

POLICY BRIEF

Deciphering Beijing's Maritime Security Policy and Strategy in Managing Sovereignty Disputes in the China Seas



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Executive Summary

China's maritime policy is set to protect its maritime security interests, which are nexused with Beijing's regime security in terms of state legitimacy. Externally, it is inherently military by nature involving strategic issues of sovereignty, SLOC (sea-lane of communications) safety and major power politics, i.e., Sino-U.S. interaction over territorial disputes in the East and South China Seas (ESCS). Beijing's formulation of a maritime policy is guided by its perception of "core national interests," whose bottom-line is defined by China's domestic politics and calculation of the trigger of war. The former is measured by popular pressure on CCP legitimacy to rule, concretely and partially rooted in people's judgment on CCP stance on sovereignty issues. The latter serves the former but is premised on avoiding unnecessary confrontation. Ambiguity in dispute control through assertiveness short of military means is pursued to allow Beijing maximum policy space for manoeuvring.

China's maritime policy is informed by a one-plus strategy to protect its territorial claims. The strategy means that in the game of envelope pushing, if the initiator moves one inch, Beijing would react by moving one-plus. On the other hand, this strategy is one of retaliation, non-irredentist and non-military. As the carrier of assertiveness it is exercised in an asymmetric but proportional way, proportional in a sense to avoid Washington's direct intervention and to prevent a cohesive collective action, such as by ASEAN against China's overall regional standing.

What is behind the one-plus strategy is rationality that in-between U.S. support of other claimants as a way to constrain China and U.S. reluctance to confront China militarily, China has larger room of manoeuvring than other disputants.

What this reveals is the fact that Beijing does not seem to have a long-term maritime policy. The current policy mainly addresses a short-term objective of crisis management over ESCS disputes. More concretely, it is designed to maximise ambiguity in dispute control so that the status quo can be maintained to allow Beijing to tackle other more urgent challenges at home and abroad. This is why Beijing sees merits in a Code of Conduct as a mechanism to prevent standoffs that hurt China's interests more than those of other claimants.

Reactive assertiveness and avoidance of further standoff are two sides of a coin in Beijing's maritime policy that serves multiple purposes: primarily for domestic consumption; for deterring further moves by other disputants; and for maintaining space for negotiations in order to restore the status quo. Yet there is a danger in using one-plus strategy to pre-empt other claimants' acts for the sake of crisis prevention. It risks further dispute escalation either because reactive assertiveness becomes disproportional or because the opposing parties simply react with more determination.

When summarising 2012's Asian security situation, Chinese strategists named the maritime conflict in the East and South China Seas (ESCSs) as the primary threat to China, mainly as a result of mounting sovereignty disputes. They predicted that ESCS disputes would result in more stand-offs between disputants.¹ Given open-ended and durable tension that may spark military rifts, the maritime sovereignty challenge is no longer just diplomatic, but more defined as an issue of national security impacting on China's re-rise.² This threat assessment led Beijing to create a central crisis-response leadership group in 2012 to coordinate ESCS affairs. The fact that it is headed by Xi Jinping personally testifies how seriously Beijing regards its maritime policy embodying Chinese efforts to attain its maritime security interests, response to challenges to these interests and law-reinforcement/naval build-up to protect these interests.

China's Maritime Security Interests and Assertiveness

This policy brief uses the terminology of maritime security interests rather than maritime interests to decipher China's maritime policy. The latter is more generic, referring normally more to economic interests. Maritime security interests in the category of high politics in IR theory are nexused with Beijing's internal security in the context of weakening state legitimacy and mounting popular pressure. Externally they are inherently military by nature, involving strategic issues of sovereignty, SLOC (sea-lane of communications) safety and major power politics, i.e., Sino-U.S. interaction in ESCS disputes. As they are about peace and war, they qualify as grave concerns of national security. By making this distinction, the paper attempts to dismiss the belief that ESCS resources have motivated Beijing to up the ante in dispute. The factor of resources is not outside Beijing's ESCS calculus, but not high in priority in its maritime policy, despite routine allusion of maritime

economic importance by Chinese strategists. The simple fact is that expensive oil extraction and transportation in the ESCSs have not much commercial value to Chinese developers. Although Beijing issued bids to foreign oil firms to search for resources in disputed areas, not a single Chinese oil well has been dug in the disputed areas in the ESCS. It has taken assertive actions against resources activities by Vietnam and the Philippines, but these are more about sovereignty presence embodied in oil structures than resources *per se* (to be discussed in more details in later sections). In fact, Beijing has inherited both the nine-dotted line in the SCS and the Diaoyu/Senkaku claim in the ESC from the pre-PRC regimes long before confirmed or dubious resources were discovered in the region. More importantly, it is neither logical nor rational for Beijing to tackle other claimants by force in order to extract the undersea resources. The diplomatic and economic costs are simply too high: it makes better sense to buy the crude from international oil market.³

Regime security, the defining guidance for maritime policy

Beijing's formulation of a maritime policy at a time of intense territorial dispute was guided by its perception of "core national interests" that concerns regime stability, sovereignty integrity and power rivalry/shift in Asia. In April 2013, the Diaoyu/Senkaku dispute was identified as a "core national interest."⁴ Yet the more precise official wording is "Diaoyu, as a key issue, impacts China's core national interest."⁵ Two parameters actually define the bottom-line of China invoking the notion: domestic politics and calculation of the rigger of war. The former is measured by popular pressure on CCP's legitimacy to rule, concretely and partially rooted in people's judgment on CCP's stance on sovereignty issues. Nationalism based on the collective memory of past humiliation creates a strategic culture that narrows Beijing's ESCS policy options.⁶ The latter

¹ The Chinese Academy of Social Science (Ed.), *Global Political and Security Report* (the Yellow Book), Beijing: China Social Science Publishing House.

