improved soon after; and Chinese FM Qian Qichen met with his Philippine counterpart, stating that SCS issue should not affect the bilateral relations ²²	No – negotiations continued despite all the below episodes. ²³ Result: the Philippines acquired Chinese occupation of the mischief reef.	No	Yes: 1995. 1. 10 1995. 1. 17	No

¹⁶ Da Tay lighthouse is located on West London Reef that belongs to Spratly islands, in Truong Sa district, Khanh Hoa province. West London Reef consists of a eastern part is a sand-dune 0,6m in height, a western part as a coral bank that only rises when the tide is coming. West London Reef is a part of London Reefs. It was established on 06/21/1994. Vietnam Ministry of Transport, "Da Tay," <http://www.vms-south.vn/en/hai-dang-luong-hang-hai/he-thong-hai-dang/da-tay>, accessed April 17, 2018.

For others such as Grainger Bank and Alexandra Bank, see Russ Rowlett, "Lighthouses of the Spratly Islands."

¹⁷ Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi*, p. 316.

¹⁸ Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi*, p. 316. The start date of the Philippine occupation of Commodore Reef remains uncertain. Philippine troops landed on the reef in August 1980 and removed a marker that Malaysia installed there a few months before, but it is unknown whether they stayed or left after the operation. One report states that they deserted it since 1986, but it is currently occupied by a military detachment. See Alexander L. Vuving, "South China Sea: Who Claims What in the Spratlys?"

¹⁹ Hainan Provincial Office, *Hainan shengzhi — xinanzhong sha qundao zhi*, p. 316.

²⁰ Zhang Liangfu, *Nansha qundao dashiji*, p. 57.

²¹ *Ibid.*, p. 279.

²² *Ibid.*, p. 277 and p. 282.

²³ See Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*.

Mid to late March 1995: the Philippine navy destroyed Chinese wind-shielding infrastructure on the Mischief reef (China established infrastructure there in the first place); The Philippine naval ships went to the reef ²⁴	Yes	No	No	No	No
1995 March: As a spin-off from the mischief reef incident, The Philippine navy destroyed the infrastructure of eight of the reefs claimed by China, including Xian'e, Xinyi, Banyue, Ren'ai, and Wufan reefs. ²⁵	Yes	No	No	No	No
1995.5.13: as a spin-off of the Mischief incident, the Philippines dispatched journalists to the reef	Yes	No	No	Yes: 1995. 5. 13: Chinese fishery's administrative ship no. 34. Result of this incident: on June 1, 1995, both sides reached an agreement on joint development. ²⁶ This incident ended in	No; there was the presence of two Chinese naval frigates – but again, they were 25 kilometers away

²⁴ Information comes from Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*; Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, p. 71.

²⁵ Nirmal Ghosh, Manila Correspondent, "No co-operative ventures in Spratlys until atmosphere improves," *The Straits Times (Singapore)*, Manila, April 7, 1995; Lindsay Murdoch, "Spratly bombing fuels row," *The Age (Melbourne, Australia)*, March 25, 1995, Saturday, Late Edition.

²⁶ Shen Jindong, "1995nian dongnanya dashini [Chronology of events in Southeast Asia 1995]," *Dongnanya zongheng jikan [Around Southeast Asia, quarterly journal]*, Issue 1 (1996).

				August 1995. ²⁷	
1995.5: Dr Mahathir visited Layang Layang Island. ²⁸	No direct diplomatic protests.	No	No	No	No
1996. 5: Dr Mahathir visited Layang Layang. ²⁹	No direct diplomatic protests.	No	No	No	No
1997.4. 30-5.2: as a spin-off, The Philippine navy disrupted amateur wireless transmission (radio) enthusiasts' trip to the Scarborough shoal – these people come from China, Japan, and the United States. ³⁰	Yes, diplomatic protest	No	No	Yes: Chinese maritime surveillance ships 74 and 72 faced a standoff with The Philippine navy. ³¹ Their basic goal seemed to be protecting these wireless transmission lovers. They left peacefully without harm; but The Philippines strengthened control of the Scarborough shoal afterwards. China, as its MFA spokesperson stated, was indeed acting restraint. ³²	No

²⁷ Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*, p. 73.

²⁸ "Mahathir: BBC congenitally incapable of truth," *New Straits Times (Malaysia)*, May 27, 1995.

²⁹ *New Straits Times (Malaysia)*, May 1, 1996.

³⁰ David Lague, *Sydney Morning Herald (Australia)*, May 24, 1997 Saturday, Early Edition; Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*, p. 29; "Three star Philippines guards shoal from Chinese," *St. Louis Post-Dispatch (Missouri)*, May 19, 1997, Monday, p. 05A.

³¹ *Ibid.*

³² *Ibid.*, p. 148

1997.5.9: Philippine congressmen and reporters visited Thitu island. ³³	No	No	No	No	No (there used to be Chinese naval ships around, but they were not present at that time)
1997.6 The Philippines navy destroyed Chinese infrastructure on Xianbin reef ³⁴	Yes, diplomatic protest; but relations improved soon after	No	No	No	No
1998.6: Vietnam took Aonan Shoal and Kingston Shoal. ³⁵	Diplomatic protests: China has protested to Vietnam and demanded that it withdraw at once from a pair of submerged reefs in the disputed Spratly Islands in the South China Sea that its navy "illegally seized" recently, a Chinese Foreign Ministry spokesman said Tuesday. ³⁶	No	No	No	No
1999.5.15: Malaysia established infrastructure on	Yes, diplomatic protest.	No	No	No	No

³³ Xiao Xiqing, *Nansha fengyu – nansha qundao wenti de yanpan yu fenxi [Analyzing the South China Sea issue]* (Taipei: Taiwan Student Press, 2010), p. 361.

³⁴ "Manila defends Spratly action," *The Weekend Australian*, July 5, 1997, Saturday, Source: AFP, p. 14

³⁵ Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*, p. 29.

³⁶ The reefs in question, known as Orleans Shoal and Kingston Shoal, are called Aonan and Jindun by China. The two shoals lie about 20 kilometers apart in the southwestern portion of the Spratlys. "China demands Vietnam withdraw from reefs in Spratlys," *Asian Political News*, September 14, 1998.

Yulin and Boqi shoals. ³⁷					
1999.3 The Philippines constructed military infrastructure on Thitu islands	Yes, diplomatic protest; but relations improved soon after	No	No	No	No
1999.5: The Philippine navy occupied the Second Thomas Shoal ³⁸	Yes, diplomatic protest; but relations improved soon after	No	No	No	No
1999.11.3, the Philippines planned to “sit” naval ship by the Scarborough shoal.	Yes, diplomatic protest	Yes, diplomatic pressure applied. ³⁹ Premier Zhu Rongji was about to visit the Philippines – The Philippines seemed to have caved in on 11. 29. ⁴⁰	No	No	No
2000: Vietnam: established Tiên Nữ (Pigeon Reef, Tennent Reef) lighthouse. ⁴¹	No direct diplomatic protests.	No	No	No	No
2003.4: Vietnamese congress members and deputy defense ministers visited the Spratlys. ⁴²	No direct diplomatic protests.	No	No	No	No
2003.11 : Philippines removed markers	No direct diplomatic protests.	No	No	No	No

³⁷ “Atolls within Malaysian EEZ,” *New Straits Times (Malaysia)*, June 24, 1999.

³⁸ This case stands in contrast with Chinese behavior in 2014. Alexander L. Vuving, “South China Sea: Who Claims What in the Spratlys?”

³⁹ Zhang Liangfu, *Nanhai wanlixing — zai nansha qundao xuhang de rizi*, p. 152

⁴⁰ “Philippines tows navy ship from disputed shoal near Spratlys,” *Agence France-Presse*, November 30, 1999.

⁴¹ Russ Rowlett, “Lighthouses of the Spratly Islands.”

⁴² Liu Kang et al., “Nanzhongguohai xingshi burong leguan [The dire situation in the South China Sea],” *Xinhua Net*, January 12, 2004, <http://news.sohu.com/2004/01/12/00/news218390085.shtml>, accessed May 5, 2018.

China placed in the Spratlys ⁴³					
2003.4: Philippine navy sent local politicians to the Thitu island for a commemoration ceremony. ⁴⁴	No direct diplomatic protests.	No	No	No	No
2004.4.20 Vietnamese boats which boarded 100 tourists went to disputed islands in the Spratlys. ⁴⁵	Diplomatic protests	No	No	No	No
2007: Vietnam constructed a harbor on the West Reef. ⁴⁶	No direct diplomatic protests.	No	No	No	No
2007: Vietnam began constructing a runway on the Spratly island and it was completed in 2008. ⁴⁷	No direct diplomatic protests.	No	No	No	No
2008: Vietnam began reclamation on Southwest Cay. ⁴⁸	No direct diplomatic protests.	No	No	No	No
2008: the Philippine defense minister went to the Thitu island. ⁴⁹ (In 2007 the air force announced plans to rehabilitate the	No direct diplomatic protests.	No	No	No	No

⁴³ Luz Baguioro, "Manila considers Spratlys protest," *The Straits Times (Singapore)*, November 8, 2003.

⁴⁴ Fu Ying and Wu Shicun, "The South China Sea: Historical perspectives and contemporary reflections," *Manila Bulletin*, June 24, 2016, <http://2016.mb.com.ph/2016/06/24/the-south-china-sea-historical-perspectives-and-contemporary-reflections/>, accessed May 5, 2018.

⁴⁵ *Ibid.*; cross-checked by "Vietnam to go forward with oil and gas exploration near disputed Spratly Islands," *Associated Press*, October 21, 2004.

⁴⁶ For more images, see CSIS Asia Maritime Transparency Initiative (AMTI), Island Tracker, <https://amti.csis.org/west-reef-tracker/>, accessed April 17, 2018; data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁴⁷ "Feiyue zhan nanai daojiao kuojian jichang [The Philippines and Vietnam are building airports on islands in the South China Sea]," *Global Times*, November 10, 2015, http://mil.sohu.com/20151110/n425848377_1.shtml; for cross-checking, see CSIS AMTI, Island Tracker, <https://amti.csis.org/spratly-island-tracker>, accessed April 17, 2018.

⁴⁸ Data regarding the timing is provided by researchers at NISCSS, via email exchange; for cross-checking, see CSIS AMTI, Island Tracker, <https://amti.csis.org/Southwest-cay-tracker>, accessed April 17, 2018.

⁴⁹ Jefferson Antiporda, "Philippines won't provoke confrontation at Spratlys," *Manila Times (Philippines)*, March 27, 2008 Thursday.

airstrip with an eye to encouraging development of the island as a beach resort. ⁵⁰⁾					
2008.8: Malaysian vice prime minister Najib went to the Layang Layang ⁵¹	No direct diplomatic protests.	No	No	No	No
Vietnamese lighthouse was established in 2009 – active on sand cay ⁵²	No direct diplomatic protests.	No	No	No	No
2009: Lighthouse by Vietnam: Trường Sa Lớn (Spratly Island). ⁵³	No direct diplomatic protests.	No	No	No	No
2009.3.5: Malaysian Prime Minister Abdullah Badawi went to Layang Layang. ⁵⁴	No direct diplomatic protests.	No	No	No	No
2009.5.6: Malaysia and Vietnam handed over documents claiming sovereign rights to CLCS ⁵⁵	Yes	No	No	No	No
2009 The Philippines passed a bill indicating the Scarborough Shoal as its national territory ⁵⁶	Yes, diplomatic protest; but relations improved soon after	No	No	No; the MFA spokesperson particularly <i>ruled out</i> the rumor that China planned to retaliate by recalling Chinese working in the Philippines.	No

⁵⁰ Russ Rowlett, "Lighthouses of the Spratly Islands."

⁵¹ Adrian David, "Modern weapons a must for security, says Najib," *New Straits Times (Malaysia)*, August 13, 2008 Wednesday.

⁵² Russ Rowlett, "Lighthouses of the Spratly Islands."

⁵³ *Ibid.*

⁵⁴ K. Kesavapany, "Flashpoint: South China Sea," *The Straits Times (Singapore)*, April 15, 2009 Wednesday.

⁵⁵ See Carnegie Endowment report, "Chronology of South China Sea events since 2006."

⁵⁶ *Ibid.*

Lighthouse on Sin Cowe Island: built around 2010. Active; focal plane about 25 m (82 ft); three red flashes, in a 2+1 pattern, every 15 s. 23 m (75 ft) square cylindrical concrete tower with lantern and gallery, rising from a 2-story station building. ⁵⁷	No direct diplomatic protests.	No	No	No	No
Lighthouse in 2010: Vietnam: Đá Đông (East London Reef) ⁵⁸	No direct diplomatic protests.	No	No	No	No
2010.4: Chinese fishery administrative ship no. 311 was faced with the Malaysian navy around Layang Layang. ⁵⁹	No	No	No	Yes: Standoff: showing presence.	No
2010.3: Vietnamese prime minister Nguyễn Tấn Dũng visited a land feature in the Spratlys. ⁶⁰	No direct diplomatic protests.	No	No	No	No
Lighthouse in 2010: Vietnam: Phan Vinh (Pearson Reef) ⁶¹	No direct diplomatic protests.	No	No	No	No
Lighthouse in 2010: Vietnam: Nam Yết (Namyit Island) ⁶²	No direct diplomatic protests.	No	No	No	No
2011: Vietnam started reclamation on the Pearson reef. ⁶³	No direct diplomatic protests.	No	No	No	No
2011.7 The Philippines naval personnel and	Yes, no action, nor diplomatic mentioning;	No	No	No	No

⁵⁷ Russ Rowlett, "Lighthouses of the Spratly Islands;" CSIS AMTI, Island Tracker, <https://amti.csis.org/sin-cowe-island-tracker/>, accessed April 17, 2018.

⁵⁸ Russ Rowlett, "Lighthouses of the Spratly Islands."

⁵⁹ *BBC Monitoring Asia Pacific*, August 26, 2010.

⁶⁰ Carnegie Endowment report, "Chronology of South China Sea events since 2006."

⁶¹ Russ Rowlett, "Lighthouses of the Spratly Islands."

⁶² *Ibid.*

⁶³ Data regarding the timing is provided by researchers at NISCSS, via email exchange; cross-checked by CSIS AMTI, Island Tracker, <https://amti.csis.org/pearson-reef-tracker/>, accessed April 17, 2018.

politicians boarded the Thitu island ⁶⁴	president Aquino visited China for the first time in August 2011				
2011.5: Philippine navy removed markers in the Spratlys. ⁶⁵	No direct diplomatic protests.	No	No	No	No
2011.7-8: Philippines strengthened infrastructures on the Thitu island and planned to renovate the airport. ⁶⁶	No direct diplomatic protests.	No	No	No	No
Vietnam: Between August 2011 and February 2015 significant upgrades were made to the Sand Cay island in the Spratlys. ⁶⁷	No direct diplomatic protests.	No	No	No	No
West reef: Vietnam began land reclamation on the West Reef in the Spratlys starting August 2012. ⁶⁸	No direct diplomatic protests.	No	No	No	No
Central reef: Vietnam began land reclamation in 2012. ⁶⁹	No direct diplomatic protests.	No	No	No	No
Grierson Reef: Vietnam began land reclamation in 2012. ⁷⁰	No direct diplomatic protests.	No	No	No	No

⁶⁴ See Wang Shumin, "Analysis of Philippines' Standoff with China on the South China Sea Issue and Factors Influencing this Standoff [Feilvbin zai nanhai wenti shang yu zhongguo de duikang ji yuanyin fenxi — yi ajinuo sanshi shangren yeller weili]," *Journal of Hainan Normal University [Hainan shifan daxue bao]*, No. 155, Vol. 28 (2015); AFP and Johanna Paola D. Poblete, "Lawmakers visit Spratly islands despite China warning," *Business World*, July 21, 2011 Thursday.

⁶⁵ "Navy and Coast Guard remove Chinese markers," *Gulf News (United Arab Emirates)*, June 16, 2011 Thursday.

⁶⁶ AFP, "Filipinos fly flag in South China Sea," *Times of Oman*, July 23, 2011 Saturday.

⁶⁷ CSIS AMTI, Island Tracker, <http://amti.csis.org/vietnam-island-building/>; Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁶⁸ *Ibid.*

⁶⁹ Data regarding the timing is provided by researchers at NISCSS, via email exchange; cross-checked by CSIS AMTI, Island Tracker, <https://amti.csis.org/central-reef-tracker/>

⁷⁰ *Ibid.*

2012.6.21: Vietnam passed maritime law confirming the sovereignty over Spratlys and Paracels. ⁷¹	No direct diplomatic protests.	No	No	No	No
2012.4:Scarborough incident ⁷²	Yes	Yes	Yes: short-term, banana quarantine	Yes ⁷³	No
2013.1: Philippines handed over case to the tribunal ⁷⁴	Yes	No	Diplomatic sanctions?	No	No
2013.5: the Philippines used ships to transport food and water to those guarding the Second Thomas Shoal. ⁷⁵	No	No	No	Yes: use of maritime surveillance ships. ^{76 77}	No
2013.6.19 The Philippines navy completed the refueling activity on the Thomas reef ⁷⁸	Yes, no action, nor diplomatic mentioning	No	No	No	No

⁷¹ "China criticizes Vietnam in disputes over islands," *New York Times*, June 22, 2012, <http://www.nytimes.com/2012/06/22/world/asia/china-criticizes-vietnam-in-dispute-over-islands.html>, accessed April 17, 2018.

⁷² For more information, see "Are maritime law enforcement forces destabilizing Asia?," CSIS China Power Project.

⁷³ *China Maritime Yearbook 2013*, p. 151.

⁷⁴ Ye Jingsi, "Zhongguo fa lichang wenjian bochi feilvbin nanhai zhongcai an [China released a position paper to counter Philippine's South China Sea arbitration]," *BBC News*, December 7, 2014, http://www.bbc.com/zhongwen/simp/china/2014/12/141207_china_philippines_maritime_dispute, accessed May 6, 2018.

⁷⁵ "China admits monitoring PH in disputed waters," *Manila Bulletin*, May 30, 2013; "Are maritime law enforcement forces destabilizing Asia?" CSIS China Power Project.

⁷⁶ "Zhongguo quzhujian jinru nanhai ren'ai jiao haiyu [Chinese destroyers entered into waters surrounding the Thomas Reef]," *Xinhua News*, May 11, 2013, <http://view.news.qq.com/a/20130511/000011.htm>, accessed April 17, 2018.

⁷⁷ See also MFA, Press Conference, May 30, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1045556.shtml; MFA, Press Conference, May 22, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1042669.shtml; MFA Press Conference, May 28, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1044736.shtml, accessed April 17, 2018.

⁷⁸ Manuel Mogato, "Exclusive: Philippines reinforcing rusting ship on Spratly reef outpost - sources," *Reuters*, July 13, 2015, <http://www.reuters.com/article/us-southchinesea-philippines-shoal-exclusive/USKCNOPN2HN20150714>, accessed April 17, 2018.

2013: Philippines renovated the airport on the Thitu island. ⁷⁹	Yes	No	No	No	No
2014: Vietnam began reclamation on Namyit Island. ⁸⁰	No	No	No	No	No
2014: Vietnam began reclamation on Cornwallis South Reef. ⁸¹	No	No	No	No	No
2014: Vietnam began reclamation on Sin Cowe Island. ⁸²	No	No	No	No	No
2014: Vietnam began reclamation on Amboyna Cay. ⁸³	No	No	No	No	No
2014.3.9 The Philippines attempt to refuel the Thomas reef (i.e., to strengthen the construction)	Yes, diplomatic protests	Yes?	No	Yes; there were two Chinese maritime surveillance ships trying to blockade and they succeeded. ⁸⁴	No
2014.3.29 The Philippine navy attempted to use <i>civilian</i> ships to refuel the Thomas reef	Yes, diplomatic protests; protests also on 3.30 for The Philippines handling the case to ICJ (is that why China	Yes?	No	Yes; There were two Chinese maritime surveillance ships; a two-hour standoff. ⁸⁵	No

⁷⁹ Data regarding the timing is provided by researchers at NISCCS, via email exchange. Major changes, however, did not seem to take place due to budgetary constraints. See Carmela Fonbuena, "Hitches in repair of PH air field in Spratlys," *Rappler*, June 18, 2014, <http://www.rappler.com/nation/60918-runway-kalayaan-spratlys>, accessed April 17, 2018.

⁸⁰ Data regarding the timing is provided by researchers at NISCCS, via email exchange.

⁸¹ CSIS AMTI, Island Tracker, <https://amti.csis.org/cornwallis-reef-tracker/>; Data regarding the timing is provided by researchers at NISCCS, via email exchange.

⁸² CSIS AMTI, Island Tracker, <https://amti.csis.org/cornwallis-reef-tracker/>; Data regarding the timing is provided by researchers at NISCCS, via email exchange.

⁸³ Data regarding the timing is provided by researchers at NISCCS, via email exchange.

⁸⁴ MFA Press Conference, March 10, 2014,

http://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t1135809.shtml; for cross-check, see CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?," accessed April 17, 2018.

⁸⁵ CIMA, *China Maritime Development Report 2015*, p. 87; MFA, Press Conference, March 29, 2014, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t1142204.shtml; for cross-check, see CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?," accessed April 17, 2018.

	acted?)				
2015: Vietnam began reclamation on Barque Canada Reef. ⁸⁶	No	No	No	No	No
2015: Vietnam began reclamation on Collins Reef. ⁸⁷	No	No	No	No	No
2015: Vietnam began reclamation on Grainger Bank. ⁸⁸	No	No	No	No	No
2015: Vietnam began reclamation on East Reef. ⁸⁹	No	No	No	No	No
2015: Vietnam began reclamation on Discovery Great Reef. ⁹⁰	No	No	No	No	No
2015: Vietnam began reclamation on Spratly island. ⁹¹	No	No	No	No	No
Oil and Gas Drilling and Contrast Signing Activities					
1992: Vietnam and Malaysia signed a joint development agreement. ⁹²	Yes	No	No	No	No
1992: Vietnam's Oil Firm in Joint Venture: Petrovietnam, Vietnam's state oil company, signed an agreement with a Canadian group to set up a joint venture that will build a natural gas pipeline and a gas	No?	No	No	No	No

⁸⁶ Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁸⁷ Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁸⁸ Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁸⁹ Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁹⁰ Data regarding the timing is provided by researchers at NISCSS, via email exchange.

⁹¹ Data regarding the timing is provided by researchers at NISCSS, via email exchange. See CSIS AMTI's Island Tracker also for cross-checking, <https://amti.csis.org/spratly-island/>, accessed April 17, 2018.

⁹² Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix; Ismail Kassim, "Malaysia, Vietnam agree on framework for joint oil search," *The Straits Times*, June 6, 1992.

plant for \$300 million. ⁹³					
1992.6: Vietnam signed oil contracts with Norwegian company NOPEC. ⁹⁴	Yes	No	No	No	No
1992: Vietnam signed contracts with Indonesia petrol company Astra Petronusa. ⁹⁵	Yes	No	No	No	No
1993: Malaysia signed contracts with Mobil to explore oil and gas near the Vanguard bank block. ⁹⁶	Yes	No	No	No	No
1993.3: Vietnam signed contracts with Mobil. ⁹⁷	Yes	No	No	No	No
1993.4.15: Vietnam signed a contract for joint development with BHP, Total, Petronas, and a Japanese company. ⁹⁸	Yes?	No	No	No	No
1993.12: PetroVietnam signed a contract with Mobil along with other oil companies. ⁹⁹	Yes?	No	No	No	No
1993.5.13: A Chinese seismic survey ship was firing	Yes?	No	No	No	No

⁹³ Times Staff and Wire Reports, *Los Angeles Times*, April 20, 1992, http://articles.latimes.com/1992-04-20/business/fi-506_1_natural-gas, accessed April 17, 2018. The agreement was signed in Hanoi with Liquegaz/SNC, which groups one of Canada's biggest natural gas recovery companies, Liquegaz, with SNC, Canada's biggest engineering and construction firm.

⁹⁴ See Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix; Patrick Donovan, "BP to help rebuild Kuwait's oilfields," *The Guardian (London)*, July 28, 1992.

⁹⁵ Harish Mehta, "Vietnam to sign oil deals with 3 foreign groups next month," *Business Times (Singapore)*, September 14, 1992.

⁹⁶ Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix; "Mobil-Malaysia Deal," *The New York Times*, September 30, 1993, Thursday, Late Edition.

⁹⁷ Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix.

⁹⁸ Carlyle A. Thayer, "Visit by PM marks a high point in bilateral relations," *Australian Financial Review*, June 16, 1993 Wednesday.