² You Ji, "The PLA and Diplomacy: Unrevealing Myths about Civil-Military Interaction in Chinese Foreign Policy-Making," forthcoming *Journal of Contemporary China*, Vol. 23 No. 83, 2014.

³ You Ji, "Security Implications of Conflict in the South China Sea: the Chinese Perspective," in Hernandez. C & Cossa R. (Eds.), *Security Implications of Conflict in the South China Sea: Perspectives from Asia-Pacific*, (pp. 135-168), Manila: Institute for Strategic and Development Studies, and Pacific Forum/CSIS, 1997.

⁴ Hua Chunying's remark (spokeswoman of the Ministry of Foreign Affairs) at a news conference on 26 April 2013.

⁵ The Chinese Academy of Social Science (CASS), *Japan Blue Book -- 2013*, Beijing: the CASS Press, 2013.

⁶ Yahuda, M., "China's Assertiveness in the South China Sea," *Journal of Contemporary China*, Vol. 22, Issue 81, 2013, pp. 446-459.

serves the former, but is currently premised on avoiding unnecessary armed confrontation.⁷ Ambiguity in dispute control through assertiveness, short of military means, is pursued to allow Beijing maximised policy space for manoeuvring.

This combination of two policy drivers: sharp line on territorial claims and effort of war-aversion reveals inadequacy in media interpretation that “core interests” justify military option over sovereignty disputes.⁸ When Beijing identifies an issue of strategic value with a depiction of core interests, the depiction has a hierarchical sequence of importance pertinent to different layers of countermeasures. Only at the highest layer would the use of force be considered, but likely in a defensive-offence manner. For instance, Taiwan is China’s core interest, but only Taipei’s *de jure* independence invokes PLA engagement.⁹ The Tibetan issue is basically non-military, as it mainly concerns China’s domestic politics.

Over territorial disputes, the concept indicates that use of force falls to a low level of policy choice unless it is a response to others’ use of force or to an overwhelming domestic backlash against a serious event against China’s maritime interests. China entered the ASEAN Treaty of Amity in 2002, which legally binds Chinese hands in using force. It is also a commitment to SCS status quo because if no military action is taken, the current map of islands possession will last indefinitely. In fact, China’s entry into the treaty was not a willing act, but deprived from Beijing’s calculus that given the domestic needs and U.S. challenges, it was a sensible thing to do in terms of choosing a lesser evil. Use of force for SCS disputes is a low policy option of Beijing, as proven by its no-occupation-action since 1995 and non-use of naval warships for law-reinforcement

in the Spratlys. After a foothold was obtained in the Spratlys in the 1990s Beijing opted for not to enlarge occupation because it calculated that such an act would arouse tremendous uproar in the region. It thus struck a delicate balance between obtaining a critical presence and enduring an acceptable diplomatic cost. This turned out to be a sensible choice and discredited the “creeping-occupation” myth.¹⁰ It is unlikely that this rationality will change in the foreseeable future.¹¹ China’s entry into the ASEAN Treaty of Amity enormously lifts the bar for PLA action against any ASEAN claimants. More generally, the PLA has not fought any war for 25 years, the longest period of no-action in its history.¹²

In the Diaoyu/Senkaku area, only civilian surveillance patrols is pursued in order to spare the PLA, which may be involved only if Tokyo uses naval vessels to expel Chinese surveillance ships.¹³ In March 2010, Beijing referred the SCS as a core interest in Sino-U.S. official dialogue, but it was only to the Hainan part where U.S. spy activities close to the Yalong Strategic Naval base are seen as a kind of electronic warfare and thus violates China’s core security interests. U.S. media selected not to specify this SCS allusion, which naturally reminded everyone about the Spratlys.¹⁴ Beijing could not deny it either, as any clarification would render it vulnerable to domestic backlash. Today, rising nationalism in China, as is in other claimant states, makes it even more difficult for Beijing not to regard sovereignty dispute as a core-interest issue. This unveils a profound dilemma for Beijing to cope with the territorial issues: it is reluctant to prioritise them amidst more urgent challenges, but a softy ESCS response may just hurt its legitimacy to govern. It has to be tough, but further assertiveness intensifies the dispute, which undermines Beijing’s efforts for internal stability.¹⁵

⁷ Xi Jinping reiterated China’s non-use of force in dispute management to Obama in their informal summit in California on 7 June 2013.

⁸ “China’s Evolving Core Interests,” *New York Times*, 12 May 2013.