⁹⁹ Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix; Agis Salpukas, "Mobil Wins Right to Drill for Oil Off Vietnam," *The New York Times*, December 21, 1993, Tuesday, Late Edition.

seismographic air guns into the sea late last week not far from where two companies working for BP were conducting a marine seismic surveys. Mr Yeldham said the Chinese ship left the area on Monday. "The Vietnamese naval vessels appeared. They observed. They left. And soon afterward the Chinese vessel moved on," said Mr Yeldham. "There was no engagement." ¹⁰⁰					
1994.4.18: CNOOC was conducting exploration with Crestone around the Vanguard bank. Vietnam dispatched exploratory ships into the Wan'an area in the Spratlys, disrupting also Chinese exploratory activities with naval and armed ships ¹⁰¹ ; Chinese exploratory ships (in contract with Creston) were forced to return ¹⁰²	Yes, diplomatic protests; but China eventually gave in, (de facto) postponing the deal made with U.S. company Creston to explore the Wan'an area in 1996 (even though the contract was still effective.) China acted restraint. ¹⁰³	No	No	No ¹⁰⁴	No
1994.7.6: the Philippines announced	Yes	No	No	No	No

¹⁰⁰ Wong Joon San, "Chinese seismic ship leaves BP survey area, Business," *South China Morning Post*, May 14, 1993, p. 1; Carlyle A. Thayer, "Sino-Vietnamese Relations: The Interplay of Ideology and National Interest," *Asian Survey*, Vol. 34, No. 6 (Jun., 1994), p. 525.

¹⁰¹ This seems to stand in contrast with what happens in 2014.

¹⁰² Zhang Liangfu, *Nanhai wanlixing — zai nansha qudao xuhang de rizi*, p. 264; "American Oil Company in Dispute Between Vietnam and China," *The Associated Press*, April 21, 1994.

¹⁰³ Wu Shicun, *Nansha zhengduan de qiyuan yu fazhan [Origins and development of the South China Sea disputes]* (Beijing: China Economics Press, 2010), p. 93.

¹⁰⁴ Interviews with Chinese crew on board, see Shan Zhiqiang, "1994nian zhongyue duizhi shijian [the 1994 standoff between China and the Philippines]."

cooperation with Alcom to explore oil resources around Reed Bank. ¹⁰⁵¹⁰⁶					
First half of 1994: Vietnam had drilled 6 wells with BP in the Vanguard basin. ¹⁰⁷	Yes	No	No	No	No
1994.4.19: Mobil and PetroVietnam officially began to implement their contract. ¹⁰⁸¹⁰⁹	Yes	No	No	No	No
1994: Vietnam and Russia engaged in joint exploration in the Spratlys ¹¹⁰ in the same Wan'an 21 area	Yes, diplomatic protests ¹¹¹	No	No	No	No
1994.7: Oil analysts said Vietnam established the small oil rig this year in an area of the South China Sea that it calls the Wanan Bei block, about 280 miles off southern Vietnam. The Vietnamese claim, which China had earlier described as illegal, is being developed by a consortium of foreign oil companies led by Mobil.	Yes	No	No	No	Yes. China has deployed two warships in the South China Sea to blockade a Vietnamese oil rig built at a site claimed by both China and Vietnam, diplomats and oil

¹⁰⁵ An Yingmin ed., *Jiyu nanshai zhuquan zhanlue de haiyang xingzheg guanli chuangxin*, p. 177.

¹⁰⁶ Zhang Liangfu, *Nansha qundao dashiji*, p. 257; Bill Hayton, *The South China Sea: Struggle For Power in Asia*.

¹⁰⁷ Wu Shicun, *Nansha zhengduan de qiyuan yu fazhan*, p. 10; Neil Thapar, "Vietnam gas find helps BP turn up heat," *The Independent (London)*, September 11, 1994, Sunday.

¹⁰⁸ Martha M. Hamilton, "Mobil Strikes Oil Deal With Vietnam; Company Gets Go-Ahead for Exploration in Part of South China Sea," *The Washington Post*, April 20, 1994, Wednesday, Final Edition.

¹⁰⁹ Li Jinming, *Nanshai botao — dongnanya guojia yu nanshai wenti*, appendix.

¹¹⁰ *Ibid.*, p. 273

¹¹¹ Li Guoqiang, *Nanzhongguo hai yanjiu [Analysis of the South China Sea]* (Harbin: Heilongjiang Press, 2003), p. 186.

					industry analysts said today. The Chinese ships have already turned back at least one Vietnamese vessel that was ferrying supplies to the rig, in a dramatic increase in a long-simmering dispute between the two countries over oil rights in the South China Sea. A spokesman for the Vietnamese Embassy in Beijing, Nguyen Hong Hai, said embassy officials were "very concerned" about reports of the blockade, although he said he could not
--	--	--	--	--	---

					confirm that a Vietnamese vessel had been turned back by Chinese ships. ¹¹²
1994: PetroVietnam: with PVEP POC at 05-1a called Dai Hung (Big Bear) ¹¹³	No?	No	No	No	No
1994.7.7: The Exxon Corporation plans to invest \$650 million in a Malaysian offshore natural gas project, an executive of the company's Malaysian subsidiary said this week. Rob Fisher, operation manager for Esso Production Malaysia Inc., said work on a platform in the Lawlit gas field, in the South China Sea, would begin in the next six months. ¹¹⁴	No?	No	No	No	No
1995: PetroVietnam with VSP at 09-1 ¹¹⁵	No	No	No	No	No
1995.4.28: Petronas has signed a new 25-year production sharing contract (PSC) with its exploration and production arm, Petronas Carigali Sdn Bhd, for the Samarang-Asam Paya	No	No	No	No	No

¹¹² "China sends warships to Vietnam oil site," *New York Times*, July 21, 1994, <http://www.nytimes.com/1994/07/21/world/china-sends-warships-to-vietnam-oil-site.html>, accessed April 18, 2018.

¹¹³ See Petro Vietnam Website, <http://english.pvn.vn/>, accessed April 18, 2018.

¹¹⁴ "Exxon Malaysian Deal," *The New York Times*, July 8, 1994, Friday, Section D, p. 7.

¹¹⁵ See PetroVietnam Website.

oilfield, offshore Sabah. ¹¹⁶					
1995.1: According to Shell Malaysia, the field, located in waters up to 500m deep, is part of the Block G production sharing contract awarded by Petroliam Nasional Bhd (Petronas) in 1995 (with Shell). ¹¹⁷	No	No	No	No	No
1995.12; China reportedly drilling for oil near Spratly Isles.	Yes	No	No	No	China reportedly began oil-drilling operations, well-informed sources here said. One report said that a Chinese naval vessel, which was escorting a ship used for drilling operations, fired warning shots at a Vietnamese vessel that was monitoring the drilling operations. The incident

¹¹⁶ "Petronas Carigali gets new 25-year contract," *New Straits Times (Malaysia)*, April 28, 1995, p. 16.

¹¹⁷ "Shell and partners to invest, develop Malikai field," *New Straits Times (Malaysia)*, February 2, 2013 Saturday, p. 2.

					reportedly took place about 400 kilometers southeast of the Vietnamese city of Vung-tau. ¹¹⁸
1996.4.10 Vietnam gave what was previously the China-Crestone deal to U.S. company Conoco ¹¹⁹	Yes ¹²⁰	No	Yes, threats of sanctions? China warned Conoco off the project before the contract was signed, according to a report earlier this month in the Houston Chronicle. In a letter to former Conoco chief executive Constantine Nicandros obtained by the newspaper, Chen Bingqian, vice president of the China National	No	No

¹¹⁸ Hiroyuki Sugiyama, Yomiuri Shimbun Correspondent, "China reportedly drilling for oil near Spratly Isles," *The Daily Yomiuri*, January 30, 1996, Tuesday.

¹¹⁹ Again, this stands in contrast with Chinese behavior to U.S. and British firms in 2007 and 2008. See Reuters, "Hanoi-Conoco Oil Pact Reopens Island Dispute," *The New York Times*, April 13, 1996, Saturday, Late Edition; see also Marcus W. Brauchli, "China, in Sharp Rebuke, Warns Conoco About Plans to Seek Oil With Vietnam," *The Wall Street Journal*, April 23, 1996.

¹²⁰ Marcus W. Brauchli, "China, in Sharp Rebuke, Warns Conoco About Plans to Seek Oil With Vietnam."

			Offshore Oil Corp. threatened 'confrontation, losses and liabilities' if the deal was consummated. Conoco's parent company, Dupont, has several joint ventures in China. ¹²¹		
1996.4.6: Petronas yesterday signed a production sharing contract with Sarawak Shell Bhd for the exploration and development of its sixth deepwater block, about 100km off the coast of Miri. ¹²²	No	No	No	No	No
1997.6.28: Petronas yesterday signed three new Production Sharing Contracts with exploration subsidiary Petronas Carigali Sdn Bhd and three Shell companies for oil and gas exploration, development and production in Sarawak and Sabah. ¹²³	No	No	No	No	No

¹²¹ "China raps Vietnam over oil contract," *United Press International*, April 17, 1996, <https://www.upi.com/Archives/1996/04/17/China-raps-Vietnam-over-oil-contract/4430829713600/>, accessed May 6, 2018.

¹²² Azman Ibrahim, "Petronas signs second deal with Sarawak Shell," *New Straits Times (Malaysia)*, April 6, 1996, p. 25.

¹²³ Desmond Ngiam, "Petronas signs new production-sharing contracts," *New Straits Times (Malaysia)*, June 28, 1997, p. 19.

1997: with TML (seems to be a Malaysian company: Block PM3-CAA (overlapping area between Viet Nam and Malaysia with 50% interest of Viet Nam) ¹²⁴	No?	No	No	No	No
1997: with TML (seems to be a Malaysian company) at Block 46-CN ¹²⁵	No?	No	No	No	No
1997.4.8: disputes between China and Vietnam over oil drilling in disputed waters. ¹²⁶	No. ¹²⁷	No	No	No	No
1998: JVPC – a subsidiary of JX Nippon Oil & Gas Exploration – at blocks 15-2 ¹²⁸	No?	No	No	No	No
1998: with PCVL (a Malaysian joint venture) at blocks 01&02 ¹²⁹	No?	No	No	No	No
1998.9.14: Petro Vietnam and CONOCO signed contracts regarding 15-1 ¹³⁰	No?	No	No	No	No
1998.2.24: Petronas yesterday signed production sharing contracts with Amerada Hess of the United States and Petronas Carigali Sdn Bhd for exploration	No?	No	No	No	No

¹²⁴ PetroVietnam website.

¹²⁵ PetroVietnam website.

¹²⁶ Xiao Xiqing, *Nansha fengyu – nansha qundao wenti de yanpan yu fenxi*, p. 503; Jeremy Grant, “China rig leaves the disputed zone,” *Financial Times*, April 5, 1997; “China offers to resolve disputes with Vietnam,” *The Associated Press*, March 27, 1997; John Chalmers, “Hanoi says China drilling in block it claims as own,” *Reuters News*, March 17, 1997.

¹²⁷ “China, Vietnam hold talks on offshore oil dispute,” *Reuters News*, April 10, 1997.

¹²⁸ PetroVietnam website.

¹²⁹ PetroVietnam website.

¹³⁰ “PEDCO to Join Oil Development Project in Vietnam,” *The Korea Herald*, September 17, 1998, Thursday.

activities in two blocks offshore Terengganu and Sarawak. Amerada Hess will be the operator of both Block PM304 located offshore Terengganu, and Block SK306 located offshore Sarawak. ¹³¹					
1998.7.30: Petronas yesterday signed two production sharing contracts with US company Santa Fe Energy Resources Inc and Sarawak Shell Bhd. The PSC with Santa Fe - one of the largest independent oil companies in the US - is for Block PM308 which covers an area of 10,800 sq kilometres within the Penyu Basin, located off the Malaysian coast north of Pulau Tioman. ¹³²	No?	No	No	No	No
1999: with 46 CNTML at block 46-CN ¹³³	No?	No	No	No	No
1999.1.28: Murphy Oil Co. is making its first inroads into the upstream sector of Malaysia's energy sector, signing three production-sharing contracts Wednesday with Petroliam Nasional Bhd., the	No?	No	No	No	No

¹³¹ Amerada Hess, "Petronas sign PSC for two blocks," *New Straits Times (Malaysia)*, February 24, 1998, p. 17.

¹³² "Petronas signs production sharing deals," *New Straits Times (Malaysia)*, July 30, 1998, p. 23.

¹³³ PetroVietnam website.

national oil firm known as Petronas. ¹³⁴					
2000.7.3: National oil company Petronas has signed a production sharing contract with Amerada Hess International Ltd and Petronas Carigali Sdn Bhd for the exploration of deepwater Block F in offshore Sarawak. This is the 10th and the last of the demarcated deepwater blocks to be awarded by Petronas. Amerada Hess (Malaysia-Block F) Ltd, a subsidiary of Amerada Hess, will operate the block. ¹³⁵	No?	No	No	No	No
2001.4: Vietnamese seismic survey ships operating in blocks 05-2, 05-3, and the oilrigs later went to block 12b in May. ¹³⁶	Yes	No	No	No	No
2001: with JVPC at 15-2 ¹³⁷	No?	No	No	No	No
2001.6.26: Petrona has signed a production sharing contract (PSC) with Sabah Shell Petroleum Company Ltd, Shell Sabah Selatan Sdn Bhd and Petronas Carigali Sdn Bhd for the exploration and	No	No	No	No	No

¹³⁴ P.T. Bangsberg, "Murphy signs three pacts for Malaysia exploration," *Journal of Commerce*, January 28, 1999, Thursday, p. 9A.

¹³⁵ "More oil exploration off Sarawak," *New Straits Times (Malaysia)*, July 3, 2000, p. 24.

¹³⁶ Li Jinming, *Nanhai botao — dongnanya guojia yu nanhai wenti*, appendix.

¹³⁷ PetroVietnam website.

production of Block SB303 in offshore Sabah. The contract, which is the 16th revenue-over-cost PSC, was signed in Kuala Lumpur yesterday. ¹³⁸					
2002: with TNK Vietnam at 06.1 ¹³⁹	No?	No	No	No	No
2002: with KNOC at 11-2, called Rong Doi/West Rong Doi (natural gas) ¹⁴⁰	No?	No	No	No	No
2002.1.9: PetroVietnam and Indonesia's Pertamina to explore for hydrocarbon resources in Vietnam. The new outfit, Con Son Joint Operating Company, will see the participation of PetroVietnam Investment & Development Company (40 percent), Petronas Carigali Overseas Sdn Bhd (30 percent) and Pertamina (30 percent). The signing of the deal, the first such alliance between the countries, signalled a step towards "a more meaningful and mutually beneficial partnership between three of Asean's national oil companies", Petronas	No?	No	No	No	No

¹³⁸ Rupa Damodaran, "Petronas, Shell sign petroleum contract," *New Straits Times (Malaysia)*, June 26, 2001, p. 22.

¹³⁹ PetroVietnam website.

¹⁴⁰ PetroVietnam website.

said. Exploration work on the southern continental shelf of Vietnam was scheduled to begin early this year, followed by the drilling of the first two wells next year. ¹⁴¹					
2003: with CLJOC at block 15-1 called Su Tu Den (Black Lion) ¹⁴²	No?	No	No	No	No
2003: with TML&TVL at PM3-CAA & 46-CN called East Bunga Kekwa – Cai Nuoc (natural and associated gas) ¹⁴³	No?	No	No	No	No
2003: with TML at PM3-CAA, four wells at West Bunga Kekwa (natural and associated gas), Bunga Raya, Bunga Seroja (natural gas) ¹⁴⁴	No?	No	No	No	No
2003: Philippine minister of energy opened up 46 blocks for bidding. ¹⁴⁵	No?	No	No	No	No
2003.4-end of 2003: Malaysia had dispatched four teams to explore oil and gas in the Spratlys. ¹⁴⁶	Yes	No	No	No	No
2004.10.28: Vietnam signed contracts with three Japanese companies. ¹⁴⁷	Yes	No	No	No	No

¹⁴¹ “Petronas signs exploration deal,” *New Straits Times (Malaysia)*, January 9, 2002, Wednesday, p. 2.

¹⁴² PetroVietnam website.

¹⁴³ PetroVietnam website.

¹⁴⁴ PetroVietnam website.

¹⁴⁵ Ralf Emmers, *Resource Management and Contested Territories in East Asia*, p. 58.

¹⁴⁶ Zhang Liangfu, *Nanhai wanlixing — zai nansha qudao xuhang de rizi*, p. 246.

¹⁴⁷ On October 28, 2004, Idemitsu, as an Operator, entered into a Production Sharing Contract together with JX Nippon Oil & Gas Exploration Corporation and Teikoku Oil (Con Son) Co., Ltd. with Vietnam Oil and Gas Group (Petrovietnam) for the Blocks 05-1b and 05-1c offshore Vietnam. See Idemitsu’s official website

2004: with PVEP SH at Song Hong basin, called D14&Song Tra Ly (natural gas) ¹⁴⁸	No?	No	No	No	No
2005: more than 20 Malaysian oil exploration ships operated in the Spratlys. ¹⁴⁹	No?	No	No	No	No
2006: Vietnam gave Indian company the right for oil exploration in blocks 127 and 128. ¹⁵⁰	Yes	No	No	No	No
2006: joint ventures with South Korea, gas first produced from this block in December 2006	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No	No
2006.5.15: joint venture signed with U.S. companies	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No	No
2006.11.6 and 12.26: joint venture with British companies	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No	No
2006: Petrofac at PM-304 (Malaysia): 2006.5.3: Petroliam Nasional Bhd (Petronas), together with joint venture partner Chevron Corp, has been awarded a deepwater exploration block offshore Vietnam, the state oil company's first deepwater	No?	No	No	No	No

regarding "Offshore Vietnam - Blocks 05-1b and 05-1c,"

<http://www.idemitsu.com/products/resource/oil/project/vietnam/index.html>, accessed April 18, 2018.

¹⁴⁸ PetroVietnam website.

¹⁴⁹ An Yingmin ed., *Jiyu nanhai zhuquan zhanlue de haiyang xingzheguanli chuangxin*.

¹⁵⁰ "Yindu shiyou gongs cheng buhui yin zhongguo kangyi tuichu nanhai shiyou kaicai [Indian oil company states that it will not back down due to Chinese protests over oil exploration in the South China Sea]," *Global Times*, April 25, 2012, <http://energy.people.com.cn/GB/17742165.html>, accessed April 18, 2018; "Vietnam: PetroVietnam inks deal with India firm," *Thai News Service*, May 29, 2006.

acreage in the country. ¹⁵¹					
2006: with TML at PM3-CAA, called Bunga Tulip (associated gas)	No?	No	No	No	No
2006: with KNOC at 11-2, Rong Doi/West Rong Doi (Natural gas)	No?	No	No	No	No
Santos announced its first entry into Vietnam in April 2006 with commencement of drilling at Dua in the Nam Con Son Basin. ¹⁵²	Yes	No	No	No	No
October 2006: Santos signed a Production Sharing Contract (PSC) with the Vietnam Oil and Gas Corporation (Petrovietnam) and the Singapore Petroleum Corporation (SPC) for a venture in the Song Hong Basin, continuing its plans to expand its operations in Vietnam. ¹⁵³	Yes	No	No	No	No
2006.1.24: Petroliam Nasional Bhd (Petronas) signed yesterday a production sharing contract with Murphy Sabah Oil Co Ltd for the ultra-deepwater Block P, a newly re-demarcated	No	No	No	No	No

¹⁵¹ "Petronas, Chevron awarded Vietnam contract," *Business Times (Malaysia)*, May 3, 2006, Wednesday, p. 44

¹⁵² See official website of the Vietnamese embassy in Australia at

<http://members.webone.com.au/~vembassy/Relations.htm>, accessed April 18, 2018.

¹⁵³ *Ibid.*

exploration area offshore Sabah. ¹⁵⁴					
2007.6: PetroChina exploration ships surrounded by Vietnamese ships. ¹⁵⁵	Yes	No	No	No?	No
2007.3.24: National oil firm Petroliam Nasional Bhd (Petronas) has awarded two production sharing contracts (PSCs) to BHP Billiton Petroleum Sabah Corp (BHPB) and its exploration and production arm, Petronas Carigali Sdn Bhd, for the ultra-deepwater Blocks N and Q, offshore Sabah. ¹⁵⁶	No	No	No	No	No
2007.12.8: Petronas has awarded a production-sharing contract (PSC) to Nippon Oil Exploration Ltd (Noex) and Petronas Carigali Sdn Bhd for onshore Block SK333 in Sarawak. ¹⁵⁷	No	No	No	No	No
2007: ONGC's exploration with Vietnam in block 127 and 128 ¹⁵⁸	Diplomatic protests	No	No	No	No

¹⁵⁴ "Murphy gets Petronas contract for ultra-deepwater block," *Business Times (Malaysia)*, January 24, 2006 Tuesday, p. 2.

¹⁵⁵ Li Jinming, *Zhongguo nanhai jiangyu yanjiu*, p. 266.

¹⁵⁶ "Petronas awards 2 deepwater contracts," *New Straits Times (Malaysia)*, March 24, 2007, Saturday, p. 38.

¹⁵⁷ Azlan Abu Bakar, "Noex, Petronas Carigali clinch production-sharing contract," *New Straits Times (Malaysia)*, December 8, 2007, Saturday.

¹⁵⁸ Jyoti Mukul, "China protests OVL deal in Vietnam," *DNA - Daily News & Analysis*, December 1, 2007.

2007.4.20 Vietnam planned to work with BP in Spratlys ¹⁵⁹	Diplomatic protests	No	Yes, threats of sanctions regarding BP in June 2007; BP eventually gave up the bid in 2009; note that this falls into targeted sanctions	No	No
2007. 4: with Vietnam-backed Russian exploration ships ¹⁶⁰	Yes	No	No	Yes, use of maritime surveillance ships	No
2007.5.16: U.S. company Conoco announces ten year investment plan in 2006	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No
2007.6.27, 7.27, and 8.2: France company conducting surveys for VietsoPetro in Nam Con Son	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No
2007.7.10: Japanese company Idemitsu first exploratory well drilled in 2007	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No
2007.8.6: Norwegian company conducted seismic survey for VN	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No
2007.8.6: joint venture with U.S. company Chevron	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No
2007.11.6: joint venture with AUS company	Yes, diplomatic protests (See Fravel 2011 table)	No	No	No?	No

¹⁵⁹ This seems to signify a change. Note also that China protested 11 times in 2007 regarding oil exploration deals made between Vietnam and foreign companies, including British, Russian, French, Norwegian, U.S., and Australian companies (see Fravel's table below). However, it does seem that China only picked on BP for sanctions threats.

¹⁶⁰ Li Jinming, *Zhongguo nanhai jiangyu yanjiu*, p. 266.

2007.11: Vietnam signing PSCs with Nippon Oil. ¹⁶¹					
2008.7 Vietnam planned to work with ExxonMobil	Diplomatic protests	No	Yes, threats of business interests with ExxonMobil ¹⁶²	No	No
2008: with JVPC at 15-2 ¹⁶³	No?	No	No	No	No
2008: with TML at PM3-CAA, called Bunga Orkid (natural gas) ¹⁶⁴	No?	No	No	No	No
2008: with CLJOC at 15-1 (Su Tu Vang) ¹⁶⁵	No?	No	No	No	No
2008: with TSJOC at 46/02 ¹⁶⁶	No?	No	No	No	No
2008: with HVJOC at 09-2, called Ca Ngu Vang ¹⁶⁷	No?	No	No	No	No
2008.1.2: Petroliam Nasional Bhd (Petronas) has signed a production sharing contract (PSC) with Shell Energy Asia Ltd, ConocoPhillips Sabah Gas Bhd and its Petronas Carigali Sdn Bhd (PCSB) unit to conduct exploration and production (E&P) activities in the	No?	No	No	No	No

¹⁶¹ Official website of JX company, "Nippon Oil Exploration Limited Entered into Block 16-2 Production Sharing Contract Offshore Vietnam," November 16, 2007, http://www.nex.jx-group.co.jp/english/newsrelease/2007/e71_enpr_071116.html, accessed April 18, 2018.

¹⁶² Yee Kai Pin, "China Pressures Exxon, Vietnam Beijing Concerned Over Small Project In South China Sea," *The Wall Street Journal*, July 24, 2008, <https://www.wsj.com/articles/SB121683746072777899>, accessed May 6, 2018.

¹⁶³ PetroVietnam website.

¹⁶⁴ PetroVietnam website.

¹⁶⁵ PetroVietnam website.

¹⁶⁶ PetroVietnam website.

¹⁶⁷ PetroVietnam website.

offshore Keabangan Cluster fields. ¹⁶⁸					
2008.3.27: Exploration and Production Malaysia Inc (EMEPMI), a subsidiary of Exxon Mobil Corp, has signed a deal with Petroliam Nasional Bhd (Petronas) to renew its production sharing contract (PSC) for another 25 years. ¹⁶⁹	No?	No	No	No	No
2008.4.8: Petronas has awarded three offshore exploration blocks, two offshore West Malaysia and the third offshore Sabah, to joint ventures (JVs) led by Sweden's Lundin Petroleum AB. ¹⁷⁰	No?	No	No	No	No
2008.5.23: National oil and gas company Petroliam Nasional Bhd (Petronas) has awarded a production sharing contract (PSC) for blocks PM303 and PM324 offshore Peninsular Malaysia to Total E&P Malaysia, a subsidiary of Total SA, and Petronas Carigali Sdn Bhd. ¹⁷¹	No?	No	No	No	No
2009.6.4: Petroliam Nasional Bhd (Petronas) yesterday	No?	No	No	No	No

¹⁶⁸ Alfean Hardy, "ConocoPhillips, Shell, PCSB secure Petronas deal," *The Malaysian Reserve*, January 2, 2008 Wednesday, p. 4.

¹⁶⁹ "ExxonMobil unit, Petronas renew contract," *New Straits Times (Malaysia)*, March 27, 2008 Thursday, p. 40.

¹⁷⁰ Alfean Hardy, "Petronas awards drilling areas to Sweden's Lundin," *The Malaysian Reserve*, April 8, 2008 Tuesday, p. 8.

¹⁷¹ "Total unit, Petronas Carigali get production deal," *New Straits Times (Malaysia)*, May 23, 2008 Friday, p. 37.

signed a \$2US.1 billion (RM7.3 billion) production sharing contract (PSC) with a unit of ExxonMobil to develop seven existing oil fields offshore Peninsular Malaysia. ¹⁷²					
2009.10.29: Petroliam Nasional Bhd (Petronas) has awarded two production sharing contracts (PSCs) for two offshore Sabah blocks to a partnership between its Petronas Carigali Sdn Bhd unit and Talisman Malaysia Ltd, which have a combined minimum financial commitment of RM650 million. ¹⁷³	No?	No	No	No	No
2009: with CLJOC at 15-1 called Su Tu Den/Su Tu Vang/Northeast Su Tu Den (associated gas) ¹⁷⁴	No?	No	No	No	No
2009: with PCPP at SK305, D30 (Malaysia) ¹⁷⁵	No?	No	No	No	No
2010: with PCPP at SK305, D30 (Malaysia) ¹⁷⁶	No?	No	No	No	No
2010: with VRJ/VSP at 09-3 ¹⁷⁷	No?	No	No	No	No

¹⁷² "Petronas, ExxonMobil in \$2USb PSC deal," *New Straits Times (Malaysia)*, June 4, 2009, Thursday, p. 1.

¹⁷³ Alfean Hardy, "Petronas awards two PSCs valued at RM650m minimum," *The Malaysian Reserve*, October 27, 2009 Tuesday, p. 2.

¹⁷⁴ PetroVietnam website.

¹⁷⁵ PetroVietnam website.

¹⁷⁶ PetroVietnam website.

¹⁷⁷ PetroVietnam website.

2010: two wells with PCVL at blocks 01&02 ¹⁷⁸	No?	No	No	No	No
2010: with CLJOC at block 15-1 called Su Tu Den Dong Bac ¹⁷⁹	No?	No	No	No	No
2010: with PCPP at SK305 (Malaysia) ¹⁸⁰	No?	No	No	No	No
2010: the Vietnamese government and Russia signed an agreement on further cooperation in geological exploration and petroleum production on Vietnam's continental shelf within Vietsovpetro joint framework. ¹⁸¹	No?	No	No	No	No
2010: Block 105-110/04 (Neon Energy) ¹⁸²	No?	No	No	No	No
2010: Block 04-2 (Pearl Oil) ¹⁸³	No?	No	No	No	No
2010: Block 51 (Mitra/Kufpec/PVEP) ¹⁸⁴	No?	No	No	No	No
2010: Block 46/07 (Mitra/PVEP) ¹⁸⁵	No?	No	No	No	No
2010: Block 01&02/10, Block 09-2 (PVEP) ¹⁸⁶	No?	No	No	No	No

¹⁷⁸ PetroVietnam website.

¹⁷⁹ PetroVietnam website.

¹⁸⁰ PetroVietnam website.

¹⁸¹ "Vietnam, Russia boost links in oil and gas production," *Vietnam News Agency*, July 5, 2016, <http://en.vietnamplus.vn/vietnam-russia-boost-links-in-oil-and-gas-production/95702.vnp>, accessed April 18, 2018.

¹⁸² PetroVietnam website.

¹⁸³ PetroVietnam website.

¹⁸⁴ PetroVietnam website.

¹⁸⁵ PetroVietnam website.

¹⁸⁶ PetroVietnam website.

2010: Vietnam carved out block 113.	Yes	No	No	Conducted patrol around the block. ¹⁸⁷	No
2010.2.23: Malaysia has awarded a production sharing contract for an oil block to Abu Dhabi's Mubadala Development Co. and Petronas Carigali, the exploration and production arm of the state oil firm. ¹⁸⁸	No	No	No	No	No
2010.5.20: National-oil company, Petroliam Nasional Bhd (Petronas) has awarded two exploration blocks in offshore Sabah under a single Production Sharing Contract (PSC) to a partnership comprising Lundin Malaysia B V, Nio Petroleum Ltd, and Petronas Carigali Sdn Bhd. ¹⁸⁹	No	No	No	No	No
2010.12.14: Malaysia and Brunei Monday signed a deal to jointly develop two oil areas off Borneo, ending a border dispute dating from 2003 which had held up exploration. The agreement will see the national oil firms of Malaysia and Brunei take part in exploration and production in the potentially oil-and-gas	No	No	No	No	No

¹⁸⁷ *China Maritime Yearbook 2011*, p. 151.

¹⁸⁸ "UAE's Mubadala, Petronas Carigali Get Malaysian Oil Block Contract," *Khaleej Times (United Arab Emirates)*, February 23, 2010 Tuesday.

¹⁸⁹ "Petronas awards 2 offshore exploration blocks in Sabah," *The Malaysian Reserve*, May 20, 2010 Thursday, p. 2.

rich blocks over the next 40 years, Malaysian state news agency Bernama said. The signing ceremony in Brunei was witnessed by Brunei's Sultan Hassanal Bolkiah and Malaysian Prime Minister Najib Razak. In a bid to end the spat, the two countries agreed in March last year that the disputed areas are no longer part of Malaysia but allowed Malaysia's state-owned Petronas to enter into new production-sharing contracts. ¹⁹⁰					
2011.8.22: Its general manager for corporate affairs and planning, Matthew Gerber, said the award of the RSC for Balai cluster field offshore Bintulu, Sarawak, by Petroliam Nasional Bhd (Petronas) to the ROC-Dialog Group Bhd-Petronas partnership last Tuesday marks the Australian company's entry in the Malaysian market. ¹⁹¹	No	No	No	No	No
2011.3: Philippine oil exploration ships exploring around Reed bank ¹⁹²	Yes	No	No	Yes Chinese forces expelled the ships.	No

¹⁹⁰ "Malaysia, Brunei end fight over oil blocks," *The Financial Express (Bangladesh)*, December 14, 2010 Tuesday.

¹⁹¹ Kamarul Yunus, "Balai deal marks the first step," *New Straits Times (Malaysia)*, August 22, 2011 Monday, p. 4.

¹⁹² CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?"

				(Maritime Surveillance Ships) ¹⁹³	
2011.6: the Philippines announced blocks for foreign oil and gas companies to bid ¹⁹⁴	Yes	No	No	No	No
2011: with PCPP at SK305 (Malaysia) ¹⁹⁵	No?	No	No	No	No
2011: with HLJOC at 16-1 ¹⁹⁶	No?	No	No	No	No
2011: with POVO at 12W ¹⁹⁷	No?	No	No	No	No
2011: PVEP/Talisman (a Canadian company at blocks 05-2/10, 135-136/03) PVEP/Mitra (a Canadian company at 45) ¹⁹⁸	No?	No	No	No	No
2011: Santos/PVEP (an Australian company at 13/05) ¹⁹⁹	No?	No	No	No	No
2011.4.26: The Arktik mor nefte gazrazvedka (AMNGR) federal state unitary enterprise based in Russia's Murmansk Region, plans to sign new contracts for offshore	No?	No	No	No	No

¹⁹³ "Philippines suspends gas, oil exploration in Reed Bank," *Kyodo News*, March 3, 2015, <http://news.abs-cbn.com/business/03/03/15/philippines-suspends-gas-oil-exploration-reed-bank>, accessed April 18, 2018; *China Maritime Yearbook 2012*, p. 176; Tom Grieder, "Sino-Philippine Tensions Rise in South China Sea As Chinese Patrol Boats Threaten Seismic Vessel," *IHS Global Insight Daily Analysis*, March 8, 2011.

¹⁹⁴ Li Guoqiang, China Sea Oil and Gas Resources, http://www.ciis.org.cn/english/2015Y05/11/content_7894391.htm, accessed August 26, 2016; for cross-check, see Emilia Narni J. David, "Spratlys dispute unlikely to derail exploration plans," *Business World*, June 15, 2011 Wednesday.

¹⁹⁵ PetroVietnam website.

¹⁹⁶ PetroVietnam website.

¹⁹⁷ PetroVietnam website.

¹⁹⁸ PetroVietnam website.

¹⁹⁹ PetroVietnam website.

drilling in Vietnam. AMNGR plans to finish drilling a third offshore well in the Vietnamese waters of the South China Sea to the order of Vietsovetro, a Russian-Vietnamese oil and gas joint venture. ²⁰⁰					
2011.5.26: Vietnam conducted oil exploration activities around the Vanguard bank. ²⁰¹	Yes	No	No	Yes, use of maritime surveillance ships to block Vietnamese vessels. ²⁰² Similar action may have been taken in 2010. This includes the cutting of the cable ²⁰³ (Chinese marine surveillance vessel on May 26 cut exploration cables of Vietnam's Binh Minh 02 vessel in Block 148 within Vietnam's	No

²⁰⁰ "Russian oil prospectors drill third offshore well in Vietnam," *Russian Financial Control Monitor (RFCM) : International Cooperation (English)*, April 26, 2011 Tuesday, by LexisNexis.

²⁰¹ "Chinese party-owned daily warns Vietnam over Spratly Islands issue," *BBC Monitoring Asia Pacific*, June 6, 2011 Monday; CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?"

²⁰² Li Jinming, "Quy wai daguo jieru yu nanhai zhengyi fazhan qushi [External powers and the South China Sea disputes]," in An Yingmin ed., *Nanghai quy wai wenti yanjiu diyiji [Volume 1 of South China Sea Issues]* (Beijing: China Economics Press: 2012).

²⁰³ Joseph Santolan, "Chinese patrol boats confront Vietnamese oil exploration ship in South China Sea," *World Socialist Website*, May 31, 2011, <https://www.wsws.org/en/articles/2011/05/chin-m31.html>, accessed April 18, 2018.

				continental shelf) ²⁰⁴	
2011.6.9 ²⁰⁵ : Vietnam's foreign ministry says a Chinese fishing boat supported by two Chinese patrol craft cut a cable being used by a seismic survey craft operated by state-run energy company PetroVietnam. ²⁰⁶ The Vietnamese MOFA states they are fishery administrative ships. ²⁰⁷	Yes	No	No	A Chinese fishing boat similarly rammed the survey cables of another Vietnamese survey vessel. They were Yuzheng 311 and 303. ²⁰⁸	No
2011.9 Indian national Petro company joined Vietnamese exploration in the Spratlys ²⁰⁹	Yes, diplomatic protests ²¹⁰	No	No	No ²¹¹	No
2012.4.10 Vietnam planned to work with Gazprom of Russia	Yes, diplomatic protests ²¹²	No	No	No	No
2012: with CLJOC at block 15-1 called Su Tu Trang ²¹³	No?	No	No	No	No

²⁰⁴ Vietnamese MOFA Press Conference, June 9, 2011,

http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns110610145220/view, accessed April 18, 2018.

²⁰⁵ Leszek Buszynski, "The South China Sea: Oil, Maritime Claims, and U.S.—China Strategic Rivalry," *The Washington Quarterly*, Vol. 35, Issue 2 (Spring 2012), p. 139-156; CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?"

²⁰⁶ "China and Vietnam: a timeline of conflict," *CNN*, June 27, 2011,

<http://www.cnn.com/2011/WORLD/asiapcf/06/27/china.vietnam.timeline/>, accessed April 18, 2018.

²⁰⁷ Vietnamese MOFA Press Conference, June 9, 2011.

²⁰⁸ *China Maritime Yearbook 2012*, p. 176.

²⁰⁹ "A pact that may annoy Beijing," *DNA (Daily News & Analysis)*, October 13, 2011 Thursday.

²¹⁰ "Yinyue nanhai Haifa you xiangmu qinfan zhongguo zhuquan [Vietnamese-Indian oil and gas projects in the South China Sea encroached upon China's sovereignty]," *People's Daily*, September 22, 2011,

<http://www.chinanews.com/ny/2011/09-22/3345149.shtml>; also confirmed by Petrovietnam, http://english.pvn.vn/?portal=news&page=file_list, accessed April 18, 2018.

²¹¹ Not mentioned.

²¹² C. Raja Mohan, "Snubbing Moscow," *Indian Express*, April 18, 2012 Wednesday, via LexisNexis academic.

²¹³ PetroVietnam website.

2012: with TNK Vietnam at 06-1, called ²¹⁴	No?	No	No	No	No
November 30, 2012: Most recently, in early morning of November 30, 2012, while carrying out normal seismic survey activities deep inside Viet Nam's exclusive economic zone and continental shelf (at a latitude of 17o 26,2 North and 108o 02 East, about 43 nautical miles off Con Co island of Viet Nam, Binh Minh 02 seismic survey vessel of Viet Nam was intentionally blocked and its cable was severed by two Chinese fishing vessel (No 16025 and No 16028) which had ignored warning signals from Viet Nam's authorized forces. 215	Yes	No	No	No	No
2012.7: The Philippines accepted on Tuesday four bids for three oil and gas exploration blocks in the South China Sea, including two prospects in waters claimed by China. ²¹⁶	Yes	No	No	No	No
2012.1.18: Petroliam Nasional Bhd awarded two deepwater	No	No	No	No	No

²¹⁴ PetroVietnam website.

²¹⁵ http://www.mofa.gov.vn/en/tt_baochi/pbnfn/ns121206103459/view

²¹⁶ Li Guoqiang, "China Sea Oil and Gas Resources;" Erik dela Cruz, "Philippines gets 4 bids for disputed S.China Sea oil, gas blocks," *Reuters*, <http://www.reuters.com/article/southchinasea-philippines-idUSL4E8IV3M420120731>, accessed April 18, 2018.

exploration blocks, offshore Sabah, under separate production sharing contracts (PSC) in partnership between JX Nippon, INPEX Corp and Petronas Carigali Sdn Bhd. The PSC for Deepwater Block R was awarded to the partnership of JX Nippon Oil & Gas Exploration (Deepwater Sabah) Ltd (the operator with 37.5 percent stake) ²¹⁷					
2012.1.18: the other one: INPEX Offshore South West Sabah Ltd (37.5 percent) and Petronas Carigali (25 percent). ²¹⁸	No	No	No	No	No
2012.5.29: Malaysian national oil firm Petroliam Nasional, or Petronas, yesterday signed a US\$1 billion production sharing contract (PSC) with the local unit of Canada-based Talisman Energy to develop and recover oil from the Kinabalu Fields, a number of oilfields offshore Sabah. ²¹⁹	No	No	No	No	No
2012.6.21: Petronas signs PSCs for North Malay Basin project in Malaysia The first contract is the amended	No	No	No	No	No

²¹⁷ "Petronas awards 2 deepwater blocks offshore Sabah," *New Straits Times (Malaysia)*, January 18, 2012, p. 6.

²¹⁸ *Ibid.*

²¹⁹ "Petronas, Canadian firm in US\$1b oil production deal; Joint venture gets incentives for more challenging fields," *The Business Times Singapore*, May 29, 2012 Tuesday.

<p>Production Sharing Contract (PSC) for offshore Block PM302 while the other two contracts are new exploration PSCs for Blocks PM325 and PM326B adjacent to Block PM302. All three PSCs are on a 50:50 equity split between Petronas Carigali and Hess Exploration and Production Malaysia with Petronas.²²⁰</p>					
<p>On August 19, 2012</p>	<p>No</p>	<p>No</p>	<p>No</p>	<p>Chinese patrol vessels confronted a seismic vessel in Malaysia's Block SR 318 undertaking work under contract to Shell Sarawak. They ordered the vessel to cease and desist and it complied. But it renewed its work after a protective buffer was put in place. Malaysia did not publicly protest because it does not want its disputes with China in the South China Sea to affect their</p>	<p>No</p>

²²⁰ "Petronas signs PSCs for North Malay Basin project in Malaysia," *WMI Company News*, June 21, 2012 Thursday.

				economic relationship. 221	
2012.10.9: India's private sector drilling contractor, Aban Offshore announced on Monday that it has received a letter of award for the deployment of the jack-up rig Deep Driller 3 (owned by the Company's step down subsidiary) offshore Malaysia, from Petronas Carigali Sdn. Bhd., The drilling contract is for a firm period of three years. ²²²	Yes	No	No	No	No
2012.12.7: Lundin Petroleum which engages in the exploration, development, and production of oil and gas properties and holds an 85 percent stake in PM319 via its subsidiary Lundin Malaysia BV along with Petronas Carigali Sdn Bhd with a 15 percent interest stated that it has inked a new production sharing contract (PSC) with Petronas with an aim to increase in	No	No	No	No	No

²²¹ Wu Shicun, Nong Hong, *Recent Developments in the South China Sea Dispute*, p. 7. Also confirmed by Scott Bentley, "Malaysia's 'Special Relationship' with China and the South China Sea: Not So Special Anymore," *The Asan Forum*, July 31, 2015, <http://www.theasanforum.org/malaysias-special-relationship-with-china-and-the-south-china-sea-not-so-special-anymore/>, accessed April 18, 2018.

²²² "Aban Offshore bags drilling contract from Petronas," *Dion Global Solutions Limited*, October 9, 2012 Tuesday.

footprint to 7 blocks. ²²³					
2012.12.13: ConocoPhillips, Anglo-Dutch supermajor Shell and Petronas Carigali have bagged the production sharing contract for Block SB311, off Sabah from Malaysia's state-run oil company Petronas. ²²⁴	No	No	No	No	No
2013.11.21: Vietnam awarded five blocks to India	Yes, diplomatic protests ²²⁵	No	No	No	No
2013 January: with Malaysia	No	No	No	By January 2013, similar incidents had occurred "involving Chinese ships and a Shell-contracted survey vessel" in areas proximate to South Luconia Shoals. ²²⁶	No
2013.2.2: Shell Malaysia and its exploration and production partners Petronas Carigali Sdn Bhd and ConocoPhillips Sabah Ltd have agreed to invest and develop	No	No	No	No	No

²²³ "Lundin Petroleum wins PSC contract India," *Dion Global Solutions Limited*, December 7, 2012 Friday.

²²⁴ "Petronas inks PSC with ConocoPhillips, Shell & Petronas Carigali off Sabah," *Dion Global Solutions Limited*, December 13, 2012 Thursday.

²²⁵ "India-Vietnam ink pact to expand oil exploration in South China Sea," *New Indian Express*, November 21, 2013, <http://www.newindianexpress.com/nation/India-Vietnam-ink-pact-to-expand-oil-exploration-in-South-China-Sea/2013/11/21/article1902209.ece>, accessed April 18, 2018.

²²⁶ Scott Bentley, "Malaysia's 'Special Relationship' with China and the South China Sea: Not So Special Anymore."

deepwater Malikai oil field, some 100km offshore Sabah. ²²⁷					
2013.12.13: JX Nippon Oil & Gas Exploration's Malaysian subsidiary has signed a production sharing contract (PSC) with Petronas for deepwater Block 3F in the Sarawak region. ²²⁸	No	No	No	No	No
2014.5: Oil rig crisis with Vietnam ²²⁹	Yes, diplomatic protests	Yes, but very briefly; China had a rethink and relations resumed relatively fast ²³⁰	No	Yes, use of civilian law enforcement, with fishing boats at the center, forming a concentric circle	No
2014.6.17: Vietnam Oil & Gas Group, or Petrovietnam, has signed a memorandum of understanding with Russia's JSC Zarubezhneft for joint oil and gas exploration at two blocks offshore central Vietnam ²³¹	Yes?	No	No	No	No
2014.10: On Tuesday, Vietnam offered India two oil-exploration	Yes, diplomatic protests	No	No	No	No

²²⁷ "Shell and partners to invest, develop Malikai field," *New Straits Times (Malaysia)*, February 2, 2013 Saturday, p. 2.

²²⁸ See official Petronas website, "JX Nippon signs PSC with Petronas for Block 3F in Malaysia," <http://www.Petronas.com.my/media-relations/media-releases/Pages/article/PETRONAS-CELEBRATES-100-ACTIVE-PRODUCTION-SHARING-CONTRACTS.aspx>, accessed April 18, 2018.

²²⁹ Most drastic up till now regarding Vietnam; for information, see CSIS China Power Project, "Are maritime law enforcement forces destabilizing Asia?"

²³⁰ Li Xiangyang ed., *Yatai diqu fazhan baogao 2015*, p. 239-240.

²³¹ "Vietnam to join China talks but signs oil and gas deal with Russia," *Vietcombank Securities*, June 18, 2014, <http://www.vcbs.com.vn/en/Article/4/Vietnam-to-Join-China-Talks-but-Signs-Oil-Gas-Deal-with-Russia-95140>, accessed April 18, 2018.

blocks located in disputed South China Sea waters, prompting a sharp reaction from Beijing. ²³²					
2015.11.5: Petroliam Nasional (Petronas) has approved SapuraKencana Energy's (SKE) field development plan (FDP) for the SK310 B15 gas field project in offshore east Malaysia. This is the company's first upstream gas development project in the country. ²³³	No	No	No	No	No
2015.9: India's plans to conduct oil exploration off Vietnam coast in the South China Sea ²³⁴	Yes, diplomatic protests ²³⁵	No	No	No	No
2015.9.3: Rosneft Vietnam B.V., a company of Rosneft Group, and Japan Drilling Co., Ltd. (JDC) represented by its subsidiary Hakuryu 5, Inc. signed an agreement on provision and operation of the marine drilling rig Hakuryu-5, for the purposes of drilling	No	No	No	No	No

²³² "Philippines gets 4 bids for disputed S.China Sea oil, gas blocks," *International Business Times*, October 29, 2014, <http://www.ibtimes.com/vietnam-india-sign-oil-naval-agreement-amid-south-china-sea-disputes-angering-beijing-1715677>, accessed April 18, 2018.

²³³ "Sapura Kencana secures approval to develop B15 gas field offshore Malaysia," *Progressive Media - Company News*, November 5, 2015 Thursday.

²³⁴ "Fillip for ONGC arm," *The Telegraph*, August 28, 2015, http://www.telegraphindia.com/1150828/jsp/business/story_39431.jsp#.VjXEXK4rKT8, accessed April 18, 2018.

²³⁵ "India's oil exploration off Vietnam 'illegal', Chinese mouthpiece says," *The Times of India*, September 1, 2015, <http://timesofindia.indiatimes.com/india/Indias-oil-exploration-off-Vietnam-illegal-Chinese-mouthpiece-says/articleshow/48763255.cms>, accessed April 18, 2018.

exploration wells within the framework of Rosneft's projects in Vietnam. It is planned to drill two wells in Blocks 06.1 and 05-3/11 in the Nam Con Son basin offshore Vietnam in 2016. ²³⁶					
On August 11, 2015, Idemitsu, as an Operator, entered into a Production Sharing Contract together with Sumitomo Corporation and Vietnam Oil and Gas Group (Petrovietnam) for the Blocks 39 and 40/02 offshore Vietnam. ²³⁷	No	No	No	No	No

Table 2. Number of Oil and Gas Related Incidences Per Year 1990-2015

Year	Number of PSC Deals Struck/New Wells Being Drilled/Oil Exploration Confrontations with China by Country			Total
	Vietnam	The Philippines	Malaysia	
1990	0	0	0	0
1991	0	0	0	0
1992	4	0	0	4
1993	4	0	1	5
1994	6	1	1	8
1995	2	0	2	4
1996	1	0	1	2
1997	3	0	1	4
1998	3	0	2	5
1999	1	0	1	2
2000	0	0	1	1
2001	2	0	1	3
2002	3	0	0	1
2003	3	1	1	5
2004	2	0	0	2

²³⁶ Rosneft company website, "Rosneft and Japan Drilling Co., Ltd. signed an agreement for drilling exploration wells offshore Vietnam," September 4, 2015, <https://www.rosneft.com/press/releases/item/176083/>, accessed April 18, 2018.

²³⁷ See official website of Idemitsu, http://www.idemitsu.com/products/resource/oil/project/vietnam/v39_40.html, accessed April 18, 2018.