⁹ General Zhang Youxia “War of sovereignty control: a practical kind of warfare” *Military Art* Vol. 29 No. 11, 2002.

¹⁰ In fact the PLA withdrew from three occupied reefs in 1988, which is still criticised by Chinese commentators. You Ji, “The Spratlys: A Test Case for China’s Defense and Foreign Policy,” *Contemporary Southeast Asia*, Vol. 16 no. 4, March 1995.

¹¹ Li, M., and Zhang, H., *Restructuring China’s Maritime Law Enforcement: Impact on Regional Security*, *Strategic Analysis*, RSIS, No. 50, 1 April 2013.

¹² Fravel, T., “Regime Insecurity and International Cooperation: Explaining China’s Compromise in Territorial Disputes,” *International Security*, Vol. 30 No. 2, 2005, p. 55. He rightly pointed out that Beijing made more concessions than its counterparts in all border negotiations.

¹³ Interview with Chinese defense analysts in December 2012, Beijing.

¹⁴ *The New York Times*, 30 March 2010.

¹⁵ Territorial nationalism triggers mass protests that may get out of control. Civil movement is a more direct threat to CCP hold on power than external territorial pressure. The violent societal backlash against Japan’s Diaoyu purchase in September 2012 is a good example. Yet Beijing made sure that popular demonstrations disappear the second day.

Making sense of Chinese assertiveness in its maritime policy

Recently assertiveness has been the buzzword to characterise China's ESCS behavior.¹⁶ This word is too encompassing to allow any nuanced understanding of its maritime policy. Clearly assertiveness serves no Chinese vital interests at home and abroad, and Beijing is well aware of it. It faces a tough choice between adopting a firm maritime policy to safeguard sovereignty and search of a positive regional order for its other priorities, i.e. economy. Here internal imperatives contradict a preferred maritime policy aimed at easing tension. In balance, Beijing's concern of state stability always outweighs that of international perception. As a result, assertiveness is irrational to China watchers, but rational to Beijing: if state stability is threatened, what is the use of a benign external image?¹⁷ The policy relevance for Washington and ESCS claimants is that the assumption that China has to yield to a collective pressure if the pressure is heavy enough underestimates Chinese resolve under domestic constraints.¹⁸ The question is what alternative Beijing has instead of reactive assertiveness.

Furthermore Chinese assertiveness is a response to the changed security environment in the ESCS, which is due to causes listed below:

- (i) The claimants' demarcation of their EEZ boundary requested by the UN in 2009 eliminated the space of ambiguity that helped them keep a precarious status quo in the previous decade;
- (ii) U.S. pivot to Asia takes the form of picking sides in ESCS disputes that encourages some claimants to stand up to China;
- (iii) Regime change in Manila in 2010 visibly altered its Spratly approach vis-à-vis Beijing;
- (iv) Mounting territorial nationalism narrows policy choices for the claimants to accommodate their differences;

- (v) The right-wing political forces in Japan forced the government to take an unwilling choice in Diaoyu-Sengaku nationalisation.
- (vi) As China further rises, some claimants may feel that time is not on their side so that it is necessary to push the envelope now.¹⁹
- (vii) Political succession in Beijing made it impossible for the leadership to continue its passivity toward sovereignty issues.

The nature of ESCS dispute also changes. While the unilateral change of the status quo on islands is hard to realise (new occupation), the "war zone" has shifted to surrounding waters where resources exploration leads to the erection of permanent features that allow de facto control of areas in dispute. In turn, de facto control can be translated into legal possession. Then China would practically lose its claim. This underlines Beijing's response to the commercial pursuits by Vietnam and the Philippines in disputed areas, as these are more to sovereignty than oil. In addition, military law reinforcement by some countries has been stepped up to enhance their claims.²⁰ This evolution backs Beijing into a corner under nationalist pressure at home. Ordinary Chinese question the wisdom of Beijing's maritime policy centred on Deng Xiaoping's admonition of "shelving dispute and jointly developing". They ridicule this as "shelving China" when others enlarge their presence.

Beijing has calculated that if this trend deepens, use of force would eventually become inevitable, which would sink its rise. If assertiveness could deter others' further actions, especially naval actions, it would be a cost-effective way of crisis management, saving actual military action in the end. Therefore, assertiveness does not mean that Beijing prefer confrontation. Based on its rising power, it does have a range of available options.

¹⁶ On this assertiveness, see Li, M., "Reconcile Assertiveness and Cooperation? China's Changing Approach to the South China Sea Dispute," *Security Challenges*, Vol. 6 No. 2 2010.

¹⁷ Da, W., "Has China Becomes Tough," *China Security*, Vol. 6 No. 3, pp. 97-102.

¹⁸ Michael Auslin of the U.S. Enterprise Institute argues that "U.S. government is unable to force Beijing to yield even if it exercises more pressure. It would harden the dispute." *Voice of America*, 11 May 2013.

¹⁹ The unanimous view by ASEAN participants to the conference *Security Outlook of the Asia Pacific Countries*, National Institute for Defense Studies, Tokyo, 15-16 January 2013.