2005	0	0	1	1
2006	8	0	2	10
2007	10	0	2	12
2008	7	0	5	12
2009	2	0	2	4
2010	12	0	3	15
2011	7	2	2	11
2012	4	1	8	13
2013	1	0	3	4
2014	3	0	0	3
2015	3	0	1	4

Table 3. Number of Incidences Around Control of Land Features Per Year 1991-2015

Year	Number of Incidence of Land Reclamation/Control of New Land Features/Strengthening Control of Features Already Held by Country			Total
	Vietnam	The Philippines	Malaysia	
1990	0	0	0	0
1991	3	0	1	4
1992	2	1	1	4
1993	3	3	0	6
1994	1	2	0	3
1995	0	3	1	4
1996	0	0	1	1
1997	0	3	0	3
1998	1	0	1	2
1999	0	3	1	4
2000	1	0	0	1
2001	0	0	0	0
2002	0	0	0	0
2003	1	2	0	3
2004	1	0	0	1
2005	0	0	0	0
2006	0	0	0	0
2007	2	0	0	2
2008	1	1	1	3
2009	2	2	1	5
2010	5	0	1	6
2011	2	3	0	5
2012	4	1	0	5
2013	0	4	0	4
2014	4	2	0	6
2015	6	0	0	6

China's Banana Ban Against the Philippines in May 2012

Regarding China's fruit quarantine against Philippine fruit exports to China in 2012 during the Scarborough standoff, Although scholars such as Angela Poh argue that there is scant evidence that China used the banana ban as a coercive tool, I argue below that the banana ban — especially the timing and the extent of such a ban — indicated that it was indeed a case of economic sanctions.²³⁸ It is true that China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) issued a warning on March 5, 2012, but it only limited the warning to bananas from Philippines' Sumifru Corporation: the warning explicitly stated that pests were found in bananas from Sumifru Corporation and stipulated a suspense of Sumifru bananas starting from March 6.²³⁹ In particular, the warning demanded more inspections and that Philippine banana exports in inspection were not allowed to enter before the results of inspection, but implied that those that were pest-free would be allowed in.²⁴⁰ The Philippine Bureau of Plant Industry immediately conducted an investigation on March 10 and informed China's AQSIQ of the implemented corrective measures on March 27, 2012.²⁴¹ It is interesting that the Chinese AQSIQ seemed satisfied, as it did not raise the issue of Philippine bananas at all in April. During the height of the Scarborough standoff, however, China issued another much more stringent warning on May 2, which stated that China would strengthen inspections of all Philippine fruit exports to China and that “during this period,” Philippines fruit exports would not be allowed to enter China.²⁴² The wording of this second warning is particularly vague: the first warning in March stated that Philippines bananas were not allowed to enter while they were being inspected, yet this second warning used the curious wording of “during this period” (*zaici qijian*) without an explicit instruction regarding what “this period” meant. In addition, the March warning only singled out the specific company — Sumifru Corporation. Yet the May warning extended the inspection to all Philippine fruit exports — not limited to Sumifru bananas — without any specific evidence that fruits from sources other than Sumifru contained pests. Moreover, if AQSIQ found the pest issue to be more serious, it is curious why it was silent for the entire April and waited until early May. Finally, both warnings only asked for “greater inspection,” yet what we see empirically after the May 2 warning was an embargo: *all* Philippine banana exports were literally halted and rotten at Chinese exports, which seemed to be the result of AQSIQ's intentionally ambiguous wording “during this period.” Thus, the timing and extent of the ban indicated it was a case of economic sanctions. As the figure from the Pilipino Banana Growers and Exporters Association (PBGEA) shows below, banana exports to China (in mega tons) dropped dramatically since 2012 and did not pick up until 2014.²⁴³

²³⁸ See Angela Poh, “The Myth of Chinese Sanctions over South China Sea Disputes,” *The Washington Quarterly*, Issue 40 (Spring 2017), p. 143-165.

²³⁹ See AQSIQ warning No. 49, available here at <http://dzwjyjs.aqsiq.gov.cn/rdgz/201203/P020120307581874591305.pdf>, accessed April 18, 2018.

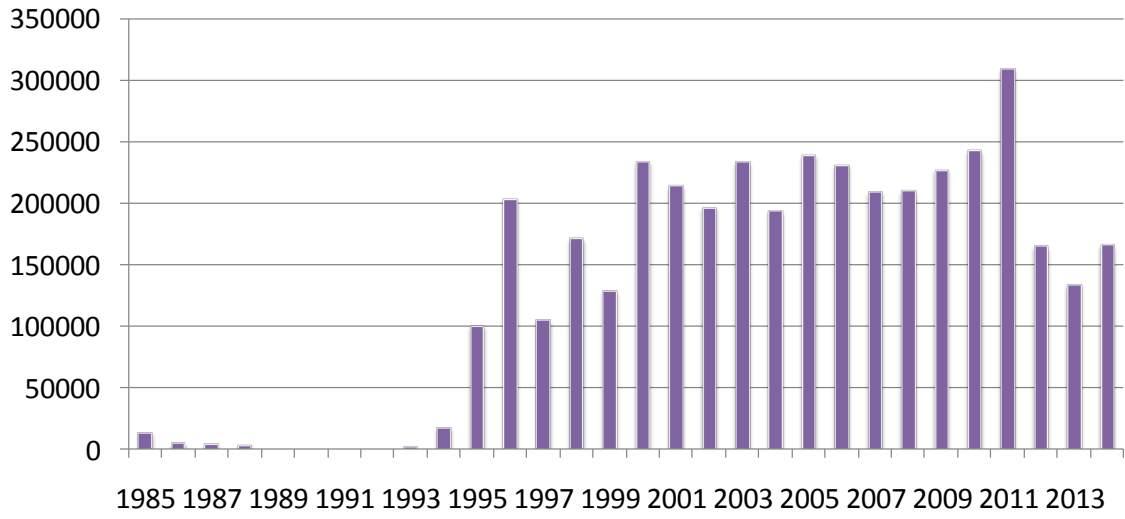
²⁴⁰ *Ibid.*

²⁴¹ See the slides from Pilipino Banana Growers and Exporters Association, http://appfi.ph/images/2015/presentations/6_Pres_PBGEA_Philippine_Banana_Exports_to_China.pdf, accessed April 18, 2018.

²⁴² See AQSIQ warning No. 108, available here at http://www.aqsiq.gov.cn/xxgk_13386/jgfl/dzwjyjs/tsxx/201210/t20121017_279773.htm, accessed April 18, 2018.

²⁴³ Figure available here at slides from Pilipino Banana Growers and Exporters Association, http://appfi.ph/images/2015/presentations/6_Pres_PBGEA_Philippine_Banana_Exports_to_China.pdf, accessed April 18, 2018.

PBGEA Export Volume to China, 1985-2014 (m.t.)



Appendix III

Incidents and Reactive and Immediate Cases of Coercion in the East China Sea

Table 1. All case regarding island control and oil exploration

Year /Issue	No action/rhetorical	Diplomatic Sanctions (Including Duration)	Economic Sanctions	Gray-zone Coercion	Military coercion (Including Duration)
1996.9.26: Chinese activists defending the Senkaku/Diaoyu islands were turned back by Japanese coast guards. One activist from Hong Kong drowned. ¹	Yes, diplomatic protests ²	No	No	No	No
1996.10: Japanese coast guards blocked Chinese protesting ships. ³	Yes, diplomatic protests	No	No	No	No
1997.5.26: Japanese coast guards blocked Chinese protesting ships. ⁴	Yes, diplomatic protests	No	No	No	No

¹ Edward A. Gargan, "Man Drowns During a Protest Over Asian Islets," *The New York Times*, September 27, 1996, Friday, Late Edition.

² For all the recorded protests, see

[http://58.68.146.102/pd/wjbyl/s?qs={%22cid%22:%2238%22,%22cds%22:\[{%22fid%22:%22contentText%22,%22cdr%22:%22AND%22,%22hlt%22:%22true%22,%22vlr%22:%22OR%22,%22qtp%22:%22DEF%22,%22val%22:%22%E9%92%93%E9%B1%BC%E5%B2%9B%22}\]}},](http://58.68.146.102/pd/wjbyl/s?qs={%22cid%22:%2238%22,%22cds%22:[{%22fid%22:%22contentText%22,%22cdr%22:%22AND%22,%22hlt%22:%22true%22,%22vlr%22:%22OR%22,%22qtp%22:%22DEF%22,%22val%22:%22%E9%92%93%E9%B1%BC%E5%B2%9B%22}]}) this is a search via the *People's Daily* section of foreign press conference, with the keyword being "Diaoyudao."

³ Michio Sakamura, "Japanese in Hong Kong fret about island ire Political groups drive sovereignty protests over Senkaku-Diaoyu dispute," *The Nikkei Weekly (Japan)*.

⁴ Russell Skelton, "Japanese turn back island activists," *The Age (Melbourne, Australia)*, May 27, 1997 Tuesday, Late Edition; "Chronology of Senkaku events," http://blog.sina.com.cn/s/blog_5f98669f0101747n.html, accessed April 18, 2018.

1997: a Japanese legislator landed on one of the islands in the Senkakus. ⁵	Yes, diplomatic protests	No	No	No	No
2003.1.1: Japanese government rented three of the Senkaku islands. ⁶⁷	Yes, diplomatic protests	No	No	No	No
2003.6: Japanese coast guards blocked Chinese protesting ships. ⁸	Yes, diplomatic protests	No	No	No	No
2004.3 Japan returned Chinese baodiao protestors back to China. ⁹	Yes, diplomatic protests	No	No	No	No
February 2005: Japan placed a lighthouse built by rightists in 1998 on the largest island of the Senkakus under state control ¹⁰	Yes, diplomatic protests	No	No	No	No
2005.7.14: Japan granted a license to Tokyo-based Teikoku Oil Co. to conduct its exploration in	Yes, diplomatic protests	No	No	Standoff with the Japanese coast guards and maritime self defense force, by the Chinese	No

⁵ Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, p. 52.

⁶ "Govt renting 3 Senkaku islands," *The Daily Yomiuri (Tokyo)*, January 1, 2003 Wednesday.

⁷ Feng Liang, *Zhongguo heping fazhan yu haishang anquan huanjing [China's peaceful development and maritime security]* (Beijing: World Knowledge Press, 2010), p. 172.

⁸ "Chronology of Senkaku events;" "Chinese protest vessel halted on way to Senkakus," *The Daily Yomiuri (Tokyo)*, June 24, 2003 Tuesday.

⁹ "Chronology of Senkaku events;" Anthony Faiola, "Isles Become Focus For Old Antagonisms; Japan's Neighbors, Resentful Since War, View a Rise in Nationalism With Worry," *The Washington Post*, March 27, 2004 Saturday, Final Edition.

¹⁰ Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, p. 53.

the Chunxio area – including in disputed waters. Japanese officials said they would give a green light to Teikoku to proceed into the East China Sea, perhaps with an escort of Japanese coast guard vessels, if the two nations cannot reach a negotiated settlement in the near term. ¹¹				maritime surveillance ships.	
October 2006: the Japanese coast guard prevented an attempted landing by Hong Kong activists to mark the tenth anniversary of the death of David Chan. ¹²	Lack of tension (Abe and Hu were meeting back then)	No	No	No	No
2007.10.28 Chinese protestors went to the Senkakus and were blocked by Japanese coast guards. ¹³	No action, nor diplomatic mentioning	No	No	No	No
2008.7.1: Japanese lawmakers conducted an	Yes, diplomatic protests ¹⁵	No	No	No	No

¹¹ Anthony Faiola, "Japan-China Oil Dispute Escalates; Relations Already Uneasy as Tokyo Accuses Beijing of Tapping Disputed Fields," *The Washington Post*, October 22, 2005 Saturday, Final Edition.

¹² Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, p. 54.

¹³ "Chronology of Senkaku events;" "Japanese coast guards stop following Chinese protest boat," *BBC Monitoring Asia Pacific*, October 29, 2007 Monday, Text of report in English by Japanese news agency Kyodo.

aerial survey of the Senkakus. ¹⁴					
2009.2.10: The Japanese maritime self defense force stationed PHL-class patrol ships around the waters of the Senkakus.	Yes, diplomatic protests ¹⁶	No	No	No	No
2010 September incident: boat clash	Diplomatic protests	Yes: cancelled meetings, etc. ¹⁷¹⁸	Yes: including canceling tourist groups to Japan. Rare earth metal embargo: from Japanese diplomat: He said he could not talk about the specific duration, but it was at least 6 months. And the complaints that Japanese firms, especially IT firms, were quite long in terms of duration and impact. ¹⁹	Yes: patrol by fishery administrative ships	No

¹⁵ Juan Ning, "Ribei yiyuan shicha diaoyudao yinfa dalutaiwan jilie fandui [Japanese member of parliament's visit to the Senkakus generated protests from mainland and Taiwan]," Sina, July 6, 2008, <http://mil.news.sina.com.cn/p/2008-07-06/0935508943.html>, accessed May 6, 2018.

¹⁴ Juan Ning, "Ribei yiyuan shicha diaoyudao yinfa dalutaiwan jilie fandui," Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, p. 60.

¹⁶ *Diaoyudao zhuquan guishu [On the sovereignty issue of the Diaoyu Islands]* (Beijing: People's Daily Press, 2013).

¹⁷ Hu Bo, *2049nian de zhongguo haishangquanli [China's maritime power in 2049]*, p. 236.

¹⁸ Duration of the termination of senior level exchange is about half a year. It was not until the earthquake in Japan and senior level exchanges resumed. Interview KZ-#10

¹⁹ Interview with a former Japanese diplomat based in Beijing.

2012.3: Japan named the islands in the Senkakus.	Diplomatic protests ²⁰	No	No	Yes: rights-defending patrol by the maritime surveillance ships. ²¹	No
2012.8: Japan arrested Hong Kong activists who landed on the Senkakus ²²	Diplomatic protests	No	No	No	No
2012 September nationalization incident ²³	Diplomatic protests	Yes Duration: from interviews, it seems to have lasted through 2013 and onto early 2014. He states that China and Japan have the most instituted bilateral dialogues and frameworks such as in finance, industry, IR, etc. So one form of economic sanctions is meetings have been	Yes Small-scale: Japanese diplomat: He thinks that: Before 2011 or 2010, China believed that economic sanctions could be used against Japan. After 2010: China learned that economic sanctions are ineffective against Japan, leading to smaller or virtually no sanctions. But he thinks that still in 2012: in each industry and some companies, there are still	Yes: regularized patrol. ²⁶ Duration: this is ongoing	No

²⁰ "Chinese patrol boats could trigger future conflict with Japan," *BBC Monitoring Asia Pacific*, March 22, 2012 Thursday.

²¹ *China Maritime Yearbook*, p. 150.

²² <http://www.telegraph.co.uk/news/worldnews/asia/japan/9485798/Anti-Japan-protests-erupt-in-China-following-island-demonstration.html>; <http://www.japantimes.co.jp/news/2012/08/20/national/chinese-stage-anti-japan-rallies-over-senkakus/#.WCtaZeErKT8>

²³ Most radical up to date.

²⁶

		<p>put on hold for two or three years. So there are definitely diplomatic sanctions. Such as no response or canceling meetings. It is similar to the industry experience. Mr. Abe says that his Chinese counterpart needs the green light from the higher up to return his emails, phone calls, or requests for meetings. (Note this is similar to what prof. Yu Tiejun says). He thinks that diplomatic relations improved since April 2014 after a group of Japanese diet members were received in China,</p>	<p>complaints about Japanese companies being precluded from some of the biddings or contracting processes. "under the excuse of the administrative guidance."²⁵</p>		
--	--	---	--	--	--

²⁵ Interview with a former Japanese diplomat based in Beijing.

		which is ice breaking and kind of like a green light to Chinese diplomats → more exchanges at Mr. Abe's level. ²⁴			
--	--	--	--	--	--

²⁴ Interview with one former Japanese diplomat, confirmed also with KZ-#10.

Appendix IV

Arms Sales to Taiwan and Chinese Coercion

Table 1. French arms sales to Taiwan in 1992

Year	French Arms Sales to Taiwan	Other Issues Between China and France ¹	Chinese Reaction: Diplomatic Protest	Chinese Reaction: Diplomatic Sanctions	Chinese Reaction: Economic Sanctions
1992	Yes	No	Yes	Yes	Yes

Table 2. U.S.-China Mil-Mil Exchanges and U.S. Arms Sales to Taiwan Since 1999²

Year	U.S. Arms Sales to Taiwan	Amount (millions of U.S. dollars, i.e., as notified to congress ³)	Other Issues Between China and the United States ⁴	Chinese Reaction: Diplomatic Protest	Chinese Reaction: Diplomatic Sanctions (Pausing Mil-Mil Exchanges)	Chinese Reaction: Economic Sanctions
1990	Yes	153	No	Yes	No	No
1991	Yes	372	No	Yes	No	No
1992	Yes	7706	No	Yes	No ⁵	No
1993	Yes	2184	No	Yes	No ⁶	No
1994	Yes	171	No	Yes	No	No
1995	Yes	273	No	Yes	No	No
1996	Yes	1034	No	Yes	No	No

¹ The purpose of this column is to make sure if there is Chinese non-military coercion, it is not about issues unrelated to arms sales to Taiwan.

² Information comes mostly from Shirley A. Kan, "Taiwan: Major U.S. Arms Sales Since 1990," and Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress."

According to a study conducted by Project 2049 institute, China has a well-established track record of responding negatively and stridently to public announcements of U.S. arms sales to Taiwan. Congressional notifications will likely remain the primary trigger for Chinese responses, rather than earlier decision-points in the process such as providing Price and Availability (P&A) data in response to a Letter of Request (LOR) from Taiwan. See US-Taiwan Business Council and Project 2049 Institute, "Chinese Reactions to Taiwan Arms Sales," March 2012, http://project2049.net/documents/2012_chinese_reactions_to_taiwan_arms_sales.pdf, accessed April 8, 2015.

³ Shirley A. Kan, "Taiwan: Major U.S. Arms Sales Since 1990."

⁴ The purpose of this column is to make sure if there is Chinese non-military coercion, it is not about issues unrelated to arms sales to Taiwan.

⁵ Chinese official newspaper announced a pause in mil-mil exchange due to the U.S. decision to sell F-16s to Taiwan. However, according to the CRS report on U.S.-China mil-mil contacts, due to the 1989 Tiananmen incident, mil-mil exchange did not resume until 1993. So this is not really Chinese coercion.

⁶ A coding of "no" results from the events sequence in the two documents in footnote 71 and also the fact that Kan would denote if there is a pause of mil-mil exchange due to Chinese reactions about U.S. arms sales to Taiwan. So "no" indicates that mil-mil exchanges continue despite U.S. arms sales to Taiwan. And the sequences confirm the continuity, i.e., no break before, during, and after U.S. arms sales to Taiwan.

1997	Yes	1247	No	Yes	No	No
1998	Yes	1296	No	Yes	No	No
1999	Yes	637	Yes (Belgrade Bombing)	Yes	Yes: suspension of mil-mil exchange (but China was reacting mainly to the Belgrade bombing of Chinese embassy), <i>not</i> arms sales to Taiwan. ⁷ Resumed in January 2000.	No
2000	Yes	1866	No	Yes: raised concerns about arms sales to Taiwan but resumed mil- mil contacts previously suspended due to the Belgrade bombing ⁸	No	No
2001	Yes	1082	Yes (EP-3 Incident) ⁹	Yes	Yes: suspension of mil-mil exchange (China was reacting primarily to the EP-3 incident). ¹⁰ Arms sales to Taiwan also added to	No

⁷ Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress," p. 62, accessed April 8, 2015. Still it seems that low-level mil-mil exchanges resumes.

⁸ See Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress."

⁹ See *ibid.*

¹⁰ See *ibid.*

					Chinese anger. ¹¹ Resumed nominally in April 2002, but fully in June 2002.	
2002	Yes	1521	No	Yes	No	No
2003	Yes	775	No	Yes	No	No
2004	Yes	1776	No	Yes	No	No
2005	Yes	280	No	Yes	No	No
2006	No	0	No	Yes	No	No
2007	Yes (larger than previous years, fifth largest, falling only behind the 1992 level and the 2008 and 2009 level)	3717	No	Yes	Maybe? Not confirmed, but the Chinese disapproval of a port call U.S. naval ships coincided with U.S. arms sales to Taiwan. ¹²	No
2008	Yes (October 3), significantly larger (second largest)	6463	No	Yes	Yes. Confirmed: China suspended mil-mil exchanges due to U.S. arms sales. Resumed in February 2009. ¹³	No
2009	No	0	No	No	No	No
2010	Yes (as large as 2008, third largest)	6392	No	Yes	Highly likely. Not confirmed. Very limited contacts, no formal pause, but	Threats of economic sanctions?

¹¹ "U.S. Navel vessels replenished in Hong Kong for the first time since 9/11," *Radio Free Asia*, November 29, 2001, <http://www.rfa.org/cantonese/news/70683-20011129.html>, accessed April 8, 2015.

¹² Shirley A. Kan, "U.S.-China Military Contacts: Issues for Congress."

¹³ See *ibid.*

					citing "obstacles." ¹⁴ Chinese reports seem to confirm pause of certain exchange programs. ¹⁵ Some reports indicate a freeze in mil exchanges. ¹⁶	
2011 (This is the last time that the president notified Congress of major FMS to Taiwan, which occurred on Sept. 21, 2011) ¹⁷	Yes (fourth largest)	5852	No	Yes	Very limited contacts, no formal pause, but citing "obstacles." ¹⁸ Other reports cite relatively mute response from China. ¹⁹ And Chinese MOD indicates so: China said on Thursday that the latest U.S. arms sale to Taiwan has created "severe obstacles" for the two countries' military-to-	No

¹⁴ See *ibid.*

¹⁵ See "Zhongmei junshi jiaoliu 30nian [30 years of Sino-U.S. Mil-Mil exchanges]," *Yangtze Daily*, April 11, 2014, <http://news.cntv.cn/2014/04/11/ARTI1397164870344615.shtml>, accessed May 6, 2018.

¹⁶ US-Taiwan Business Council and Project 2049 Institute, "Chinese Reactions to Taiwan Arms Sales."

¹⁷ Shirley Kan, "PacNet #39 - Obama's policy on arms sales to Taiwan needs credibility and clarity," CSIS, July 7, 2015, <http://csis.org/publication/pacnet-39-obamas-policy-arms-sales-taiwan-needs-credibility-and-clarity>, accessed April 8, 2015.

¹⁸ See *ibid.*

¹⁹ See March 2012 report from Project 2049 institute.

					military exchanges. ²⁰	
2012	No, no notification, that is.		No	Reacting to the National Defense Authorization Act for Fiscal Year 2013, which indicates continuous arms sales to Taiwan. ²¹	No	No
2013	No, no notification, that is.		No	No	No	No
2014	No, no notification, that is.		No	Yes ²² (although this is not about the notification.)	No	No
2015	Yes	1830 ²³	No	Yes ²⁴	Not confirmed yet? At least there are threats from Chinese Ministry of Defense ²⁵	Yes (threats of economic sanctions ²⁶) Wording is even more specific than

²⁰ "China says U.S. arms sale to Taiwan creates "severe obstacles" for bilateral military exchanges," *Xinhua News*, September 22, 2011, <http://www.china-embassy.org/eng/zmgxss/t861449.htm>, accessed April 8, 2015.

²¹ *Xinhua News*, December 23, 2012, http://news.xinhuanet.com/world/2012-12/23/c_114126824.htm, accessed April 8, 2015.

²² *Xinhua News*, December 19, 2014, http://news.xinhuanet.com/world/2014-12/19/c_1113711238.htm#pinglun, accessed April 8, 2015.

²³ David Brunnstrom and Patricia Zengerle, "Obama administration authorizes \$1.83 billion arms sale to Taiwan," *Reuters*, December 16, 2015, http://www.reuters.com/article/us-usa-taiwan-arms-idUSKBN0T22C520151216?utm_source=The+Sinocism+China+Newsletter&utm_campaign=acfef4d917-Sinocism_12_16_1512_16_2015&utm_medium=email&utm_term=0_171f237867-acfef4d917-29627041&mc_cid=acfef4d917&mc_eid=1207849200, accessed April 8, 2015.

²⁴ "China strongly opposes U.S. arms sale to Taiwan," *Xinhua News*, December 17, 2015, http://news.xinhuanet.com/english/2015-12/17/c_134924598.htm?utm_source=The+Sinocism+China+Newsletter&utm_campaign=acfef4d917-Sinocism_12_16_1512_16_2015&utm_medium=email&utm_term=0_171f237867-acfef4d917-29627041&mc_cid=acfef4d917&mc_eid=1207849200, accessed April 8, 2015.

²⁵ Chinese MOD, "Qianglie duncu meifang chexiao junshou xiangmu [MOD strongly urges the United States to revoke its arms sales]," Chinese Ministry of Defense, December 17, 2015, <http://mil.news.sina.com.cn/china/2015-12-17/doc-ixmttcn4941528.shtml>, accessed April 8, 2015.

²⁶ "China strongly opposes U.S. arms sale to Taiwan."

						2010. ²⁷
--	--	--	--	--	--	---------------------

²⁷ MFA Press Conference, December 17, 2015, http://www.fmprc.gov.cn/web/fyrbt_673021/t1325267.shtml, accessed April 8, 2015.

Appendix V

Foreign Leaders' Reception of the Dalai Lama (DL) and Chinese Coercion

Table 1. The Dalai Lama (DL) as Received by Head of the Government/State by Year (1990-Present)¹

Date and Year	Country	China's Rhetorical Reaction (Public/diplomatic sanctions or not) ²	Diplomatic Sanctions	Economic Sanctions
1991.12.8	Norway (PM)	None (Yes? ³)	No	No
1991.9.30	Lithuania (PM)	None	No	No
1991.10.5	Bulgaria (President)	None	No	No
1991.12.7	Poland (President)	None	No	No
1991.12.2	UK (PM, officially at Downing 10)	Yes	No	No
1991.3.22	Ireland (President)	None	No	No
1991.4.16	United States (President Bush senior met with the Dalai Lama as a private person in the White House. This is the first time that the head of the state in the western	Yes ⁴	No	No

¹ This means that only prime ministers, presidents, premiers, and chancellors, etc. are counted. This dataset is cross-checked with the Dalai Lama's official travel log: <http://www.dalailama.com/biography/travels/1990--1999>; official Chinese website of the Dalai Lama, <http://www.dalailamaworld.com/topic.php?t=197>; <http://www.dalailamaworld.com/topic.php?t=198>; official website of the Tibet Religious Foundation of the Dalai Lama, http://webarchive.ncl.edu.tw/archive/disk22/04/86/37/79/67/200909043020/20130218/web/tibet.org.tw/dalailama_meet.html, accessed May 6, 2018.