²⁰ The killing of a Taiwanese fisherman by the Filipino Coastal Guard in May 2013 was the latest incident that has produced profound impact on the maritime dispute in the region.

Generally Beijing's assertiveness is pursued in a retaliatory manner and in proportion to its perceived provocations, although the price for such assertiveness is high and hurts China's charming diplomacy.²¹ This charming diplomacy was a pre-condition for Beijing's success in persuading ASEAN to adopt a China policy based on cooperation rather than balance of power in the last decade. It now risks undoing, as seen from ASEAN's strong reaction to Beijing's relentless pressure on Cambodia in July 2012 to omit the SCS issue in the communiqué of the annual ASEAN summit. On the surface, China attained diplomatic gains, but strategically, it weakened its long-term position in Southeast Asia. For instance, Beijing driving a wedge into ASEAN states undermined ASEAN common effort to build a community by 2015, which is more strategic than the Spratly issue to ASEAN.

China's assertiveness toward Japan's nationalisation of the Diaoyu/Senkaku Islands was more forcefully exercised, but does not go beyond the category of response. State purchase was regarded as a major game changer that breached a "gentleman agreement" between Zhou Enlai and Tanaka in 1972 that shelving the dispute was necessary for both to address their more strategic concerns.²² Japan's acquiescence on this ambiguity was traded with Chinese acquiescence on Japan's de facto control over the islands. Beijing was sincere on this status quo, which gave it breathing space to attend to more urgent matters in world politics. When the status quo was maintained, not only was the Diaoyu dispute a non-"core interest" issue, it was also low in Beijing's overall foreign policy hierarchy, as Deng said "we leave it to the future generations to deal with."²³

China reacted assertively to Japan's move for several reasons. First, Noda's announcement of the purchase only one day after his corridor meeting with Hu Jintao

enormously hurt the president's face and Chinese feelings. Secondly, the procurement occurred at the most sensitive time of the year in Sino-Japanese relations, which could easily be manipulated into popular riots. Thirdly, state ownership allows for more effective state administration, both logically enhancing a process of translating de facto control into legal possession.²⁴ Fourthly, in Beijing's strategic calculus, only through an assertive response could Japan's follow-up measures be pre-empted. Noda's justification against Ishihara's purchase proposal should not be taken at face value. The fact was that his government had eight-set plans for Senkaku development after the nationalisation, from keeping the current state of affairs, building ports and facilitates, setting a government post, extraction of resources to human inhabitation. Noda personally preferred Plan B that advocated creation of a government post in the Island.²⁵ Were these plans put into practice Sino-Japanese tension would have been worse than Ishihara's act. Beijing's reaction may have deterred his first choice of dispatching public servants into the islands, which was also Abe's preferred choice that he conveyed to the public in his national election campaign in 2012.²⁶ What prevented Noda from attempting more after the buying were not just the riots, but the rioters. A large proportion of them were urban consumers who may make a difference to Japanese economic interests in China. Fifthly, China's historical strategic culture leaves little leeway for its leaders to manage domestic uproar when they make Japanese policy. Yet it is simplistic to assume that Beijing seeks such populist support. It has full knowledge about nationalism as a double-edged sword. It would have rather preferred no Noda purchase than to have to deal with a massive anti-Japanese riot, which was not only a diplomatic headache but a political threat to the state. This is why once a message was sent to Tokyo by rioting, Beijing quickly put an end to the popular actions in the street.

²¹ Kurlantzick, J., *Charming offensive: how China's soft power is transforming the World* (pp. 129-132), New York: Yale University Press, 2007.

²² *Ashasi Shimbun*, 12 July 2012; Kevin Rudd, "Asia's own Balkans a Tinderbox", *The Australian*, 2-3 February, 2013.

²³ According to major general Qiao Liang, the Spratly and Diaoyu issues are only tactical as compared with China's rise, which is strategic. Untimely resolution of a tactical challenge to the detriment of a strategic goal is not a sensible policy choice. *Global Times*, 12 September 2012.

²⁴ Hall, S., *The Principles of International Law*, LexisNexis, 2011, pp. 347-349.

²⁵ "Review of the decision on Senkaku nationalisation", *Ashasi Shimbun*, 27 September 2012.

²⁶ Noda admitted that he was hugely surprised by China's reaction. He might have miscalculated Beijing under a conviction that the rules of the game in territorial dispute are occupiers', as he had to swallow what South Korea did on the Docket/Bamboo Island during his prime-ministership. *Ashasi Shimbun*, 27 September 2012. Shigeru Ishiba, a leading LDP politician told reporters on 7 September 2012 that "ports should be built in Senkakus as a means of lifting levels of control. And we should dispatch officials to the islands permanently". *Bloomberg News*, 15 September 2012.

Beijing's One-plus Strategy to Pre-empt Escalation

Xi has been instrumental in changing China's passivity toward territorial disputes of the previous decade. Specifically he has executed a one-plus strategy to protect China's maritime claims since he took charge of Beijing's foreign affairs in 2012. The strategy means that in the game of envelope pushing, if the initiator moves one inch, Beijing would react by moving one-plus. If the initiator makes two inches, Beijing would retaliate it by two-plus. Concretely, China responded to the Philippine navy's attempt to arrest Chinese fishermen in April 2012 with semi-permanent patrol in the Huangyan/Scarborough Shoal area that it had not been able to in the past. When Vietnam promulgated its maritime territorial law in June, Beijing quickly responded by instituting the Sansha Municipality in charge of SCS affairs, a government office that China formed five years ago, but never made it official for fear of escalating Spratly tension.²⁷ Now Beijing seized the opportunity. Days after Diaoyu/Senkaku nationalisation Beijing announced the maritime boundary lines around the islands. Since then it has routinely patrolled waters within the islands' 12 n.m., again what it was unable to do previously. In all these events China was reactive, but its reaction went an extra mile in pressing sovereignty claims. This level of assertiveness is unprecedented.

Again the question for Beijing is what alternative it has versus the changed rules of the game after Washington made itself a key stakeholder of the ESCS disputes by shifting from its previous position of ambiguity to that of partial clarity. America supports ASEAN claimants' call for a collective approach vis-à-vis China, insists on dispute resolution based on international law against the 9-dotted line and extends the coverage of U.S.-Japan defence treaty to the Senkakus in clearer terms. Washington as a game changer has emboldened some disputants in facing up China and has thus made the Spratly dispute fully internationalised. Any passivity would have put Beijing in a more losing position in the battle for control over rule-setting.

On the other hand, this "one-plus strategy" is firstly one of retaliation rather than seeking to up the ante by its own choice.²⁸ Secondly, it is no irredentist, entailing no plan to eject other claimants from their islets by force. Thirdly, it is non-military to avoid armed confrontation.²⁹ Last, but not least, it designs reactive moves against being too excessive (more on this in later sections). Under these guidelines, Beijing would make sure that SCS disputes remain tactical and largely free of armed rifts, as none of others is capable of challenging China in a strategic way and Washington would not allow this to happen in the first place. This is why despite the on-going standoffs, Beijing sees probability of sizeable ESCS confrontation is low, if it restrains itself from excessive moves to escalate the tension.

What is behind the "one-plus strategy" is rationality that in-between U.S. support of other claimants as a way to constrain China and U.S. reluctance to confront China militarily, China has larger room of manoeuvring than other disputants. Chinese strategists believe that America's goal in East Asia is to pursue a level of controllable tension. Some level of territorial tension is desirable to prohibit China and highlights regional security dependence on the U.S. Yet if tension gets out of hand, it may drag U.S. troops into an unwanted war with another nuclear power. U.S. strategists similarly argue that Washington has to work out a delicate balance between pressurising China and not doing it overtly.³⁰ Indeed, China has achieved gains in the ESCSs under the one-plus strategy and got away with it, testifying the meaning of "China is a major power" – the words Yang Jiechi told his ASEAN counterparts in July 2011. For instance, any U.S. decisive move against China's de facto control in the Huangyan area and its routine patrol in the Diaoyu area will seriously hurt Sino-U.S. relationship, which is vital to the U.S. Rocks in the ESCSs test U.S. commitment to Asian security, which is important enough, but are not core U.S. interests. Its vigilance against footing a blank cheque has been well exploited by Beijing.

²⁷ Jin Yanan's comments in National Defense Skyline, *the Voice of China*, 9 August 2012.

²⁸ Minister Zhang Zhijun's speech to the 8th Blue Hull Forum in Beijing on 27 December 2012.

²⁹ General Qi Jianguo reiterated official Chinese military policy toward ESCS disputes in the 2013 Shangri-la Dialogue on 1 June that Beijing would not use force to settle Spratly disputes, but would use necessary measures to roll back others' provocations.

³⁰ RAND Report: *U.S. President Can Maintain U.S.-China Peace through Dedicat Deterrence*, RAND, 6 November 2012.

Crisis Prevention and Management of Territorial Disputes

Beijing does not seem to have any long-term ESCS policy. Its current concern or short-term objective of a maritime policy is crisis management, as possibility of armed rift in the ESCS cannot be dismissed in its assessment of Asian maritime security.³¹ At the strategic level, if Tokyo decides to use naval vessels to expel Chinese civilian surveillance ships as suggested by the LDP's official defence guideline, Beijing would have no choice but protect its civilian ships with PLAN escorts. A major escalation becomes inevitable. In the SCS an accidental clash is a constant possibility. In April 2012, the Filipino commander tried to arrest Chinese fishermen on his personal initiative. The captains of Chinese surveillance ships were much on their own to stop the Philippine naval action.³² None of their actions was premeditated but caused serious consequences. Therefore, crisis management is the top priority for Beijing's maritime policy.

Beijing's proportionally disproportional measures

One guiding principle of China's maritime policy is to react to territorial disputes in the ESCSs in an asymmetric but proportional way, the key for Xi's "One-plus strategy" to work. The emphasis here is proportional, which means that if the other claimants make one inch, Beijing would react by one-plus, not by two inches. Beijing has followed several self-imposed red lines in managing enhanced level of disputes. The primary one is to avoid actions that would force Washington to intervene directly. A second one is to prevent a cohesive collective action, e.g. by ASEAN, against China's overall regional standing. For example, a proportional response to the Senkaku purchase is to pursue civilian maritime patrols as sovereignty statement, not for law reinforcement. This is why Beijing has not moved to expel Japanese ships in the Diaoyu/Senkaku areas and it has continued to prohibit unauthorised Chinese ships inside 12 N.M. of the areas.