² Made public by the MFA. Unless otherwise noted, data comes from a search of the word “达赖” on the website of the MFA Press Conference after 2001. For data before 2001, I look at MFA statements on the *People's Daily*. Only the United States and the EU were mentioned or criticized.

³ At least this does not appear in the *People's Daily*.

⁴ The *People's Daily* did not cite MFA criticism against the United States until 1995. After 1995, routinized criticism: Strong Dissatisfaction (*qianglie buman*, here after SD) and Firm Opposition (*jianjue fandui*, here after FO).

	world met with the DL.)			
1992.5.4	Cambodia (PM)	None	No	No
1992.6.11	Argentina (President)	None	No	No
1992.5.13	New Zealand (PM)	None	No	No
1992.5.8	Australia (PM)	None	No ⁵	No
1992.6.12	Chile (President)	None	No	No
1992.3.1	India (PM)	None	No	No
1993.5.17	Poland (President)	None	No	No
1993.6.14	Austria (PM)	None	No	No
1993.4.27	United States (Vice President Gore met with the Dalai Lama in his office in the White Office, and President Clinton dropped by. This is the first time the Dalai Lama was officially received in the White House.)	Yes	No	No
1994.6.6	Austria (PM)	None	No	No
1994.7.5	Nicaragua (President)	None	No	No
1994.4.28	United States (President Clinton met with the Dalai Lama in the White House.)	Yes	No	No
1996.9.11	New Zealand (PM)	None	No	No
1996.9.14	Australia (PM)	Yes	No	No
1996.8.22	South Africa (President)	None	No	No
1997.9.5	Czech (President)	None	No	No
1997.4.23	United States (President Clinton met with the Dalai Lama	Yes	No	No

⁵ This is confirmed.

	in the White House) ⁶			
1998.12.8	France (President Chirac)	None	No	No
1998.11	United States (President Clinton met with the Dalai Lama in the White House) ⁷	Yes	No	No
1999.5.10	UK (PM, officially at Downing 10)	Yes	No	No
1999.4.13	Chile (President)	None	No	No
1999.4.7	Brazil (President)	None	No	No
1999.5.4	Belgium (PM)	None	No	No
1999.10.18	Netherlands (PM)	None	No	No
1999.10.26	Italy (PM)	None	No	No
2000.5.23	Norway (PM)	None (Yes? ⁸)	No	No
2000.5.11	Poland (President)	None	No	No
2000.10.16	Czech (President)	FO; stating also it might make Sino-Czech relations deteriorate ⁹	No	No
2000.10.11	Hungary (PM)	None	No	No
2000.10.21	Ireland (President)	None	No	No
2000.11.17	Sweden (PM)	SD	No	No
2000.5.21 ¹⁰	Denmark (PM)	FO	No	No
2000.6.20	United States (President Clinton met with the Dalai Lama in the White	Yes	No	No

⁶ Zhang Huanping, "Mei lianxu siren zongtong huijian dalai [Four U.S. presidents have met with the Dalai Lama consecutively]," *Caixin*, February 6, 2015, <http://datanews.caixin.com/2015-02-06/100782251.html>, accessed May 6, 2018.

⁷ Zhang Huanping, "Mei lianxu siren zongtong huijian dalai."

⁸ At least this does not appear in the *People's Daily*.

⁹ "China protesting the Dalai Lama," *VOA*, September 11, 2009, <http://m.voachinese.com/a/a-21-2009-09-11-voa40-60916987/1017104.html>, accessed April 8, 2015.

¹⁰ Did not meet with the Dalai Lama in 2015, which China acknowledged and seemed positive about. See MFA Press Conference, May 21, 2000, http://www.fmprc.gov.cn/mfa_chn/fyrbt_602243/t1235740.shtml, accessed April 8, 2015.

	House.)			
2001.5.23	United States (President Bush Junior met with the Dalai Lama in his office residence in the White House on the day of China's anniversary of Tibetan Liberation).	Yes	No	No
2001.10.24	Bulgaria (President)	None	No	No
2001.6.24	Lithuania (PM)	None	No	No
2001.6.21-23	Latvia (PM and President)	None ¹¹	No	No
2001.11.28	Portugal (President)	FO and SD	No	No
2001.6.19	Estonia (PM)	None	No	No
2002.5.28	New Zealand (PM)	FO and SD	No	No
2002.7.2	Czech (President)	None	No	No
2002.7.5	Slovenia (PM and President)	SD and lodged solemn representation	No	No
2002.7.8	Croatia (PM)	None ¹²	No	No
2002.11.7	Mongolia (PM)	FO and SD	No	Yes (three-day ban on railway, affecting copper transportation ¹³)
2003.9.10	United States (President Clinton met with the Dalai Lama in the White House.)	Yes	No	No
2003.6.6	Denmark (PM)	None	No	No

¹¹ Relations seemed well even after the Dalai Lama visit, see "Zhongguo tong latuoweiyi de guanxi [China's relations with Latvia]," November 22, 2013, http://www.chinanews.com/gj/zlk/2014/01-16/444_2.shtml, accessed April 8, 2015.

¹² The MFA protested against Slovenia but did not seem to make public statements about Croatia, see "China protesting the Dalai Lama's visit to Europe," *BBC*, July 7, 2002, http://news.bbc.co.uk/chinese/simp/hi/newsid_2110000/newsid_2114600/2114600.stm, accessed April 8, 2015.

¹³ Dagiisuren Dorjderem, "21shiji zhongmeng guanxi yanjiu," Ph.D. Dissertation: Jilin University, 2014.

2004.4.23	Canada (PM, in his private residency)	Warning before the DL visit; but no MFA press conference mention after	No ¹⁴	No
2005.6	Sweden (PM)	Moderate rhetoric: expressed concern (<i>guanqie</i>)	No	No
2007.6.12	Australia (PM) ¹⁵	SD and FO	No	No
2007.9.22	Austria (PM, met with the chancellor in the chancellory ¹⁶)	SD and FO ¹⁷	Yes: diplomatic sanctions. Diplomatic relations between Austria and China deteriorated significantly, leading to what the media described as a “minor ice-age” between the two countries. Media reported that Austrian diplomats were banned from contact with Chinese officials for about one year. ¹⁸	No
2007.9.23	Germany (Chancellor, met with the Dalai lama as a private person in her	SD and FO	Yes, diplomatic sanctions: cancelled meeting with German Treasury Minister	Yes. ²⁰

¹⁴ Confirmed by Canadian media.

¹⁵ *Xinhua News*, June 15, 2007, http://news.xinhuanet.com/world/2007-06/15/content_6247822.htm, accessed April 8, 2015; and this indeed seems to be a public event and there was media exposure. They met in Sydney. See Leigh Sales, “Howard, Dalai Lama hold meeting,” *ABC News*, June 15, 2007, <http://www.abc.net.au/lateline/content/2007/s1953114.htm>; “Australian Prime Minister John Howard Meets The Dalai Lama,” *Getty Images*, June 15, 2007, <http://www.gettyimages.com/event/australian-prime-minister-john-howard-meets-the-dalai-lama-74544653#australian-prime-minister-john-howard-greets-the-14th-dalai-lama-on-picture-id74633814>, accessed April 8, 2018.

¹⁶ Official website of the Dalai Lama, <http://www.dalailama.com/news/post/150-the-dalai-lama-arrives-in-dharamsala-after-ground-breaking-european-tour>, accessed April 8, 2015.

¹⁷ “China strongly protests Austrian officials receiving the Dalai Lama,” *BBC*, May 26, 2009, http://www.bbc.co.uk/zhongwen/simp/chinese_news/2012/05/120526_dalai_austria.shtml, accessed April 8, 2015.

¹⁸ Andreas Fuchs and Nils-Hendrik Klann, “Paying a Visit: The Dalai Lama Effect on International Trade,” Working Paper, <http://www.econ.cam.ac.uk/research-files/repec/cam/pdf/cwpe1103.pdf>, accessed May 5, 2018.

	presidential residence ¹⁹⁾			
2007.10.29	Canada (PM official meeting with high publicity, as in <i>gongkai jianmian</i> and allowing the media to take pictures ²¹⁾ ²²⁾	SD and FO	Yes?	Yes
2007.10.17	United States (President Bush junior went to the Congress to present the Congressional Gold Medal to the Dalai Lama. This is the first time the incumbent U.S. present appeared publicly with the Dalai Lama together. ²³⁾	SD and FO	No	No
2008.5.23 ²⁴⁾	UK (PM, met in a church that is a religious place, as opposed to in Downing 10 ²⁵⁾	SD and FO	No	No
2008.11.30	Czech (PM)	SD and FO	Yes, diplomatic	No

²⁰ Confirmed by interviews with Chinese scholars who had contacts with the German investors in China back then, but magnitude was small. Some, though, think there is no coercion against Germany economically, for example, May from Frei University in Berlin.

¹⁹ "Merkel Meets Dalai Lama Despite Chinese Criticism," *Deutsche Welle*, <http://www.dw.com/en/merkel-meets-dalai-lama-despite-chinese-criticism/a-2793322>; *New York Times*, September 23, 2007, <http://www.nytimes.com/2007/09/23/world/europe/23iht-berlin.4.7609899.html>, accessed April 8, 2015.

²¹ "Jianada zongli habo shouci fanghua [Canadian Prime Minister Harper visited China for the first time]," People's Daily website, <http://world.people.com.cn/GB/8212/175544/>, accessed April 8, 2015.

²² "Dalai lama zaifang jianada jinu beijing [The Dalai Lama's visit to Canada angered Beijing]," *Radio France Internationale*, January 11, 2007, http://www1.rfi.fr/actucn/articles/095/article_4396.asp, accessed April 8, 2015.

²³ Brian Knowlton, "Bush and Congress Honor Dalai Lama," *The New York Times*, October 18, 2007, <http://www.nytimes.com/2007/10/18/washington/18lama.html>, accessed April 8, 2015.

²⁴ *Xinhua News*, May 24, 2008, http://news.xinhuanet.com/newscenter/2008-05/24/content_8243861.htm, accessed April 8, 2015.

²⁵ David Batty and agencies, "Brown meets Dalai Lama for 'warm' talks," *the Guardian*, May 23, 2008, <http://www.theguardian.com/politics/2008/may/23/brown.dalai>, accessed April 8, 2015.

			sanctions; CCP acknowledged the visit but directed its anger towards France; ²⁶ relations with Czech became cold after the DL visit; The MFA deemed the relations warm again in April 2014, when Sino-Czech Press Communiqué was signed. Czech promised to uphold the one-China policy and to reject any form of Tibetan independence ²⁷ also confirmed by press. ²⁸	
2008.12.6	France (President, meeting as the president, also as the rotating chair of the EU). ²⁹	SD and FO	Yes, diplomatic sanctions; SD and FO; canceling Sino-EU meeting in January 2009 while assigning blame to France ³⁰	Yes
2008.12.10	Poland (President)	SD	No	No
2009.5.29	Denmark (PM)	SD and FO	Yes, diplomatic	No

²⁶ *Xinhua News*, December 7, 2008, http://news.xinhuanet.com/world/2008-12/07/content_10469357.htm, accessed April 8, 2015.

²⁷ "Zhongjie waijiaobu xinwen gongbao [Press announcement from the Chinese and Czech foreign ministries]," *China News*, April 29, 2014, <http://www.chinanews.com/gn/2014/04-29/6119404.shtml>, accessed April 8, 2018.

²⁸ Diplomats say the Czech Republic has had particularly frosty relations with China over its dealings with the Tibetan spiritual leader, who has visited the country nine times and was a friend of the late Vaclav Havel, its former president. "They have been made an example of; it is easier to punish smaller countries," said one.

²⁹ Matthew Day, "Defiant Nicolas Sarkozy meets Dalai Lama despite China's trade threat," *The Telegraph*, December 6, 2008, <http://www.telegraph.co.uk/news/worldnews/asia/china/3629865/Defiant-Nicolas-Sarkozy-meets-Dalai-Lama-despite-Chinas-trade-threat.html>, accessed April 8, 2018.

³⁰ Ian Traynor, "China cancels EU summit over Dalai Lama visit," *The Guardian*, November 26, 2008, <https://www.theguardian.com/world/2008/nov/27/china-dalai-lama-nicholas-sarkozy>; "China assails France after Sarkozy meets with Dalai Lama," *The New York Times*, November 7, 2008, <http://www.nytimes.com/2008/12/07/world/europe/07iht-france.1.18462289.html>, accessed April 8, 2018.

			sanctions – suspended diplomatic relations. ³¹	
2010.8.11	India (PM)	Protest through diplomatic channel, not through MFA press conference ³²	No	No
2010.2.18	United States (President Obama met with the Dalai Lama in the White House as a private person.) ³³	Yes	No	No
2011.9	Mexico (President)	SD and FO	No? ³⁴	No
2011.8	Estonia (PM)	Yes	Diplomatic sanctions; No MFA press mention; but Estonian Ambassador to China summoned; China cancelled meeting with Estonian Agriculture Minister ³⁵ Also confirmed by the press. ³⁶	No
2011.7.16	United States (President Obama met with the Dalai Lama	Yes	No	No

³¹ In May, China suspended diplomatic relations with Denmark after Prime Minister Lars Loekke Rasmussen met with the Dalai Lama, then resumed them only after Copenhagen promised to notify Beijing before inviting him again.

³² “China protested against the Dalai Lama’s routine meeting with the Indian Prime Minister,” *BBC*, August 21, 2010, http://www.bbc.co.uk/zhongwen/simp/china/2010/08/100821_dalai_singh.shtml, accessed April 8, 2018.

³³ Zhang Huanping, “Mei lianxu siren zongtong huijian dalai.”

³⁴ There does not appear to be clear diplomatic sanctions, after a search with lexis nexis

³⁵ Bai Hua, “Boluodihai guojia liyu dalai lama [Baltic states kindly received the Dalai Lama],” *VOA*, September 14, 2013, <http://www.voachinese.com/content/dalai-lama-visit-baltic-countries-20130914/1749775.html>, accessed April 8, 2018.

³⁶ More recently, it is understood to have cancelled bilateral visits after the Estonian president and other politicians met the Dalai Lama last summer (the report itself was in 2012).

	in the White House as a private person.) ³⁷			
2012.5.14	UK (PM, not even in Downing 10, Mr Cameron and Deputy Prime Minister Nick Clegg met the Dalai Lama privately on Monday at St Paul's Cathedral.) ³⁸	SD and FO	Yes, diplomatic sanctions: cancelled meeting. Denied Cameron of state visit to China.	No
2012.5.26	Austria (PM and President)	SD and FO	Yes: Small-scale sanction on travel visa to Tibet. ³⁹	No
2013.9.11	Lithuania (President; She was then also the rotating chair of the EU presidency) ⁴⁰	Yes	Yes, diplomatic sanctions it seems; relations did not resume until end of 2014 ⁴¹	No
2014.2.21	United States (President Obama met with the Dalai Lama in the White House as a private person.) ⁴²	Yesf	No	No
2015.2.5	United States (President Obama and Dalai	Yes (such as FO)	No	No

³⁷ Zhang Huanping, "Mei lianxu siren zongtong huijian dalai."

³⁸ "David Cameron's Dalai Lama meeting sparks Chinese protest," *BBC*, May 16, 2012, <http://www.bbc.com/news/uk-politics-18084223>, accessed April 8, 2018.

³⁹ See *Lexis Nexis* news: "Travel firms see political reasons for denial of Tibet visas to Austria, Excerpt from report," *Die Presse (Austrian newspaper)*, July 26, 2012; for the end result, see MFA Press Conference, September 5, 2013, http://www.fmprc.gov.cn/web/fyrbt_673021/dhdw_673027/t1073210.shtml, accessed April 8, 2018.

⁴⁰ "Litaowan nvzongtong gelibaosi kaite huijian xizang dalai lama zunzhe [Lithuanian president met with the Dalai Lama]," *Boxun News*, September 12, 2013, http://www.boxun.com/news/gb/intl/2013/09/201309122125.shtml#VNn_ibDF-4I, accessed April 8, 2018.

⁴¹ MFA Press Conference, February 10, 2015, <http://world.people.com.cn/n/2015/0210/c1002-26541771.html>, accessed April 8, 2018.

⁴² Zhang Huanping, "Mei lianxu siren zongtong huijian dalai."

	Lama appeared together in the all-America breakfast prayer meeting. This is the first time that Obama appeared publicly with the Dalai Lama together.) ⁴³			
--	--	--	--	--

⁴³ *Ibid.*

Appendix VI

Sino-Indian Disputes

Table 1. Sino-Indian Border Dispute Since 1990

Year	Events	Chinese Reaction: Diplomatic Protest or Sanctions	Chinese Reaction: Economic Sanctions	The PLA Involved
June 26, 2003	Chinese transgressed on LAC in Arunachal	NA	NA	Yes. The army. ¹
May 10, 2005	China enters into Indian territory	NA	NA	Yes. The army. ²
2006: 140 incursions		NA	NA	Yes. ³
October 30, 2007	Incursion	NA	NA	The Chinese Army trooped into Tawang, a district of Arunachal Pradesh that is surrounded by Chinese territory on one side and Bhutan on the other, and allegedly damaged a statue of Buddha on October 30, but the Indian Army did not act against the intrusion. ⁴
November 8, 2007	Incursion	NA	NA	Chinese troops destroy Indian posts. ⁵
2008: 233 incursions, see below		NA	NA	Yes
June 21, 2009	Chinese military helicopter had violated Indian airspace in	NA	NA	Gen Kapoor, who took over as the new chairman of the Chiefs of Staff Committee - which comprises the

¹ "Chinese transgressed on LAC in Arunachal," *The Times of India*, July 25, 2003.

² Josy Joseph, "China enters into Indian territory," *The Times of India*, May 17, 2005.

³ "ITBP Chief proves BJP MP right but gives logical reason," *The Economic Times*, October 24 2007.

⁴ "MP alleges Chinese incursion," *Hindustan Times*, November 21, 2007.

⁵ Nirmalya Banerjee and Amalendu Kundu, "Chinese troops destroy Indian posts, bunker," *The Times of India*, December 1, 2007.

	Jammu and Kashmir's Ladakh area on June 21.			<p>chiefs of the Army, Navy and Air Force - said there had been several violations by the Chinese in recent months.</p> <p>While Gen Kapoor did not give exact the number of incursions reported this year, a senior defence ministry official, who refused to be identified, put the figure at 233 in 2008 and 76 during the past three months.⁶</p>
July 31, 2009	Incursion	NA	NA	Chinese troops had entered the border in Ladakh and painting the rocks and boulders red on July 31. ⁷
2010: 228 incursions ⁸		NA	NA	Yes
October 2010	Incursion	NA	NA	"Those hopes have been belied by the incursion of Chinese troops into the border area of Leh," the minister said, replying to a question on reports of incursion by Chinese troops and halting of work at Demchok, close to the Line of Actual Control (LAC), in October. ⁹
2011: 213 incursions ¹⁰		NA	NA	Yes
September 14, 2011	Incursion	NA	NA	<i>Hindustan Times</i> reported on September 14 two Chinese helicopters, along with

⁶ "Chinese copter had violated airspace in j&k, says army chief, ", *Hindustan Times*, September 1, 2009.

⁷ "Control your press: Chinese to Indians," *Hindustan Times*, September 10, 2009.

⁸ "No PLA intrusion since 2010," *The Times of India*, August 20, 2014.

⁹ "India will take revenge for China incursion in Ladakh in summer: Farooq Abdullah," *The Economic Times*, January 11, 2011.

¹⁰ "No PLA intrusion since 2010."

				seven to eight troopers on board, flew into Indian territory along the Line of Actual Control (LAC) in the Chumur area of Ladakh in Jammu and Kashmir last month, and damaged "unused bunkers" of India, before flying back. ¹¹
2012: 426 incursions ¹²		NA	NA	Yes
2013: 411 incursions ¹³		NA	NA	Yes
April 15, 2013	"Tent stand-off" in the western part of the Sino-Indian border. Lasted until May 5th.	No. Chinese MFA denied invading into Indian region of the LAC, but its rhetoric was moderate: the Spokeswoman stated that China would strive to deal with the border issue through negotiations. ¹⁴ The spokeswoman stated on May 6th again that the stand-off had been lifted and that the two sides reached a consensus through negation and coordination, using mechanisms involving the border mechanism, diplomatic, and border defense channels. ¹⁵	No	Yes. China started off building four tents in the area of perceived control. ¹⁸ India followed suit. The standoff lasted until May 5. It is speculated that China's tents were a reaction to previous Indian re-activation of the advanced landing grounds (ALGS) at Daulat Beg Oldie (DBO), Fukche and Nyoma as well as construction of some temporary posts and bunkers at Chumar and Fukche near the LAC in eastern Ladakh over the last four to five years. ¹⁹
		Chinese Premier Li Keqiang visited India and		

¹¹ "China intruded into Ladakh," *Hindustan Times*, September 19, 2011.

¹² "No PLA intrusion since 2010."

¹³ *Ibid.*

¹⁴ MFA, http://www.fmprc.gov.cn/mfa_chn/fyrbt_602243/jzhs1_602247/t1035266.shtml, accessed April 18, 2018.

¹⁵ *People's Daily*, May 7, 2013, section 3.

¹⁸ For a graphic view, see Susan Dutta, "Battle of tents and banners on border," *The Telegraph*, April 26, 2013, http://www.telegraphindia.com/1130426/jsp/nation/story_16829604.jsp#.VSxr95TF-4K, accessed April 18, 2018.

¹⁹ See Peter Lee, "China's border rows mirror grim history, May 3rd, 2013, <http://www.atimes.com/atimes/China/CHIN-01-030513.html>

		<p>spoke in India on May 21st, emphasizing the mutual agreement between India and China to further border negotiation. Li also emphasized that China was aware of India's concerns of trade deficit and that China would make it convenient for competitive Indian products to enter the Chinese market, while striving for other ways to reduce trade imbalance. He ended by stating that Sino-Indian friendship has been China's long-held strategic guideline and that China highly values India (gaodu zhongshi).¹⁶</p> <p>India has reportedly agreed to a Chinese demand to demolish bunkers near their de facto border in the Himalayas, Indian military officers said, as part of a deal to end a stand-off that threatened to scupper slowly improving relations.¹⁷</p>		
June 17, 2013	Incursion	No	No	In yet another incursion in south-east Ladakh, a PLA patrol crossed over into Indian territory in the crucial Chumar post area and took away an Indian surveillance camera after dismantling it on June 17. ²⁰

¹⁶ *People's Daily*, May 22, 2013, section 2.

¹⁷ "India destroyed bunkers in Chumar to resolve Ladakh row," *Defense News*, Wednesday, May 8, 2013, <http://www.defencenews.in/defence-news-internal.aspx?id=BtdOdtMc3KY=>, accessed April 18, 2018.

²⁰ Chinese army in Ladakh again, raids Indian post, TIMES NEWS NETWORK, 10 July 2013

Mid August, 2013	Incursion	No	No	Chinese troops intruded into Arunachal, stayed for 2 days, Express news service, 22 August 2013 Indian Express. ²¹
2014: 334 cases had taken place this year until August 4 ²²		No	No	Yes
Jan 3, 2014	Incursion	No	No	Even a chilling -25 degree Celsius has failed to dampen the audacity of the Chinese Army, which once again transgressed the Line of Actual Control. Some 15 Chinese PLA troopers on the morning of January 3 in Takdip area of Chumar sector were locked in a face-off with Indian troops for over three hours. ²³
September 2014	Another border stand-off	No. The Chinese Ministry of Defense stated on September 25 that through relevant mechanisms and effective communication, the two sides have timely managed the standoff and that the region is peaceful, emphasizing individual incidents — natural occurrences due to the lack of border delineation — will not affect the big picture of	No.	Yes: More than 200 soldiers of the People's Liberation Army entered what India considers its territory last week and used cranes and bulldozers to build a 1.2-mile road, the Hindustan Times reported. Indian soldiers challenged the Chinese troops and asked them to withdraw, before demolishing a temporary track they had built, said the

The Times of India - Bangalore Edition.

²¹ "Chinese troops intruded into Arunachal, stayed for 2 days," *Indian Express*, August 22, 2013.

²² "No PLA intrusion since 2010."

²³ Shishir Gupta, "China begins New Year with another incursion," *Hindustan Times*, January 7, 2014.