On the other hand, some asymmetric countermeasure is also deemed necessary for China to realise its maritime security interests. It is the way to regain initiative as the defender and as the way to deter others' further moves. Yet any asymmetric reaction has to be framed in Beijing's foreign policy principle: on just ground, to our advantage and with constraints. Without constraints, a just move triggers damaging backlashes against Chinese overall interests and the high cost would erase any advantage Beijing may enjoy otherwise. It is subtle for a right balance to be struck. The line between asymmetric and proportional response is often times thin. Furthermore, China's marine deployment in the SCS and its frequent patrols are perceived by other claimants not as being reactive by nature but aggressive enough to arouse concerns.

So far Beijing has sensibly set red lines in exercising assertiveness. The following shows how careful it is in managing ESCS standoffs so that direct U.S. intervention and collective ASEAN opposition is avoided.

- (i) The PLAN has not been used in handling stand-offs, although "the navy is behind the civilian ships that hold the first line of defence."³³
- (ii) Swapping the disputed waters with large numbers of fishing boats is an effective means of pressure but risks tension escalation. China has chosen not to do so, as it may cause Japan's massive expelling actions with U.S. support. Hundreds of Chinese fishing ships approached the Diaoyu area in October 2012 but Beijing quickly called the game off.
- (iii) The interception of a Chinese civilian surveillance plane on route to the Diaoyu area by a dozen Japanese F-15s on 22 December 2012 stimulated calls of military escort of the civilian planes. Xi ignored them lest that such an act may increase the chances of military clash.³⁴

³¹ The Chinese Academy of Social Science (Ed.), 2012, p. 125.

³² Li Mingjiang's speech to a RSIS international conference on security challenges in Southeast Asia, the Nanyang University of Technology, 15 November 2012.

³³ Major general Xu Yan, "Several decades of Sino-Pilipino disputes in the South China Sea", *Study Times*, 21 May 2012

³⁴ Information from senior PLA officers at the PLA National Defense University in Beijing in January 2013.

- (iv) PLA aircraft do not often enter Japan's Air Defence Identification Zone (ADIZ), even though Beijing never recognises ADIZ. Since the island purchase the frequency of entry has been increased. PLA analysts argued that this was meant to respond to Japan's threat to fire warning shots against Chinese planes. It is also what the PLA learns from Russians' attitudes to the idea of ADIZ. Yet such behaviour only demonstrates "an attitude of opposition," not a pattern of hostile actions to avoid military standoffs.³⁵
- (v) Xi vetoed advice to target Japanese economic interests as a way of forcing Tokyo to retrieve the island nationalisation.³⁶ This indicates that Beijing's maritime policy guidance is to compartmentalise territorial dispute from the overall bilateral relations as much as possible, although some negative implication is inevitable. Economic leverage has been selectively used, such as against the Philippines in 2012. Yet economic sanctions are more of a reserved weapon than one that can be invoked casually.
- (vi) Serious law reinforcement is executed in disputed areas where China's boundary base line is announced. This differentiates Chinese actions in the Paracel islands and in the Spratly islands. It is useful to point out that the Hainan Provincial Maritime Law is not for the Spratlys where China has not promulgated maritime basic boundary and points.³⁷

A test case is Chinese response to the Philippines' recent attempt to consolidate its beached landing ship in the Second Thomas Shoal. The beaching act in 1999 was Manila's design to occupy the uninhabited reef with soldiers stationed in the ship constantly. It was the last act of occupation among disputants. Yet the occupation is not complete, as no permanent structure has been built to support a de jure presence. Now Manila's attempt to build a civil-engineering foundation for the sinking ship has moved the occupation further toward creating a permanent structure there. To the Chinese it amounts to unilateral change of the status quo and has to be

answered. Then the question is what response it is that can be regarded as proportional. Blockading ships carrying building materials to the area can be defined as proportional in the light of status quo maintenance in the Second Thomas Shoal but pulling the beached ship away may not, still less Chinese own occupation initiative. Beijing's decision to allow logistical supply for the beached ship is appropriate. Yet all that is not only dependent on Beijing's cautiousness. Manila has to decide what the best choice it is for it as well.

The Code of Conduct: A way to maintain the status quo

Beijing has long and reluctantly acknowledged internationalisation of the Spratly dispute, proved by its signing of the Sino-ASEAN Declaration of Conduct (DoC) in 2002 and by its current negotiation with ASEAN for the Code of Conduct (CoC). This fact rectifies a commonly held view that China selects to deal with other SCS claimants on a one-to-one basis, which advantages Beijing as a stronger power. The reality is that in China's maritime policy, it does not reject multilateralism as a mechanism for crisis management and prevention, the reason why it signed the DoC and engages ASEAN for the CoC.³⁸ Beijing insists on bilateralism in seeking sovereignty resolution: it is impossible for a multi-party dispute to be resolved collectively. China does not see the Spratly dispute as Sino-ASEAN because only four ASEAN states are involved. Moreover, it perceives that ESCS issues have been leveraged as part of U.S. geopolitical coalescing to marginalise Beijing in the settlement process. Yet since sovereignty issue is widely regarded as unresolvable,³⁹ emphasis on bilateralism is more of a policy preference than a policy of substance. The most urgent regional concern over the SCS dispute is about crisis prevention that has to be worked out through multilateral forums. China has taken an active part in them, despite its reluctance.

In fact China conditionally welcomes a CoC arrangement. As its title suggests it is about conduct control rather

³⁵ Western analysts see this as a turn for the situation to get worse. Michael Cole, "Japan, China Scramble military jet in the East China Sea," *the Diplomat*, 11 January 2013.

³⁶ This was a decision by the Maritime Response Leading Group in September 2012. Oral sources in Beijing, obtained in January 2013.

³⁷ Rear Admiral Zhang Zhaozhong's comments in *Focus in the News Today*, China Central TV-4, 25 November 2012.

³⁸ In his Southeast Asian trip in May 2013 foreign minister Wang Yi reiterated Beijing's willingness to work with ASEAN for a mutually acceptable CoC.

³⁹ Australian foreign minister Bob Carr's keynote speech to CSIS, 22 March 2013, Washington D.C..

than sovereignty resolution. If the CoC would help ease envelope pushing by all parties, it would save China from continuing assertive practices, which undermine its overall global status. What Beijing hopes in the SCS is to restore the Spratly status quo of the 2000s. Status quo in the ESCSs is essential to China's "strategic opportunity period" mentioned earlier. If nobody stirs the boat, ESCS dispute is low in Beijing's diplomatic priority.⁴⁰ The CoC serves this hope by preventing stand-offs and thus serving Beijing's national interests in providing precious breathing space for it to tackle other priority threats. Stand-offs are convenient stimulants for regional coalescing against Beijing. China has generally accepted the six-point guidance for Sino-ASEAN CoC negotiation under Indonesian auspices. Chinese foreign minister Wang Yi restated this approach during his recent ASEAN trip in July.

The challenge for formulating a mutually acceptable CoC is to set a legal scope for it to regulate actions of the claimants. Some ASEAN states want the CoC to tackle Chinese sovereignty claims, i.e. the 9-dotted line. Furthermore, since the CoC is for crisis management, it should not deal with the issue of EEZ demarcation. This is what I mean by Beijing's conditional support of CoC negotiations. To Beijing, 9-dotted line and EEZ demarcation would render the CoC game zero-sum. Even if ASEAN reaches a CoC accord on these and demands China to sign, as urged by U.S. strategists, Beijing would regard it as "a piece of toilet paper", to quote remarks of a senior Chinese scholar on ASEAN affairs.⁴¹ Then the CoC negotiation would not go anywhere. Under the circumstances the delaying tactics is simply an understatement.

To Beijing, if sovereignty issue can be shelved following the status quo principle and politics of ambiguity, it is possible for an abiding CoC to be reached as a mechanism for crisis

prevention, which is not satisfactory to all but acceptable to them at a minimum level. International think-tanks can then help the disputants to design a practical plan to divide the benefits of resources extraction.

There are many obstacles for this to materialise such as outstanding standoffs in the ESCS. This highlights the value of the CoC, even if it avoids the issue of sovereignty resolution. However, eventually China has to face the sovereignty issues such as the 9-dotted line.⁴² A clear clarification of it is in Chinese interests. The current obstacle is more from China's domestic politics than from a diplomatic consideration. China has already removed two lines from it. The diplomats had a debate on how to clarify the dotted line in 1996. The leadership is no longer capable of making any concession on the 9-dotted lines under the current circumstances. Maintaining a level of ambiguity on the dotted lines is now a political imperative. When a historical opportunity is lost, it may be lost forever.

Seeking exit to the action/reaction dynamics of ESCS standoffs

While Beijing has no fixed long-term ESCS policy, its current maritime policy is focused on finding an exit to the standoffs in the ESCS, which have undermined China's overall international pursuits. All claimants have found that the action/reaction-based territorial dynamics has gone too far to serve no one's interests.⁴³ Yet situation may get worse before a turn-around to be achieved as a result of crisis that creates impetus and opportunities to tackle it.

A middle ground for strategic communications existed for the new leadership in Beijing and Tokyo. It is embedded in the 1972 mechanism of dispute shelving that had maintained the status quo for 40 years.⁴⁴ An early restoration of normal bilateral relations did not materialise

⁴⁰ General Zhu Chenghou's speech to the *International Forum on the South China Sea Dispute*, organised by Asian Society and National University of Singapore, New York City, 14-15 March 2013.

⁴¹ In an RSIS/Stanford University conference on Southeast Asia security on 14 November 2012 in Singapore, Donald Emmerson called ASEAN to present a CoC document to Beijing and said "sign it". The "toilet paper" remark was from a Chinese ASEAN specialist in Singapore in November 2012.