		Sino-Indian cooperation. ²⁴		report, which has not been denied by Indian authorities. ²⁵
June 9, 2016				According to media reports, more than 250 soldiers of the Chinese army intruded into the Indian territory in Arunachal Pradesh on June 9. ²⁶
July 2016	Incursion	No	No	Two Chinese transgressions into Arunachal in July. ²⁷
2016: 271 incursions ²⁸		No	No	Yes
2017: 415 incursions ²⁹		No	No	Yes

Table 2. Positive Development Regarding the Sino-Indian Disputes

Year	Events³⁰	Chinese Reaction: Diplomatic Protest or Sanctions	Chinese Reaction: Economic Sanctions	The PLA Involved
December 1991	Premier Li Peng visited India. Both sides agreed to maintain peace and stability in regions pertaining to the actual lines of control (LAC) and	NA	NA	NA

²⁴ See Ministry of Defense statement, September 25, 2014, <http://www.chinanews.com/mil/2014/09-25/6630587.shtml>, accessed April 18, 2018.

²⁵ Jason Burke in Delhi and Tania Branigan in Beijing, "India-China border standoff highlights tensions before Xi visit," *The Guardian*, Tuesday September 16, 2014, <http://www.theguardian.com/world/2014/sep/16/india-china-border-standoff-xi-visit>, accessed April 18, 2018.

²⁶ Sushant Singh, "Why the analysis behind the latest Chinese transgression in Arunachal Pradesh is misleading," *Indian Express*, June 14, 2016.

²⁷ "Two Chinese transgressions into Arunachal in July: Rijiju," *The Times of India - Pune Edition*, August 20, 2016.

²⁸ Prabhash K. Dutta, "Doklam hangover: Crisis averted but threat persists as China renews focus on borders."

²⁹ *Ibid.*

³⁰ The chronology comes from Zhang Shijun, "Zhongyin bianjie zhengduan de weijikongzhi jizhi fenxi [Exploration of Border Crisis Control Mechanism of Disputes between China and India]," *South Asian Studies Quarterly*, No.4 (2013), unless otherwise noted.

	to find an acceptable solution via negotiations.			
1993	India and China signed the "agreement on maintaining peace and stability in the regions of lines of actual control."	NA	NA	NA
1996	India and China signed "agreement on establishing trust in the military realm regarding regions of lines of actual control"	NA	NA	NA
June 2003	Indian Prime Minister visited China. The two sides came to an important understanding (liang jie) on the Tibet issue, and established a special representative meeting mechanism to solve the border issue	NA	NA	NA
April 2005	Premier Wen Jiabao visited India. The two sides defined their relations as strategic cooperative partnership, and signed the political guiding principles in solving border issues	NA	NA	NA
January 2008	Indian Prime	China protested	No	No

	Minister Singh visited the Arunachal Pradesh.	diplomatically. No diplomatic sanctions		
August 2009	State Councilor Dai Bingguo led the Chinese delegation to India to hold the 13th round of special representative meeting.	NA	NA	NA
December 2010	Chinese Premier Wen Jiabao made a speech in India, stating that it takes time and patience to solve the border issue.	NA	NA	NA

Bibliography

Periodicals and Periodicals Databases

Factiva

Lexis Nexis

People's Daily

Zhongguo Waijiao [China's Foreign Affairs]

Zhongguo Haiyang Tongji Nianjian [China's Maritime Statistical Yearbooks]

Zhongguo Haiyang Nianjian [China Maritime Yearbook]

Zhongguo Tongji Nianjian [China Statistical Yearbooks]

Zhongguo Haiguan Nianjian [China Customs Statistical Yearbooks]

Annual Almanac of China's Foreign Economic Relations and Trade

Nanhai Diqu Xingshi Pinggu Baogao [Situation in the South China Sea, Internal Publication, NISCSS]

Zhongguo de Guofang [China's National Defense White Paper]

Zhongguo Zhengfu Gongzuo Baogao [China's Government Work Report]

Guoji Zhanlue Yu Anquan Xingshi Pinggu [Strategic and Security Review, CICIR]

Guoji Xingshi Huangpishu [Yellow Book of International Politics, CASS]

Guoji xingshi he zhongguo Waijiao Lanpishu [Bluebook of International Situation and China's Foreign Affairs, CIIS]

Zhanlue Pinggu [Strategic Assessment, AMS]

Chinese Language Sources

- An, Yingmin. *Ji yu Han Hai zhu quan zhan lue de hai yang hang zheng guan li chuang xin [Marine administration innovation based on the South China Sea sovereignty strategy]*, 2016.
- Bo, Yibo. *Bo Yibo wen xuan : yi jiu san qi [Selected Works of Bo Yibo]*. Beijing: Ren min chu ban she : Xin hua shu dian jing xiao, 1992.
- Cai, Fangbo. *Cong Daigaole Dao Sakeqi [From De Gaulle to Sarkozy]*. Shanghai: Shanghai cishu chubanshe [Shanghai Lexicographical Publishing House], 2007.
- Cai, Wei. *Zhonggong de Shetai Juece Yu Liang'an Guanxi Fazhan [China's Taiwan Policy and Cross-Strait Relations]*. Taipei: Fengyun Forum Press, 2000.
- Cao, Yunhua. "Zhongguo Rushi Dui Zhongguo Dui Zhongguo Yu Dongmeng Guanxi de Yingxiang [China's Entry into the WTO and Its Effects on China's Relations with ASEAN]." *Dangdai Yatai*, no. 12 (2001).
- CASS Institute of American Studies. *Zhongmei Guanxi Shinian [Ten Years of Sino-U.S. Relations]*. Beijing: Shangwu yinshu guan [Commerce Press], 1989.
- Chen, Feng ed. *21shiji de Zhongguo He Riben [The China and Japan in the 21st Century]*. Beijing: World Knowledge Press, 2006.
- Chen, Hanxi. "2013nian Guojizhengzhi He Zhongguo Waijiao Xingshi Fenxi [Analysis on the International Politics in 2013 and China's Foreign Policy Situation]." *Zhanlue Juece Yanjiu*, no. 1 (2014).
- Chen, Wen. "Zhongguo Rushi Dui Zhongguo Yu Dongnanya Shuangbian Jingmao Guanxi de Yingxiang [China's Entry into the WTO and Its Effects on China's Bilateral Trade Relations with ASEAN]." *Dongnanya Zongheng*, November 2001.
- China Institute for Maritime Affairs. *Zhuanshu Jingji Qu He Dalujia [EEZs and the Continental Shelf]*. Beijing: Internal circulation, Oceanic Press, 2002.
- Chinese Academy of Social Sciences. *Nansha Wenti Yanjiu Ziliao [Materials Regarding the South China Sea Issue]*. Bei jing: Internal Circulation, Chinese Academy of Social Sciences, 1996.
- . *Ouzhou Fazhan Baogao [Annual Bluebook on Europe 1996-1997]*. Beijing: Social Sciences Academic Press, 1997.
- . *Ouzhou Fazhan Baogao [Annual Bluebook on Europe 2006-2007]*. Beijing: Social Sciences Academic Press, 2007.
- . *Ouzhou Fazhan Baogao [Annual Bluebook on Europe 2008-2009]*. Beijing: Social Sciences Academic Press, 2009.
- Chu, Maoming. "Wukelan Weiji Yu Zhongguo de Xuanze [The Ukraine Crisis and China's Choices]." *Zhanlue Juece Yanjiu*, no. 3 (2014).
- Chu, Shulong. *Lengzhan Hou Zhongmei Guanxi de Zouxiang [Sino-U.S. Relations in the Post-Cold War Period]*. Beijing: China Social Science Press, 2001.
- Dai, Bingguo. *Zhanlue Duihua: Dai Bingguo Huiyilu [Strategic Dialogues: Dai Bingguo's Memoir]*. Beijing: People's Press, 2016.
- Dangqian Zhongri Guanxi He Xingshi Jiaoyu Huoye Wenxuan [Current Sino-Japan Relations and Education Regarding the Situation]*. Beijing: Hongqi [Red Flag] Press, 2005.
- Diaoyudao Zhuquan Guishu [On the Sovereignty Issue of the Diaoyu Islands]*. Beijing: People's Press, 2013.
- Ding, Yuanhong. "Oumeng de Kunhuo Yu Zhongou Guanxi [EU's Confusion and Sino-EU Relations]." *Guojiwenti Yanjiu*, no. 4 (2006).
- . "Wukelan Weiji de Lishi Jingwei Yu Xianshi Qishi [The History behind the Ukraine Crisis and Its Lessons]." *Heping Yu Fazhan*, no. 2 (2014).
- Du, Youkang. "Lengzhan Houde Yinmei Guanxi [U.S.-Indian Relations in the Post-Cold War Period]."

- Guoji Guancha*, no. 4 (1995).
- Duan, Jiqun. "Dui Meiyin Guanxi Fazhan de Chubu Kanfa [Some Initial Thoughts on the U.S.-Indian Relationship]." *Nanya Yanjiu Jikan*, no. 2 (1995).
- Editing committee. *Zhongguo Duiwai Jingji Maoyi Baipishu [White Paper on Foreign Trade and Economic Cooperation]*. Beijing: China Goods and Resources Press, 2002.
- Editorial commission of the book. *Guangdong Haifang Shi [History of Guangdong's Maritime Defense]*. Guangzhou: Sun Yat-san University Press, 2010.
- Editor's Office. "Zoujin Zhongyin Bianjing Shikongxian [Regarding the Sino-Indian LAC]." *Zhongguo Bianfang Jingcha*, January 2007.
- Feng, Liang. *Zhongguo Heping Fazhan Yu Haishang Anquan Huanjing [China's Peaceful Development and Maritime Security]*. Beijing: World Knowledge Press, 2010.
- Feng, Yujun. "Wukelan Weiji: Duwei Shiye Xia de Shenceng Toushi [A Multi-Layer Analysis of the Ukraine Crisis]." *Guoji Wenti Yanjiu*, no. 3 (2014).
- Feng, Zhongping. "Oumeng Neiqing Ruohua Le Qi Guoji Yingxiangli [The EU's Inward Focus Weakened Its International Influence]." *Xiandai Guoji Guanxi*, no. 9 (2006).
- Gao, Xiao. *Tajiang Lingdao Zhongguo: Xi Jinping Zhuan [He Will Lead China: Biography of Xi Jinping]*. New York: Mirror Books, 2010.
- Gao, Zenjie. *2000-2001nian Riben Fazhan Baogao [Report on the Development of Japan 2000-2001]*. Beijing: Social Sciences Academic Press, 2001.
- Gao zhi guo, guo jia hai yang ju., and hai yang fa zhan zhan lue yan jiu suo. *Zhong guo hai yang fa zhan bao gao [China Maritime Development Report]*. Bei jing: Hai yang chu ban she, 2010.
- . *Zhong guo hai yang fa zhan bao gao [China Maritime Development Report]*. Bei jing: Hai yang chu ban she, 2012.
- . *Zhong guo hai yang fa zhan bao gao [China Maritime Development Report]*. Bei jing: Hai yang chu ban she, 2014.
- Gao, Zhiguo, and Haiwen Zhang. *Haiyang Guoce Wenji [Studies on National Maritime Policies]*. Beijing: Oceanic Press, 2007.
- Gong, Li. *Zhongmei Guanxi Redian Toushi [Hot Issues in Sino-U.S. Relations]*. Ha'erbin Shi: Heilongjiang Education Press, 1996.
- Gu, Junli ed. *Zhongde Jianjiao 40 Zhounian Hug Yu Zhanwang [40 Years of Sino-German Relations]*. Beijing: Social Sciences Academic Press, 2011.
- guo jia hai yang ju., and hai yang fa zhan zhan lue yan jiu suo. *Zhong guo hai yang fa zhan bao gao [China Maritime Development Report]*. Bei jing: Hai yang chu ban she, 2007.
- Guo, Yuan. *Nanhai Diyuan Zhengzhi Yanjiu [Study of the Geopolitics of the South China Sea]*. Ha'erbin Shi: Heilongjiang University Press, 2007.
- Haijun 2006nian Haiyangfa Yu Guojia Anquan Xueshu Taolunhui Lunwenji Shangce [Papers in the Navy 2006 Conference on Maritime Law and Maritime Security]. Internal Circulation, 2006.
- Hainan Shengzhi — Xinanzhong Sha Qundao Zhi [Hainan Provincial Gazetteer — Gazetteer of Spratlys, Parcels, and the Macclesfield]. Haikou: South China Sea Press, 2005.
- Hainan South China Sea Research Center. *Nanhai Wenti Lunwen Yantao Hui Lunwenji [Selected Papers From the Seminar on Issues of the South China Sea]*. Haikou, 2002.
- He, Shengda. "Zhongguo-Dongmeng Ziyou Maoyiqu de Jiangou He Women Mianlin de Jiyu Yu Tiaozhan [The Establishment of the ASEAN-China FTZ, Challenges, and Opportunities]." *Dongnanya Zongheng*, July 2002.
- He, Xiaoqin. "Zhongguo Dongmeng Zimaoqu de Mubiao, Jincheng, Yu Chengbenshouyi Fenxi [Goals, Process, and Benefit Analysis Of the Sino-ASEAN FTZ]." *Shijie Jingji Yanjiu*, no. 6 (2003).
- Hou, Minyue, and Dongtao Han. "Zhong'e, Zhong'ao Nengyuan Hezuo Bijiao Yanjiu" [A Comparative Study on Sino-Russian and Sino-Australian Energy Cooperation]." *E'luosi Yanjiu*, no. 1 (2012).
- Hu, Bo. *2049nian de Zhongguo Haishang Quanli [China's Maritime Power in 2049]*. Beijing: China

- Development Press, 2015.
- Hu, Guocheng., Jisi. Wang, and Zhong guo she hui ke xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook 2006]*. Beijing: Zhong guo she hui ke xue chu ban she, 2006.
- Hu, Guocheng., and Zhong guo she hui ke xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook 2007]*. Beijing: Zhong guo she hui ke xue chu ban she, 2007.
- Hu, Jintao, and Jen min hua pao she. *Hu Jintao wenxuan [Selected Works of Hu Jintao]*. Beijing Shi: Ren min chu ban she, 2016.
- Huang, Jingguo. "Feilvbin Zai Dongnanya Diqu Anquan Zhong de Diwei Yu Zuoyong [The Role and Status of the Philippines in Southeast Asian Regional Security]." *Dongnanya Zongheng*, no. 3 (1996).
- Huang, Ping eds., and Feng Ni. *Meiguo Yanjiu Baogao 2011 [Annual Report on American Studies 2011]*. Beijing: Social Sciences Academic Press, 2012.
- Huang, Ping eds., and Bingwen Zheng. *Meiguo Yanjiu Baogao 2014 [Annual Report on American Studies 2014]*. Beijing: Social Sciences Academic Press, 2015.
- Jiang, Enzhu. *Daguo Jiaoliang: Zhongou Guanxi Yu Xianggang Huigui Qinli [Maneuver Among Great Powers — Personal Experience Regarding Sino-Europe Relations and the Return of Hong Kong]*. Beijing: Zhongxin chubanshe [Citic Press], 2016.
- Jiang, Hongyi. *Guojia Yu Haiyang Quanyi [The State and Maritime Rights]*. Beijing: People's Press, 2015.
- Jiang, Zemin. *Jiang Zemin wenxuan [Selected Works of Jiang Zemin, Vol. 1]*. Beijing: Renmin Press, 2006.
- JiaXuan, T. *Heavy Storm and Gentle Breeze: A Memoir of China's Diplomacy*. New York: HarperCollins, 2011. <https://books.google.com/books?id=f3xGTUxsRaAC>.
- Ju, Hailong. "Aobama Zhengfu Nanhai Zhengce Yanjiu [Analysis of the Obama Administration's South China Sea Policies]." *Dangdai Yatai*, no. 3 (2011).
- Li, Dihui, and Mingwei Zhou. *Dongnanya Jingmao Zhinan [Guide to Trade and Economics in Southeast Asia]*. Guilin: Guangxi People's Press, 1993.
- Li, Guanghui. "Mianxiang 21shiji de Zhongri Jingji Guanxi [Prospects of Sino-Japan Economic Relations in the 21st Century]." *Xiandai Guoji Guanxi*, no. 8 (1997).
- Li, Guoqiang. *Nanzhongguo Hai Yanjiu [Analysis of the South China Sea]*. Ha'erbin Shi: Heilongjiang Press, 2003.
- Li, Hanjun. *Zhongguo Duiwai Maoyi Fazhan Zhanlue Yanjiu [Choices Regarding China's Strategy for Developing Foreign Trade]*. Beijing: China Fiscal and Economic Press, 2012.
- Li, Jiaquan. *Taihai Fengyun Liushinian [Sixty Years in Cross-Strait Relations]*. Beijing: Jiuzhou Press, 2010.
- Li jin ming. *Nan hai bo tao [Waves in the South China Sea — Southeast Asian countries and the South China Sea Issue]*. Nan chang: Jiang xi gao xiao chu ban she, 2007.
- Li, Jinming. "Meijijiao Shijian de Qianqian Houhou [The Details Regarding the Mischief Incident]." *Nanyang Wenti Yanjiu*, no. 1 (2000).
- . *Zhongguo Nan Hai jiang yu yan jiu [Studies Regarding China's Territory in the South China Sea]*. Ha'erbin Shi: Heilongjiang jiao yu chu ban she, 2014.
- Li, Li. "Zhongyin Maoyi Guanxi de Guoji Zhengzhi Jingjixue Fenxi [An IPE Analysis of Sino-Indian Trade]." *Dongnanya Nanya Yanjiu*, no. 2 (2011).
- Li, Peng. *Heping Fazhan Hezuo: Li Peng Waijiao Riji [Li Peng Foreign Affairs Journal]*. Beijing: Xinhua Press, 2008.
- Li, Tao, and Bingxian Chen. *Feilvbin Gailun [Introduction to the Philippines]*. Guangzhou: World Books Press, 2012.
- Li, Wei. *2011nian Riben Fazhan Baogao [Annual Report on Development of Japan 2011]*. Beijing: Social Sciences Academic Press, 2011.
- . *Ri ben yan jiu bao gao [Annual report on research of Japan 2013]*. Beijing: She hui ke xue wen

- xian chu ban she, 2013.
- Li xiang yang. *Ya tai di qu fa zhan bao gao [Annual Report on Development of the Asia-Pacific]*. Bei jing: She hui ke xue wen xian chu ban she, 2013.
- . *Ya tai di qu fa zhan bao gao [Annual Report on Development of the Asia-Pacific]*. Bei jing: She hui ke xue wen xian chu ban she, 2014.
- Li, Yongquan. “Wukelan Weiji Zheshe Chude Daguo Boyi [Great Power Game in the Ukraine Crisis].” *Academic Journal of E’luosi Xuekan* 3, no. 2014 (n.d.).
- Li, Zhaoxing. *Shuobujin de Waijiao [Endless Words on Diplomacy]*. Beijing: Zhongxin chubanshe [Citic Press], 2014.
- Li, Zhujiang, and Jianzhen Zhu. *Haiyang Yu Yuye Yingji Guanli [Ocean and Fishery Emergency Administration]*. Beijing: Oceanic Press, 2007.
- Liang, Jian. *Xi Jinping Xinzhuan [New Biography of Xi Jinping]*. New York: Mirror Books, 2012.
- Lin, Hong, and Jiashu Huang. *Liang’an Waijiao Zhan — Meiguo Yinsu Zhiyue Xiade Guoji Shetai Wenti Yanjiu [Cross-Strait Diplomatic Battle — the Taiwan Issue Under the Restraint of the U.S. Factor]*. Beijing: Renmin University Press, 2007.
- Liu Huaqing Nianpu [Chronology of Liu Huaqing]*. Beijing: PLA Press, 2016.
- Liu, Lihua, and Xiaojun Ji. *Qiangshi Lingxiu Xi Jinping [Strong Leader Xi Jinping]*. New York: Mirror Books, 2014.
- Liu, Xuecheng. “Meiyin Zhanlue Guanxi Hudong Jiqi Fazhan Qushi [The Future Prospects of U.S.-Indian Relations].” *Guoji Wenti Yanjiu*, no. 6 (2005).
- Liu, Zhongmin. “Zhongri Haiyang Quanyi Zhengduan de Taishi Jiqi Duice Sikao [Policy Responses Regarding the Sino-Japan Maritime Disputes].” *Taipingyang Xuebao*, no. 3 (2006).
- Lou, Chunhao. “Meiyin Fangwu Hezuo Xintaishi Pinggu [A New Assessment of U.S.-Indian Defense Relations].” *Guoji Wenti Yanjiu*, no. 1 (2007).
- Lu, Jianren, and Zhanjun Fan. *Zhongguo-Dongmeng Hezuo Fazhan Baogao [Report on the Development of Sino-ASEAN Cooperation 2014-2015]*. Beijing: China Social Science Press, 2015.
- Lu, Shengjun. *Shenlan Jinglue — Haishang Weiquan Douzheng de Sikao [Strategies of the Deep Blue — Thoughts on the Struggle Over Maritime Rights Protection]*. Beijing: The Great March Press, 2016.
- Lv, Yaochong. “Tongyi Deguo de Waijiao Zhengce Zouxian [The Foreign Policy of a Unified Germany].” *Contemporary International Relations*, no. 2 (1991).
- Ma, Yanbing. “Meiyue Guanxi Shengwen Jiqi Fazhan Qushi [Improving U.S.-Vietnamese Relations and Its Development].” *Yafei Zongheng*, no. 5 (2010).
- Pan, Jin’e. *Yuenan Zhengzhi Jingji Yu Zhongyue Guanxi Qianyan [Advanced Issues in Vietnam’s Politics, Economy, and Sino-Vietnam Relations]*. Beijing: Social Sciences Academic Press, 2011.
- . “Zhongyue Maoyi: Xianzhuang, Qianjing, Yu Maoyishiheng de Yuanyin Fenxi.” *Dongnanya Zongheng*, no. 10 (2007).
- Qi Ju [Seventh bureau]. *Daguo Wenti Yanjiu Zhuanti Baogao Huibian [Compiled Reports on the Studies of Great Power Issues]*. Beijing: Internal Circulation, CCP Central International Liaison Department, 2004.
- Qian, Qichen. *Waijiao Shiji [Ten Episodes in Foreign Policy]*. Beijing: World Knowledge Press, 2004.
- Qiao, Linsheng. “Zhongguo-Dongmeng Ziyou Maoyiqu Yu Riben [The ASEAN-China FTZ and Japan].” *Dongbeiyu Luntan*, no. 4 (November 2002).
- Qiu, Meirong. “Yindu Zai Zhongyin Bianjing Zhengduan Zhongde Xindongxiang [India’s New Directions in the Sino-Indian Border Dispute].” *Xiandai Guoji Guanxi*, no. 6 (2016).
- Research Institute of Maritime Development of the SOA. *Nanhai Zhudao Xueshu Taolunhui Lunwen Xuanbian [Papers of the Seminar on Islands in the South China Sea]*. Internal Circulation, 1992.
- Ruan, Zongze. *Quanli Shengyan de Huanghun: Meiguo Yatai Zaipingheng Zhanlue Yu Zhongguo Duice*

- [*The U.S. Strategy of Rebalance and China's Countermeasures*]. Beijing: Shishi Press, 2015.
- Shen, Jindong. "1995nian Dongnanya Dashini [Chronology of Events in Southeast Asia 1995]." *Dongnanya Zongheng Jikan*, no. 1 (1996).
- Song, Dexing ed. *Zhanlue Yu Waijiao [Strategy and Diplomacy]*. Beijing: Shishi Press, 2014.
- Song, Xiaohai. "Meiguo de Siwei Ji Jucuo [The Logic and Actions of the United States]." *Internal Circulation, Donghai Wenti Yanjiu*, no. 11 (2013).
- Song, Xiaosen. "*Jinianlai Yuenan Nanhai Zhuquan Shengsuo He Xuanchuan Yulun Kaocha Fenxi (2007-2014) [An Analysis of Vietnam's Recent Sovereign Claims on the South China Sea and Propaganda]*". Zhengzhou: Master Thesis: Zhengzhou University, 2015.
- Su, Chi. *Liang'an Botao Ershinian Jishi [20 Years of Cross-Strait Relations]*. Taipei: Yuanjian tianxia wenhua press, 2014.
- Su, Ge. *Meiguo Duihua Zhengce Yu Taiwan Wenti [American China Policy and the Taiwan Issue]*. Beijing: World Knowledge Press, 1998.
- Sun, Yan. *Taiwan Wenti Yu Zhongmei Guanxi [The Taiwan Issue and Sino-U.S. Relations]*. Beijing: Peking University Press, 2009.
- Taiwan Affairs Office ed. *Liang'an Guanxi Yu Heping Tongyi, 1996nian Zhongyao Tanhua He Wenzhang Xuanbian [Cross-Strait Relations and Peaceful Unification: Important Speeches and Articles in 1996]*. Beijing: Jiuzhou Press, 1997.
- . *Liang'an Guanxi Yu Heping Tongyi [Cross-Strait Relations and Peaceful Unification]*. Beijing: Jiuzhou Press, 1996.
- Tang, Ke. *Nansha! Nansha! — Nansha Jingshen Qishi Lu [Lessons from the Nansha Spirit]*. Beijing: China Environment Press, 2013.
- The editorial board of China's White Paper on Foreign Trade and Economic Cooperation. *Zhongguo Duiwai Jingjimaoyi Baipishu 1997 [1997 White Paper on Foreign Trade and Economic Cooperation]*. Beijing: Foreign Trade and Economics Press, 1997.
- Tian, Zengpei ed. *Gaige Kaifang Yilai Zhongguo Waijiao [Chinese Foreign Policy since Reform and Opening Up]*. Beijing: World Knowledge Press, 1993.
- Tong, Fuquan. "Zhongguo-Dongmeng Ziyou Maoyiqu Gouxiang Yu Nanti [The Construction and Difficulty of the ASEAN-China FTZ]." *Guoji Maoyi*, no. 2 (2002).
- Wang, Deren. "Liangde Tongyi Wenti Yu Ouzhou Xingshi [German Unification and the Situation in Europe]." *Waijiao Xueyuan Xuebao*, no. 4 (1990).
- Wang ji si., and Zhong guo she hui ke xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook 2000]*. Bei jing: Zhong guo she hui ke xue chu ban she, 2000.
- Wang, Jisi, and Zhong guo she hui ke xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook 2003]*. Beijing: Zhong guo she hui ke xue chu ban she, 2003.
- Wang, Luolin ed. *2008nian Riben Jingji Lanpishu [2008 Bluebook of Japanese Economy]*. Beijing: Social Sciences Academic Press, 2008.
- . *2009nian Riben Jingji Yu Zhongri Jingmao Guanxi Fazhanbaogao [2009 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]*. Beijing: Social Sciences Academic Press, 2009.
- Wang, Luolin ed., and Jifeng Zhang. *2011nian Riben Jingji Yu Zhongri Jingmao Guanxi Fazhanbaogao [2011 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]*. Beijing: Social Sciences Academic Press, 2011.
- . *2012nian Riben Jingji Yu Zhongri Jingmao Guanxi Fazhanbaogao [2012 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]*. Beijing: Social Sciences Academic Press, 2012.
- . *2013nian Riben Jingji Yu Zhongri Jingmao Guanxi Fazhanbaogao [2013 Annual Report on Japanese Economy and Sino-Japanese Economic and Trade Relations]*. Beijing: Social Sciences Academic Press, 2013.
- Wang, qi si., guo cheng. Hu, Zi Hong. Wang, xiao gang. Li, rong jun. Wang, and Zhong guo she hui ke

- xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook]*. Bei jing: Zhong guo she hui ke xue chu ban she, 2004.
- Wang, Riyang. *Zhongmei Guanxi Xiang Hechu Qu [Trends of Clinton's China Policy]*. Chengdu: Sichuan Remin Press, 1993.
- Wang, Xuedong. *Fu Quanuou Zhuan [Fu Quanyou's Biography]*. Beijing: PLA Press, 2015.
- Wang, Yiwei. *Quanqiu Shiye Xiade Zhong'ou Guanxi [Sino-European Relations in a Global Perspective]*. Beijing: World Knowledge Press, 2012.
- Wei, Qiang. "Yuenan Zai Nanhai Wentishang de Yulun Xuanchuan Zelue [Vietnam's Propaganda Strategy Regarding the South China Sea Issue]." *Guoji Yanjiu Cankao*, no. 4 (2014).
- Wei, Siyong, and Zhichu Ren. *Talingdao Zhongguo: Hu Jintao Xinzhuan [He Leads China: A New Biography of Hu Jintao]*. New York: Mirror Books, 2010.
- Wu, Guifu. *Zuihuiguo Daiyu Yu Zhongmei Guanxi [The Most Favored Nation Status and Sino-U.S. Relations]*. Beijing: Central Party School Press, 1992.
- Wu shi cun, and Zhu hua you. *Ju jiao nan hai [Focusing on the South China Sea]*. Bei jing: Zhong guo jing ji chu ban she, 2009.
- Wu, Shicun. *Shicun, Zonglun Nansha Zhengduan [On the South China Sea Dispute]*. Haikou: Internal Circulation, Hainan Press, 2005.
- Xi, Jinping. *Xi Jinping Tan Zhiguo Lizheng [On Governance]*. Beijing: Foreign Languages Press, 2014.
- Xia, Zhangying. *Nansha Qunda Yuye Shi [History of Fishery in the Spratly Islands]*. Beijing: Oceanic Press, 2011.
- Xiao, Xiqing. *Nansha Fengyu – Nansha Qundao Wenti de Yanpan Yu Fenxi [Analyzing the South China Sea Issue]*. Taipei: Taiwan Student Press, 2010.
- Xu, Xiangmin ed. *Haiyang Quanyi Yu Fazhan Zhanlue [Maritime Rights and Developmental Strategies]*. Beijing: Oceanic Press, 2008.
- Yang, Guobin, and Yuejun Liu. *Zhongguo Guonei Zhengzhi Jingji Yu Duiwai Guanxi [China's Domestic Politics, Economy, and Foreign Policy]*. Beijing: Renmin University Press, 2007.
- Yang, Jiemin. *Houlengzhan Shiqi de Zhongmei Guanxi: Waijiao Zhengce Bijiao Yanjiu [Sino-U.S. Relations in the Post-Cold War Era]*. Shanghai: Shanghai People's Press, 2000.
- Yang, Xiaojiang, and Guotu Zhuang. *Dongmeng Fazhan Baogao [Report of the Development of ASEAN]*. Beijing: Social Sciences Academic Press, 2014.
- Yatai diqu fazhan baogao [Annual report on development of Asia-Pacific (2015) 2015 2015]*. Beijing: Shehui kexue wenxian chubanshe, 2015.
- Ye, Hailin. "Youxian Chongtu Yu Bufen Guankong — 2014nian Yilai Nanhai Wenti de Jihua Yu Youguan Gefang de Yitu He Celue [The Intentions and Strategies of All Parties Regarding the Escalation of the South China Sea Issue since 2014]." *Zhanlue Juece Yanjiu*, no. 4 (2015): 38–57.
- Yi, Shi. *Nanhai! Nanhai! [South China Sea! South China Sea!]*. Guangzhou: Guangdong People's Press, 2009.
- Yu, Changsen, and Chenguan Chang. *Zhongao Guanxi Daqushi [General Trends in Sino-Australian Relations]*. Guangzhou: Sun Yat-sun University Press, 2012.
- Yu, Zhirong. *Donghai Weiquan — Zhongri Donghai Diaoyudao Zhizheng [Rights Defense in the East China Sea — Sino-Japanese Disputes in the East China Sea and the Senkakus]*. Shanghai: Wenhui Press, 2012.
- Yuan, Peng. "Meiguo Yatai Zaipingheng Yu Zhongguo de Zhoubian Anquan Xingshi [U.S. Rebalancing and China's Security Situation]." *Heping Yu Fazhan*, no. 3 (2016).
- . "Zhongguo Waijiao Xu Jinfang Dazhanlue Shiwu [China Should Avoid Strategic Mistakes]." *Xiandai Guoji Guanxi*, no. 11 (2010).
- Zhang, Baoxiang. "Deguo Tongyi de Qianjing Jiqi Yingxiang [The Prospects for German Unification and Its Impact]." *Xiandai Guoji Guanxi*, no. 2 (1990).
- Zhang, Deguang, and Zhongguo guo ji wen ti yan jiu ji jin hui. *Guo ji wen ti yan jiu bao gao [Studies on*

- international issues (2012-2013)*. Beijing: World Knowledge Press, 2013.
- Zhang, Guihong. "Meiyin Zhanlue Huoban: Jinzhan, Wenti, Heqianjing [The Progress, Issues, and Prospects of U.S.-Indian Relations]." *Nanya Yanjiu Jikan*, no. 4 (2004).
- Zhang, Guowang. "Zhongguo-Dongmeng Ziyou Maoyiqu Jincheng Yu Dongyin [Process and Motivations of the Sino-ASEAN FTZ]." *Jingji Yanjiu Daokan*, no. 22 (2013).
- Zhang, Haiwen. "Cong Guojifa Shijiao Kan Nanhai Zhengyi Wenti [Viewing the South China Sea Issue from the Perspective of International Law]." *Shijie Zhishi*, no. 4 (2012).
- Zhang, Jian. "Oumeng de Kunjing, Bianhua, Jiqi Yingxiang [EU's Dilemma, Change, and Effects]." *Xiandai Guoji Guanxi*, no. 2 (2006).
- Zhang, Jianglin. "An Assessment of the Current Sino-Indian Economic Relations [Dui Dangqian Zhongyin Guanxi de Pinggu]." *Nanya Yanjiu*, no. 4 (2013).
- Zhang, Jie. "Huangyandao Moshi Yu Zhongguo Haiyang Weiquan Zhengce Dezhuaxiang [The Scarborough Model and Shifts in China's Maritime Rights Protection]." *Dongnanya Yanjiu*, no. 4 (2013).
- Zhang, Jie. *Zhongguo zhou bian an quan xing shi ping gu (2014) : gou jian xin xing da guo guan xi yu su zao he ping de zhou bian huan jing [China's regional security environment review : 2014]*, 2014.
- Zhang, Jie, and Danzhi Yang. *Zhongguo Zhoubian Anquan Xingshi Pinggu [China's Regional Security Environment Review : 2011]*. Hong Kong: Hong Kong Social Sciences Press, 2011.
- Zhang, Jie., and Feiteng. Zhong. *Zhong guo zhou bian an quan xing shi ping gu [China's regional security environment review: 2012]*. Bei jing shi: She hui ke xue wen xian, 2012.
- Zhang, Li. "Meiguo Aobama Zhengfu de Nanya Zhengce Chutan [A Probe into the Obama Administration's South Asia Policy]." *Nanya Yanjiu Jikan*, no. 1 (2009).
- Zhang, Liangfu. *Jujiao Zhongguo Haijiang [Focusing on China's Maritime Territory]*. Beijing: Oceanic Press, 2013.
- Zhang, Liangfu. *Nan hai wan li xing : Zai nan sha qun dao xun hang de ri zi [A Ten-thousand Mile Trip in the South China Sea — Days Spent During the Patrol Around the Spratlys]*. Qingdao: Hai yang chu ban she, 2013.
- Zhang, Liangfu. *Nansha Qundao Dashiji [Chronology of the Spratlys]*. Internal Circulation, Chinese Academy of Social Sciences, 1996.
- Zhang, Lu, and Ji Huang. "Zhongguo Zhoubian Zhanlue Zhong de Aodaliya [Australia in China's Regional Strategy]." *Xiandai Guoji Guanxi*, no. 2 (2007).
- Zhang, Yan. "Zhongguo Dongmeng Maoyi Yilaidu Yu Buduichen Du Fenxi [Analysis on Levels of Dependence and Asymmetry in Sino-ASEAN Trade]." *Shangye Shidai*, no. 29 (2013).
- Zhang, Ying, and Chenxi Mi. *Zhongguo Haiyang Falv Yu Haiyang Quanyi [China's Maritime Laws and Maritime Rights]*. Beijing: Wuzhou Chuanbo Press, 2014.
- Zhang, Yuanpeng. "Lun Dongya Ziyoumaoyi Xieding de Xingqi [Regarding the Emergence of East Asian FTAs]." *Shijie Jingji Yu Zhengzhi Luntan*, no. 5 (2002).
- Zhang, Yunling. "Dongya Hezuo Yu Zhongguo-Dongmeng Ziyou Maoyiqu de Jianyi [East-Asian Cooperation and the Suggestion Regarding the ASEAN-China FTZ]." *Dangdai Yatai*, no. 1 (2002).
- . *Zhongguo Duiwai Guanxi: Huigu Yu Sikao [China's Foreign Relations]*. Beijing: Social Science Academic Press, 2002.
- . *Zhongguo Yu Shijie: Xin Bianhua, Xinrenshi, Yu Xindingwei [China and the World: New Changes, Recognition, and Positioning]*. Beijing: China Social Science Press, 2011.
- . *Zhongguo Yu Zhoubian Guojia: Goujian Xinxing Huoban Guanxi [China and Neighboring Countries: Constructing New Partnerships]*. Beijing: Social Sciences Academic Press, 2008.
- Zhang, Yunling, and Window to China. *Zai li xiang yu xian shi zhi jian : wo dui Dong Ya he zuo de yan jiu, can yu he si kao [Between Ideals and Reality: My Analysis, Participation, and Thoughts Regarding East Asian Cooperation]*. Beijing: China Social Science Press, 2015.

- Zhang, Zhen, and Yun Peng. "Shixi Goujian Zhongguo-Dongmeng Ziyou Maoyiqu Zhongde Dongmeng Yinsu [ASEAN Factors Regarding the Establishment of the Sino-ASEAN FTZ]." *Dongnanya Zongheng*, no. 10 (2012).
- Zhao, Qin Hai. "Meiyin Junshi Hezuo Jiqi Zhiyue Yinsu [Restraining Factors of the U.S.-Indian Military Relationship]." *Guoji Wenti Yanjiu*, no. 5 (2008).
- Zhen, Bingxi. "Shijie Xingejia Xia Meiguo Shili Diwei de Bianhua [Changes in U.S. Power Status under the New International Order]." *Guoji Wenti Yanjiu*, no. 4 (2008).
- Zhong Guo She Hui Ke Xue Yuan Mei Guo Yan Jiu Suo. *Mei guo nian jian [U.S. Yearbook 1999]*. Beijing: Zhong guo she hui ke xue chu ban she, 1999.
- Zhong guo she hui ke xue yuan mei guo yan jiu suo. *Mei guo nian jian [U.S. Yearbook 2002]*. Beijing: Zhong guo she hui ke xue chu ban she, 2002.
- . *Mei guo nian jian [U.S. Yearbook 2002]*. Beijing: Zhong guo she hui ke xue chu ban she, 2002.
- . *Mei guo nian jian [U.S. Yearbook 2004]*. Beijing: Zhong guo she hui ke xue chu ban she, 2004.
- Zhong, Zhicheng. *Weile Shijie Geng Meihao: Jiang Zemin Chufang Jishi [To Make the World a Better Place: Records of Jiang Zemin's Foreign Visits]*. Beijing: World Knowledge Press, 2006.
- Zhonggong zhongyang wenxian yanjiushi. *Deng Xiaoping sixiang nianpu : 1975-1997 [Deng Xiaoping Chronology]*. Beijing: Zhongyang wenxian, 1998.
- Zhongguo Haiyang Xingzheng Zhifa Tongji Nianjian [Statistical Yearbook of China's Maritime Administrative Enforcement 2001-2007]. Beijing: Oceanic Press, 2008.
- Zhongguo she hui ke xue yuan., and Meiguo yan jiu suo. *Meiguo nian jian [U.S. Yearbook 2001]*. Beijing: Zhongguo she hui ke xue chu ban she, 2001.
- Zhongguo she hui ke xue yuan., Meiguo yan jiu suo., and Zhonghua Meiguo xue hui. *Meiguo yan jiu bao gao [Annual report on research of U.S.A.]*. Beijing: Social Sciences Academic Press, 2014.
- Zhongguo Zhoubian Waijiao Baogao 2015 [Report on China's Regional Diplomacy 2015]. Beijing: Social Sciences Academic Press, 2015.
- Zhou, Fangyin. *Daguo de Yatai Zhanlue [Asia-Pacific Strategies of Great Powers]*. Beijing: Social Sciences Academic Press, 2013.
- . "Xianshi Zhuyi de Shengmingli [The Power of Realism]." *Guoji Guanxi Yanjiu*, no. 3 (2014).
- Zhou, Hong. *Ouzhou Fazhan Baogao [Annual Bluebook on Europe 2014]*. Beijing: Social Sciences Academic Press, 2014.
- Zhou, Hong, and Yannan Shen. *Ouzhou Fazhan Baogao [Annual Bluebook on Europe 2001]*. Beijing: Social Sciences Academic Press, 2001.
- Zhu, Feng. *Nanhai Jushi Shendu Fenxi Baogao [Report of the South China Sea Situation]*. Nanjing: Internal Circulation, Nanjing University, 2015.
- Zhu, Fenglan. "The Sino-Japan Disputes in the East China Sea and Prospects for a Resolution." *Dangdai Yatai*, no. 7 (2015).
- Zhu, Rongji. *Zhu Rongji Shanghai Jianghua Shilu [Records of Zhu Rongji's Shanghai Speeches]*. Beijing: People's Press, 2013.
- Zhu, Zhongbo. "Shetai Wenti Waijiao Lingyu de Ruogan Qianyan Wenti Yu Sikao [Several Issues Regarding Taiwan]." *Guoji Zhengzhi Yanjiu*, no. 6 (2014).
- . "Zhongguo Yu Aodaliya Hezuo Yinglai Xinqiji" [New Opportunities in Sino-Australian Economic Cooperation]." *Nanyang Wenti Yanjiu*, no. 3 (2004).

English Language Sources

- Abrahms, Max. "The Credibility Paradox: Violence as a Double-Edged Sword in International Politics." *International Studies Quarterly* 57, no. 4 (n.d.): 660–671.
- Alan, Romberg. *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations*. Washington D.C.: Henry L. Stimson Center, 2003.
- Alastair Iain Johnston, author. "China's Militarized Interstate Dispute Behaviour 1949-1992: A First Cut at the Data." *The China Quarterly*, no. 153 (1998): 1.
- Alexander L. Vuving, author. "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways." *Asian Survey*, no. 6 (2006): 805. <https://doi.org/10.1525/as.2006.46.6.805>.
- Allison, G.T. *Destined for War: Can America and China Escape Thucydide's Trap?* Boston: Houghton Mifflin Harcourt, 2017. <https://books.google.com/books?id=tcG7AQAACAAJ>.
- Art, Robert J. "American Foreign Policy and the Fungibility of Force." *Security Studies* 5, no. 4 (June 1996): 7.
- ART, ROBERT J. "The United States and the Rise of China: Implications for the Long Haul." *Political Science Quarterly (Academy of Political Science)* 125, no. 3 (2010): 359–91.
- Art, Robert J., and Patrick M. Cronin. *The United States and Coercive Diplomacy*. Washington, D.C. : United States Institute of Peace Press, 2003., 2003. <https://search.ebscohost.com/login.aspx?direct=true&db=cat00916a&AN=mit.001226795&site=eds-live&scope=site>.
- Bader, J. A. *Obama and China's Rise: An Insider's Account of America's Asia Strategy*. Brookings Institution Press, 2012. <https://books.google.com/books?id=K76llgcmQmoC>.
- Baldwin, D.A. *Power and International Relations: A Conceptual Approach*. Princeton: Princeton University Press, 2016. <https://books.google.com/books?id=7aoijgEACAAJ>.
- Baldwin, David. *Economic Statecraft*. Princeton: Princeton University Press, 1985.
- . "Success and Failure in Foreign Policy." *Annual Review of Political Science* 3 (2000): 167–82.
- Bapat, Navin A., and Bo Ram Kwon. "When Are Sanctions Effective? A Bargaining and Enforcement Framework." *International Organization* 69, no. 1 (Winter 2015): 131–162.
- Bar-Joseph, U., and R. McDermott. *Intelligence Success and Failure: The Human Factor*. Oxford: Oxford University Press, 2017. <https://books.google.com/books?id=EeUWDgAAQBAJ>.
- Barry O'Neill, author. "Risk Aversion in International Relations Theory." *International Studies Quarterly*, no. 4 (2001): 617.
- Beckley, Michael. "China's Century? Why America's Edge Will Endure." *International Security* 36, no. 3 (Winter 2011): 41–78.
- Bennett, A., and J. T. Checkel. *Process Tracing: From Metaphor to Analytic Tool*. Cambridge University Press, 2014. <https://books.google.com/books?id=gpMZBQAAQBAJ>.
- Boix, C., and S.C. Stokes. *The Oxford Handbook of Comparative Politics*. The Oxford Handbooks of Political Science. Oxford University Press, 2009. <https://books.google.com/books?id=uIW1rQEACAAJ>.
- Brooks, S.G., M. Trachtenberg, S. Brooks, and W. Wohlforth. *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict*. Princeton Studies in International History and Politics. Princeton: Princeton University Press, 2005. <https://books.google.com/books?id=PvmuQgAACAAJ>.
- Bueno de Mesquita, Bruce, and Alastair Smith. "Domestic Explanations of International Relations." *Annual Review of Political Science* 15 (June 2012): 161–81.
- Bush, R.C., and B. Institution. *The Perils of Proximity: China-Japan Security Relations*. Brookings Institution Press, 2010. <https://books.google.com/books?id=yuGgAwAAQBAJ>.
- Byman, Daniel, and Matthew Waxman. *The Dynamics of Coercion: American Foreign Policy and the*

- Limits of Military Might*. Cambridge: Cambridge University Press, 2002.
- Carnegie, A. *Power Plays: How International Institutions Reshape Coercive Diplomacy*. Cambridge: Cambridge University Press, 2015. <https://books.google.com/books?id=rYc-rgEACAAJ>.
- Carnegie, Allison. *Power Plays: How International Institutions Reshape Coercive Diplomacy*. Cambridge: Cambridge University Press, 2015.
- Chalmers Johnson, and E. B. Keehn. "The Pentagon's Ossified Strategy." *Foreign Affairs*, no. 4 (1995): 103. <https://doi.org/10.2307/20047211>.
- Charles F. Hermann, author. "Changing Course: When Governments Choose to Redirect Foreign Policy." *International Studies Quarterly*, no. 1 (1990): 3. <https://doi.org/10.2307/2600403>.
- Chen, Jian. *China's Road to the Korean War: The Making of the Sino-American Confrontation*. China's Road to the Korean War: The Making of the Sino-American Confrontation. Columbia University Press, 1994. <https://books.google.com/books?id=LSWrQgAACAAJ>.
- Christensen, Thomas J. "The Contemporary Security Dilemma: Deterring a Taiwan Conflict." *Washington Quarterly* 25, no. 4 (November 2002): 7–21.
- Clark, David H. "Trading Butter for Guns: Domestic Imperatives for Foreign Policy Substitution." *Journal of Conflict Resolution* 45, no. 5 (October 2001): 636–60.
- Clark, David H., and William Reed. "The Strategic Sources of Foreign Policy Substitution." *American Journal of Political Science* 49, no. 3 (July 2005): 609–24.
- Copeland, D.C. *The Origins of Major War*. Cornell Studies in Security Affairs. Ithaca: Cornell University Press, 2001. <https://books.google.com/books?id=956E5JugpLIC>.
- Cortright, David, and Carnegie Commission on Preventing Deadly Conflict. *The Price of Peace : Incentives and International Conflict Prevention*. Carnegie Commission on Preventing Deadly Conflict Series. Lanham, Md. : Rowman & Littlefield Publishers, c1997., 1997. <https://search.ebscohost.com/login.aspx?direct=true&db=cat00916a&AN=mit.000881817&site=eds-live&scope=site>.
- Dajani, M.S., and M.S. Daoudi. *Economic Sanctions, Ideals and Experience*. London: Routledge & Kegan Paul, 1983.
- Daniel L. Byman, author, and author Kenneth M. Pollack. "Let Us Now Praise Great Men: Bringing the Statesman Back In." *International Security*, no. 4 (2001): 107.
- Danilovic, V. *When the Stakes Are High: Deterrence and Conflict Among Major Powers*. University of Michigan Press, 2002. <https://books.google.com/books?id=BS7mKeY2sBUC>.
- David Leblang, author. "To Devalue or to Defend? The Political Economy of Exchange Rate Policy." *International Studies Quarterly*, no. 4 (2003): 533.
- Davies, Graeme A. M., and Robert Johns. "The Domestic Consequences of International Over-Cooperation: An Experimental Study of Microfoundations." *Conflict Management and Peace Science* 33, no. 4 (September 2016): 343–60.
- Do, Tien Sam eds. *ASEAN-China: How to Improve Cooperation Effectiveness?* Hanoi: The Gioi Publishers of the Vietnamese Academy of Social Sciences, 2007.
- Downes, Alexander B., and Todd S. Sechser. "The Illusion of Democratic Credibility." *International Organization* 66, no. 3 (July 2012): 457–89.
- Doxey, Margaret. "International Sanctions: A Framework for Analysis with Special Reference to the UN and Southern Africa." *International Organization* 26, no. 3 (Summer 1972): 527–50.
- Drezner, Daniel W. *The Sanctions Paradox: Economic Statecraft and International Relations*. Cambridge: Cambridge University Press, 1999.
- . "The Trouble with Carrots: Transaction Costs, Conflict Expectations, and Economic Inducements." *Security Studies* 9, no. 1/2 (Autumn99/Winter2000 1999): 188.
- Drury, A Cooper. "Sanctions as Coercive Diplomacy: The U. S. President's Decision to Initiate Economic Sanctions." *Political Research Quarterly* 54, no. 3 (September 2001): 485–508.
- Dustin H. Tingley, and Barbara F. Walter. "The Effect of Repeated Play on Reputation Building: An Experimental Approach." *International Organization*, no. 2 (2011): 343.

- Emmers, R. *Geopolitics and Maritime Territorial Disputes in East Asia*. Routledge Security in Asia Pacific Series. New York: Routledge, 2012.
<https://books.google.com/books?id=HvtVuAAACAAJ>.
- Erickson, J. L. *Dangerous Trade: Arms Exports, Human Rights, and International Reputation*. Columbia University Press, 2015. <https://books.google.com/books?id=wcAHogEACAAJ>.
- Erik Gartzke, author, and author Quan Li. "War, Peace, and the Invisible Hand: Positive Political Externalities of Economic Globalization." *International Studies Quarterly*, no. 4 (2003): 561.
- Erik Gartzke, author, author Quan Li, and author Charles Boehmer. "Investing in the Peace: Economic Interdependence and International Conflict." *International Organization*, no. 2 (2001): 391.
- Fravel, M. Taylor. *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes*. Princeton: Princeton University Press, 2008.
- Fred I. Greenstein, author. "Can Personality and Politics Be Studied Systematically?" *Political Psychology*, no. 1 (1992): 105. <https://doi.org/10.2307/3791427>.
- Freeman, Charles W. *Arts of Power: Statecraft and Diplomacy*. Washington D.C.: United States Institute of Peace Press, 1997.
- Friedberg, A.L. *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*. New York: W. W. Norton, 2011. https://books.google.com/books?id=c_mrB42e0EMC.
- Friedman, Edward. "Chinese Nationalism, Taiwan Autonomy and the Prospects Of..." *Journal of Contemporary China* 6, no. 14 (March 1997): 5.
- Galtung, Johan. "On the Effects of International Economic Sanctions, with Examples for the Case of Rhodesia." *World Politics* 19, no. 3 (1967): 378-416.
- Ganguly, Sumit, and Manjeet S. Pardesi. "Can China and India Rise Peacefully?" *Orbis* 56 (June 1, 2012): 470-85.
- Garver, J.W. *Face Off: China, the United States, and Taiwans Democratization*. Seattle: University of Washington Press, 2011. https://books.google.com/books?id=-H4QnS2_nEC.
- Geiss, I. *German Foreign Policy, 1871-1914*. Routledge Direct Editions. London: Routledge and Kegan Paul, 1976. <https://books.google.com/books?id=44DSAAAAIAAJ>.
- George, A. L., D. K. Hall, and W. E. Simons. *The Limits of Coercive Diplomacy: Laos, Cuba, Vietnam*. Little, Brown, 1971. <https://books.google.com/books?id=6m-OAAAAMAAJ>.
- George, A.L., A. Bennett, and K. Motley. *Case Studies and Theory Development in the Social Sciences*. A BCSIA Book. MIT Press, 2005. <https://books.google.com/books?id=JEGzE6ExN-gC>.
- George, Alexander L. *Forceful Persuasion: Coercive Diplomacy as an Alternative to War*. Washington D.C.: United States Institute of Peace Press, 1991.
- George, Alexander L., and William E. Simons. *The Limits of Coercive Diplomacy*. Boulder: Westview Press, 1996.
- Gerring, J. *Case Study Research: Principles and Practices*. Cambridge University Press, 2017.
<https://books.google.com/books?id=pf3tjwEACAAJ>.
- Gerzhoy, Gene. "Alliance Coercion and Nuclear Restraint: How the United States Thwarted West Germany's Nuclear Ambitions." *International Security* 39, no. 4 (Spring 2015): 91-129.
- Gifford, P., W.R. Louis, A. Smith, and Yale University Concilium on International Studies. *Britain and Germany in Africa: Imperial Rivalry and Colonial Rule*. New Haven: Yale University Press, 1967. <https://books.google.com/books?id=-BhyAAAAMAAJ>.
- Gilpin, Robert. *War and Change in World Politics*. Cambridge ; New York : Cambridge University Press, 1981., 1981.
<https://search.ebscohost.com/login.aspx?direct=true&db=cat00916a&AN=mit.000115085&site=eds-live&scope=site>.
- Glosny, Michael A. *Grand Strategies of Rising Powers: Reassurance, Coercion, and Balancing Responses*. Cambridge, Ph.D. Dissertation: Massachusetts Institute of Technology, 2012.
- Goldstein, A. *Rising to the Challenge: China's Grand Strategy and International Security*. Studies in

- Asian Security. Palo Alto: Stanford University Press, 2008.
<https://books.google.com/books?id=LshxniM3py8C>.
- Goldstein, Avery. *Deterrence and Security in the 21st Century : China, Britain, France, and the Enduring Legacy of the Nuclear Revolution*. Stanford, Calif. : Stanford University Press, c2000., 2000.
<https://search.ebscohost.com/login.aspx?direct=true&db=cat00916a&AN=mit.000956272&site=eds-live&scope=site>.
- Goldstein, M.C., and G. Rimpoche. *A History of Modern Tibet, 1913 - 1951: The Demise of the Lamaist State*. Berkley: University of California Press, 1989.
<https://books.google.com/books?id=YkiVPwAACAAJ>.
- Graeme A. M., Davies. "Coercive Diplomacy Meets Diversionary Incentives: The Impact of US and Iranian Domestic Politics during the Bush and Obama Presidencies." *Foreign Policy Analysis* 8, no. 3 (2012): 313–331.
- Greenhill, Kelly. *Weapons of Mass Migration: Forced Displacement, Coercion, and Foreign Policy*. Ithaca: Cornell University Press, 2010.
- Greenhill, Kelly, and Peter Krause. *Coercion, Continuity and Change in International Politics*. Oxford: Oxford University Press, 2018.
- Grunfeld, A.T. *The Making of Modern Tibet*. An East Gate Book. New York: M.E. Sharpe, 1996.
<https://books.google.com/books?id=TJhxAAAAMAAJ>.
- Haass, Richard, and Meghan L. O’Sullivan. *Honey and Vinegar : Incentives, Sanctions, and Foreign Policy*. Washington, D.C. : Brookings Institution Press, c2000., 2000.
<https://search.ebscohost.com/login.aspx?direct=true&db=cat00916a&AN=mit.000943324&site=eds-live&scope=site>.
- Haun, P. M. *Coercion, Survival, and War: Why Weak States Resist the United States*. Stanford University Press, 2015. https://books.google.com/books?id=_TjXCQAAQBAJ.
- Hayton, B. *The South China Sea: The Struggle for Power in Asia*. New Haven: Yale University Press, 2014. <https://books.google.com/books?id=yiL3oAEACAAJ>.
- He, Kai. *China’s Crisis Behavior: Political Survival and Foreign Policy After the Cold War*. Cambridge: Cambridge University Press, 2016.
- Hemda Ben-Yehuda, author. "Territoriality and War in International Crises: Theory and Findings, 1918-2001." *International Studies Review*, no. 4 (2004): 85.
- Hickey, Dennis Van Vranken. "The Taiwan Strait Crisis of 1996: Implications for US Security Policy." *Journal of Contemporary China* 7, no. 19 (November 1998): 405.
- Hirschman, A. *National Power and the Structure of Foreign Trade*. University of California Press, 2018. <https://books.google.com/books?id=HCQttgEACAAJ>.
- Holbig, H., R. Ash, R.F. Ash, and Germany) Institut für Asienkunde (Hamburg. *China’s Accession to the World Trade Organization: National and International Perspectives*. English-Language Series of the Institute of Asian Affairs. London: Routledge, 2002.
<https://books.google.com/books?id=w6khl8ju9a4C>.
- Horowitz, M.C., A.C. Stam, and C.M. Ellis. *Why Leaders Fight*. Cambridge University Press, 2015.
<https://books.google.com/books?id=D2-gCgAAQBAJ>.
- Hughes, Christopher. "Reclassifying Chinese Nationalism: The Geopolitik Turn." *Journal of Contemporary China* 20, no. 71 (September 2011): 601–20.
- Huth, Paul K. "Reputations and Deterrence: A Theoretical and Empirical Assessment." *Security Studies* 7, no. 1 (September 1997): 72.
- Ian Buruma. "Taiwan’s New Nationalists." *Foreign Affairs*, no. 4 (1996): 77.
<https://doi.org/10.2307/20047660>.
- Jack S. Levy, author. "Learning and Foreign Policy: Sweeping a Conceptual Minefield." *International Organization*, no. 2 (1994): 279.
- James D. Fearon, author. "Domestic Political Audiences and the Escalation of International

- Disputes." *The American Political Science Review*, no. 3 (1994): 577.
<https://doi.org/10.2307/2944796>.
- . "Domestic Political Audiences and the Escalation of International Disputes." *The American Political Science Review*, no. 3 (1994): 577. <https://doi.org/10.2307/2944796>.
- Jeffrey A. Frieden, author. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization*, no. 4 (1991): 425.
- Jervis, R. *Perception and Misperception in International Politics*. Princeton University Press, 2017.
<https://books.google.com/books?id=nQUVvgAACAAJ>.
- . *The Logic of Images in International Relations*. Columbia University Press, 1989.
<https://books.google.com/books?id=6fAdkfS6v80C>.
- Jervis, Robert. "Do Leaders Matter and How Would We Know?" *Security Studies* 22, no. 2 (April 2013): 153–79.
- . "Why Nuclear Superiority Doesn't Matter." *Political Science Quarterly* 94 (December 15, 1979): 617–33.
- Jessica L. Weeks. "Autocratic Audience Costs: Regime Type and Signaling Resolve." *International Organization*, no. 1 (2008): 35. <https://doi.org/10.1017/S0020818308080028>.
- Joel Wuthnow et al. "Diverse Multilateralism: Four Strategies in China's Multilateral Diplomacy." *Journal of Chinese Political Science* 17, no. 3 (September 2012): 269–90.
- Johnston, Alastair Iain. "Is China a Status Quo Power." *International Security* 37, no. 4 (Spring 2013): 7–48.
- Kapiszewski, D., L.M. MacLean, and B.L. Read. *Field Research in Political Science: Practices and Principles*. Strategies for Social Inquiry. Cambridge University Press, 2015.
<https://books.google.com/books?id=rRR1oAEACAAJ>.
- Kennedy, A.B. *The International Ambitions of Mao and Nehru: National Efficacy Beliefs and the Making of Foreign Policy*. Cambridge University Press, 2012.
<https://books.google.com/books?id=Nji-tAEACAAJ>.
- Keohane, R. O., and J. S. Nye. *Power and Interdependence: World Politics in Transition*. Little, Brown, 1977. <https://books.google.com/books?id=RmvuAAAAMAAJ>.
- Kertzer, J. D. *Resolve in International Politics*. Princeton University Press, 2016.
<https://books.google.com/books?id=YjP9CwAAQBAJ>.
- Koga, Kei. "The Rise of China and Japan's Balancing Strategy: Critical Junctures and Policy Shifts in the 2010s." *Journal of Contemporary China* 25, no. 101 (September 2016): 777–91.
- Kreuzer, Peter. "A Comparison of Malaysian and Philippine Responses to China in the South China Sea." *The Chinese Journal of International Politics* 9, no. 3 (2016): 239–276.
- Krustev, Valentin L. "Strategic Demands, Credible Threats, and Economic Coercion Outcomes." *International Studies Quarterly* 54, no. 1 (2010): 147–74.
- Legro, Jeffrey W. "What China Will Want: The Future Intentions of a Rising Power." *Perspectives on Politics* 5, no. 3 (September 1, 2007): 515.
- Lektzian, David J., and Christopher M. Sprecher. "Sanctions, Signals, and Militarized Conflict." *American Journal of Political Science* 51, no. 2 (April 2007): 415–31.
- Levy, Jack S. "Deterrence and Coercive Diplomacy: The Contributions of Alexander George." *Political Psychology* 29, no. 4 (2008): 537–52.
- Li, C. *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership*. Washington D.C.: Brookings Institution Press, 2016. <https://books.google.com/books?id=3NKACwAAQBAJ>.
- Li, Xiaoting. "The Taming of The Red Dragon: The Militarized Worldview and China's Use of Force, 1949-2001." *Foreign Policy Analysis* 9, no. 4 (October 2013): 387–407.
- Lorentzen, Peter, M. Taylor Fravel, and Jack Paine. "Qualitative Investigation of Theoretical Models: The Value of Process Tracing." *Journal of Theoretical Politics* 29, no. 3 (July 2017): 467.
- Lu, N. *The Dynamics of Foreign-Policy Decisionmaking in China*. Westview Press, 1997.
<https://books.google.com/books?id=i9GOAAAAMAAJ>.

- Maller, Tara J. *Diplomacy Derailed: The Consequences Of U.S. Diplomatic Disengagement*. Cambridge, Ph.D. Dissertation: Massachusetts Institute of Technology, 2011.
- Margaret G. Hermann, author, author Thomas Preston, author Baghat Korany, and author Timothy M. Shaw. "Who Leads Matters: The Effects of Powerful Individuals." *International Studies Review*, no. 2 (2001): 83.
- Maria Sperandei, author. "Bridging Deterrence and Compellence: An Alternative Approach to the Study of Coercive Diplomacy." *International Studies Review*, no. 2 (2006): 253.
- Markus Taube, author. "Economic Relations between the PRC and the States of Europe." *The China Quarterly*, no. 169 (2002): 78.
- Mazarr, M. J., S. S. Institute, and U. S. A. W. College. *Mastering the Gray Zone: Understanding a Changing Era of Conflict*. Lulu.com, 2015.
<https://books.google.com/books?id=FtWmAQAACAAJ>.
- McManus, R.W. *Statements of Resolve: Achieving Coercive Credibility in International Conflict*. Cambridge: Cambridge University Press, 2017.
<https://books.google.com/books?id=DJsQDwAAQBAJ>.
- Mearsheimer, John. "The Gathering Storm: China's Challenge to US Power in Asia." *The Chinese Journal of International Politics* 3, no. 4 (December 2010): 381–96.
- Mercer, J. *Reputation and International Politics*. Cornell University Press, 2010.
https://books.google.com/books?id=FEF0CS_QCuoC.
- Mesquita, Bruce Bueno de. "The Contribution of Expected Utility Theory to the Study of International Conflict." *The Journal of Interdisciplinary History* 18, no. 4 (Spring 1988): 629–52.
- Michael, Beckley. *Unrivaled: Why America Will Remain the World's Sole Superpower*. Ithaca: Cornell University Press, 2018.
- Miller, Manjari Chatterjee. *Wronged by Empire: Post-Imperial Ideology and Foreign Policy in India and China*. Stanford: Stanford University Press, 2013.
- Morgan, Patrick M. *Deterrence Now*. Cambridge: Cambridge University Press, 2003.
- Morgan, T. Clifton, and Glenn Palmer. "A Model of Foreign Policy Substitutability: Selecting the Right Tools for the Job(S)." *Journal of Conflict Resolution* 44, no. 1 (February 2000): 11–32.
- Mosley, L. *Interview Research in Political Science*. Cornell University Press, 2013.
<https://books.google.com/books?id=jz6wtAEACAAJ>.
- Most, Benjamin A., and Harvey Starr. "International Relations Theory, Foreign Policy Substitutability, and 'Nice' Laws." *World Politics* 36, no. 3 (1984): 383–406.
- Munro, D.G. *Intervention and Dollar Diplomacy in the Caribbean, 1900-1921*. Princeton Legacy Library. Princeton: Princeton University Press, 1964.
<https://books.google.com/books?id=V10KMgEACAAJ>.
- Nathan, Andrew J. "What's Wrong with American Taiwan Policy." *Washington Quarterly* 23, no. 2 (2000): 93–106.
- Nicholas L. Miller. "The Secret Success of Nonproliferation Sanctions." *International Organization*, no. 4 (2014): 913.
- Nish, I.H. *Japanese Foreign Policy in the Interwar Period*. Praeger Studies of Foreign Pol. Westport: Praeger Publishers, 2002. <https://books.google.com/books?id=zOcengEACAAJ>.
- Norbu, D. *China's Tibet Policy*. Durham East-Asia Series. Richmond: Curzon Press, 2001.
<https://books.google.com/books?id=jHXUqP4ukgEC>.
- Nossal, Kim Richard. "International Sanctions as International Punishment." *International Organization* 43, no. 2 (Spring 1989): 301–22.
- O'Sullivan, Meghan. *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*. Washington D.C.: Brookings Institution Press, 2003.
- Pape, Robert A. *Bombing to Win: Air Power and Coercion in War*. Ithaca: Cornell University Press, 1996.

- . “Why Economic Sanctions Do Not Work.” *International Security* 22, no. 2 (Autumn 1997): 90–136.
- Patrick M. Regan, author. “Substituting Policies during U.S. Interventions in Internal Conflicts: A Little of This, a Little of That.” *The Journal of Conflict Resolution*, no. 1 (2000): 90.
- Patten, Chris. *Cousins and Strangers, America, Britain, and Europe in a New Century*. New York: Times Books, 2006.
- Paul F. Diehl, author. “What Are They Fighting for? The Importance of Issues in International Conflict Research.” *Journal of Peace Research*, no. 3 (1992): 333.
- Peterson, Timothy M. “Sending a Message: The Reputation Effect of US Sanction Threat Behavior.” *International Studies Quarterly* 57, no. 4 (December 2013): 672–82.
- Poh, Angela. “The Myth of Chinese Sanctions over South China Sea Disputes.” *Washington Quarterly* 40, no. 1 (January 2017): 143–65.
- Press, D. G., and Cornell University. *Calculating Credibility: How Leaders Assess Military Threats*. Cornell University Press, 2005. <https://books.google.com/books?id=jecGSD9PSh0C>.
- Reilly, James. “China’s Unilateral Sanctions.” *The Washington Quarterly* 35, no. 4 (2012): 121–33.
- Ripsman, N. M., J. W. Taliaferro, and S. E. Lobell. *Neoclassical Realist Theory of International Politics*. Oxford University Press, 2016. <https://books.google.com/books?id=F5zPjgEACAAJ>.
- Robert S. Ross. “Navigating the Taiwan Strait: Deterrence, Escalation Dominance, and U.S.-China Relations.” *International Security*, no. 2 (2002): 48.
- Rodman, Kenneth A. *Sanctions Beyond Border: Multinational Corporations and U.S. Economic Statecraft*. Lanham: Rowman & Littlefield, 2001.
- Rose, Gideon. “Neoclassical Realism and Theories of Foreign Policy.” *World Politics*, no. 1 (1998): 144.
- Samuels, R. J. *Machiavelli’s Children: Leaders and Their Legacies in Italy and Japan*. Cornell University Press, 2003. <https://books.google.com/books?id=RNv1YCA3IDkC>.
- Sartori, A. E. *Deterrence by Diplomacy*. Princeton University Press, 2005. https://books.google.com/books?id=lGA17Vn3b_0C.
- Saunders, P., and A. Scobell. *PLA Influence on China’s National Security Policymaking*. Palo Alto: Stanford University Press, 2015. <https://books.google.com/books?id=CsArrgEACAAJ>.
- Schelling, T. C. *The Strategy of Conflict*. Harvard University Press, 1980. <https://books.google.com/books?id=7RkL4Z8Yg5AC>.
- Schelling, Thomas C. *Arms and Influence*. New Haven: Yale University Press, 1996.
- Schewbach, Valerie L, and T. Clifton Morgan. “Fools Suffer Gladly: The Use of Economic Sanctions in International Crises.” *International Studies Quarterly* 41, no. 1 (March 1997): 27–50.
- Schoff, James. *Uncommon Alliance for the Common Good: The United States and Japan after the Cold War*. Washington D.C.: Carnegie Endowment for International Peace, 2017.
- Schweller, R. L., R. L. Schweller, M. Trachtenberg, and W. Wohlforth. *Unanswered Threats: Political Constraints on the Balance of Power*. Princeton University, 2006. <https://books.google.com/books?id=-XVB9RjiYhAC>.
- Sechser, Todd S. “Reputations and Signaling in Coercive Bargaining.” *Journal of Conflict Resolution* 62, no. 2 (February 2018): 318–45.
- Sechser, Todd S., and Matthew Fuhrmann. *Nuclear Weapons and Coercive Diplomacy*. Cambridge, United Kingdom : Cambridge University Press, 2017., 2017. <https://search.ebscohost.com/login.aspx?direct=true&db=cab00916a&AN=mit.002433723&site=eds-live&scope=site>.
- Shambaugh, D. *China Goes Global: The Partial Power*. OUP USA, 2013. <https://books.google.com/books?id=MeSTbkPPWhIC>.
- Slantchev, Branislav L. *Military Threats: The Costs of Coercion and the Price of Peace*. Cambridge: Cambridge University Press, 2011.
- Snyder, G.H. *Deterrence and Defense*. Princeton Legacy Library. Princeton: Princeton University

- Press, 2015. <https://books.google.com/books?id=dNkejgEACAAJ>.
- Steven M. Goldstein, author, and author Randall Schriver. "An Uncertain Relationship: The United States, Taiwan and the Taiwan Relations Act." *The China Quarterly*, no. 165 (2001): 147.
- Suettinger, R.L. *Beyond Tiananmen: The Politics of U.S. -China Relations 1989-2000*. Washington D.C.: Brookings Institution Press, 2004. <https://books.google.com/books?id=2OuMngEACAAJ>.
- Suettinger, Robert L. "China's Foreign Policy Leadership: Testing Time." *China Leadership Monitor*, no. 9 (2004).
- Talmadge, C. *The Dictator's Army: Battlefield Effectiveness in Authoritarian Regimes*. Cornell Studies in Security Affairs. Cornell University Press, 2015. <https://books.google.com/books?id=XRhJCgAAQBAJ>.
- Timothy W. Crawford. "Preventing Enemy Coalitions: How Wedge Strategies Shape Power Politics." *International Security*, no. 4 (2011): 155. https://doi.org/10.1162/ISEC_a_00036.
- Todd S. Sechser. "Goliath's Curse: Coercive Threats and Asymmetric Power." *International Organization*, no. 4 (2010): 627.
- Tomz, M. *Reputation and International Cooperation: Sovereign Debt Across Three Centuries*. Princeton University Press, 2007. <https://books.google.com/books?id=0eTtAAAAMAAJ>.
- Trachtenberg, Marc. "Audience Costs: An Historical Analysis." *Security Studies* 21, no. 1 (January 2012): 3-42.
- Trager, R.F. *Diplomacy: Communication and the Origins of International Order*. Cambridge: Cambridge University Press, 2017. <https://books.google.com/books?id=VrnswEACAAJ>.
- Van Evera, S., and Cornell University Press. *Guide to Methods for Students of Political Science*. Cornell University Press, 1997. <https://books.google.com/books?id=V3pSlccSRDAC>.
- Wallenstein, Peter. "Characteristics of Economic Sanctions." *Journal of Peace Research* 5, no. 3 (1968): 248-67.
- Walt, Stephen M. *The Origins of Alliances*. Ithaca: Cornell University Press, 1983.
- Walter, B. F. *Reputation and Civil War: Why Separatist Conflicts Are So Violent*. Cambridge University Press, 2009. <https://books.google.com/books?id=5drPn3lp9doC>.
- Wedeen, L. *Ambiguities of Domination: Politics, Rhetoric, and Symbols in Contemporary Syria*. University of Chicago Press, 1999. <https://books.google.com/books?id=VYuM-Nc29VcC>.
- Weeks, Jessica L. "Autocratic Audience Costs: Regime Type and Signaling Resolve." *International Organization* 62, no. 1 (2008): 35-64.
- Weisiger, Alex, and Keren Yarhi-Milo. "Revisiting Reputation: How Past Actions Matter in International Politics." *International Organization* 69, no. 2 (April 2015): 473-95.
- Whang et al., Taehee. "Coercion, Information, and the Success of Sanction Threats." *American Journal of Political Science* 57, no. 1 (January 2013): 65-81.
- William A. Callahan, author. "China's Strategic Futures." *Asian Survey*, no. 4 (2012): 617. <https://doi.org/10.1525/as.2012.52.4.617>.
- Wohlforth, William. "The Stability of a Unipolar World." *International Security* 2, no. 1 (Summer 1999): 7-8.
- Wolf, Reinhard. "Rising Powers, Status Ambitions, and the Need to Reassure: What China Could Learn from Imperial Germany's Failures." *The Chinese Journal of International Politics* 7, no. 1-4 [Reader] (n.d.).
- Wu, S., and N. Hong. *Recent Developments in the South China Sea Dispute: The Prospect of a Joint Development Regime*. New York: Routledge, 2014. <https://books.google.com/books?id=UmwGngEACAAJ>.
- Yahuda, Michael. "China's New Assertiveness in the South China Sea." *Journal of Contemporary China* 22, no. 81 (May 2013): 446-59.
- Zhang, Qingmin. "Towards an Integrated Theory of Chinese Foreign Policy: Bringing Leadership Personality Back In." *Journal of Contemporary China* 23, no. 89 (September 2014): 902-22.
- Zhang, S.G. *Beijing's Economic Statecraft during the Cold War, 1949-1991*. Baltimore: Johns Hopkins

- University Press, 2014. <https://books.google.com/books?id=ZxDCoAEACAAJ>.
- Zhao, Suisheng, and Xiong Qi. "Hedging and Geostrategic Balance of East Asian Countries toward China." *Journal of Contemporary China* 25, no. 100 (July 2016): 485–99.
- Zhao, Tong. "Sanction Experience and Sanction Behavior: An Analysis of Chinese Perception and Behavior on Economic Sanctions." *Contemporary Politics* 46, no. 3 (September 2010): 263–278.