⁴² In a summit meeting between Jiang Zemin and Suharto Jakarta in 1994 Suharto asked Jiang to clarify why the dotted line got into Indonesia's EEZ. Jiang assured Suharto that China only claimed the islets and their adjacent waters (12 nm) within the dotted lines, not all the waters, so that there was no territorial dispute between the two countries. Suharto further required Jiang to have this written in a diplomatic document. Jiang immediately concurred. The ministry of foreign affairs presented the document to Jakarta in 1992. In 1995 and 1996 foreign minister Qian Qishen officially announced this Chinese stance in his tours to Southeast Asia. Vocal sources from both Chinese and Indonesian diplomats.

⁴³ Remarks by Bilahari Kausikan, permanent secretary of Singapore Ministry of Foreign Affairs, at the National University of Singapore, 16 October 2012.

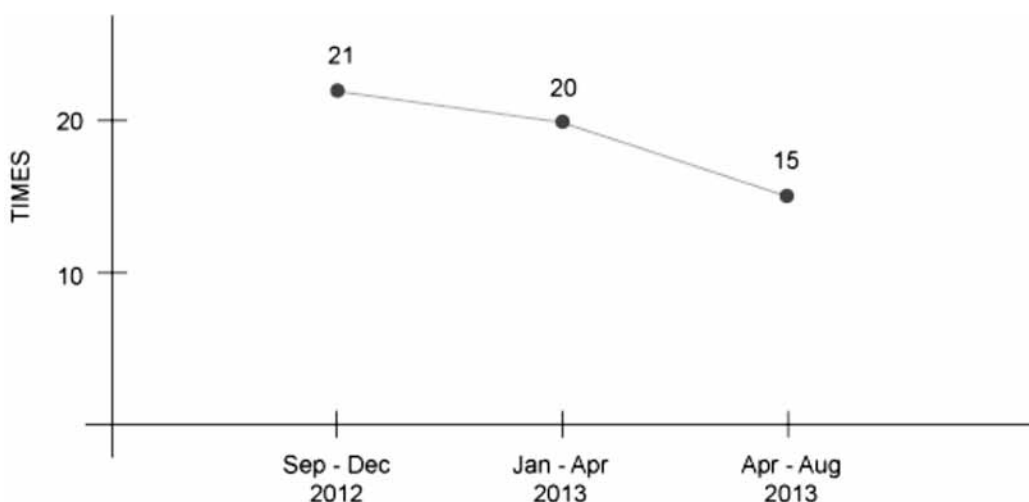
⁴⁴ The 1972 mechanism was the term used by Akio Takahara of the Tokyo University in his speech to an international conference at East Asia Institute of the National University of Singapore on 6 December 2012.

with leadership change in both countries, but hopes remain after Japan's upper house election in July.⁴⁵ From Beijing's perspective the 1972 mechanism is built upon a three-No assumption: no human inhabitation, no unilateral resource exploration and no excessive law reinforcement. This was in congruence with the DPJ purchasing guidance and is not in conflict with the LDP's Senkaku pledges. Now a mutual intention on crisis management exists to avoid standoff escalation.⁴⁶ If acquiescence on the three-No assumption can be translated into a tacit accord, in writing, as China prefers, room would be paved for talks on Chinese surveillance ships entering the waters within the islands' 12 nautical miles. Complete suspension of Chinese patrol is not realistic, as the island nationalisation has lifted the bar for the status quo. Yet negotiation can aim at entry frequencies, proportional to the purchase. For instance, with a new mutual understanding obtained on the 1972 mechanism, Chinese patrols can be reduced from the currently routine to one that is symbolic. Another option is that no side should conduct patrols on the basis of recognising Japan's de facto control over the islands.⁴⁷

Given that no such arrangement can be easily made and territorial tension may linger on in the ESCs, some temporary rules of crisis prevention should be put in place to achieve managed standoffs. These include necessary

CBMs to be inserted into the action/reaction dynamics, such as the principles of "critical distance" between ships and aircraft and no attempts of human activity in the disputed islands. It is time for China to move beyond the phase of anger-venting after the Diaoyu nationalisation and for Japan to acknowledge the areas in dispute. This will allow tension-easing measures to be worked out.⁴⁸ Both Beijing and Tokyo need to be constructive for a positive environment for negotiation to emerge, i.e. avoiding unacceptable rhetoric on history. Tokyo's restraint in not using force to expel Chinese surveillance ships and its restriction on unauthorized Japanese landing on the islands should be fully appreciated. A crucial precondition for tension easing is for Tokyo to continue this restraint. In exchange, Beijing should pledge that no naval ships or combat aircraft enter the areas. The frequencies of its surveillance ships into the 12 n.m. of the islands have plateaued and slightly declined and so have the PLA aircraft entering ADIZ (Please refer to figure one and two). More importantly, the island dispute should be insulated from the bilateral efforts to conduct the mutually beneficial relationship. After all they are neighbours and each cannot escape from the other. They share vital responsibilities of economic leadership in Asia. They must find a soft-landing solution or an exit to their current impasse.

Figure Two: Entry of Chinese surveillance ships into Diaoyu/Senkaku (12 n.m.)



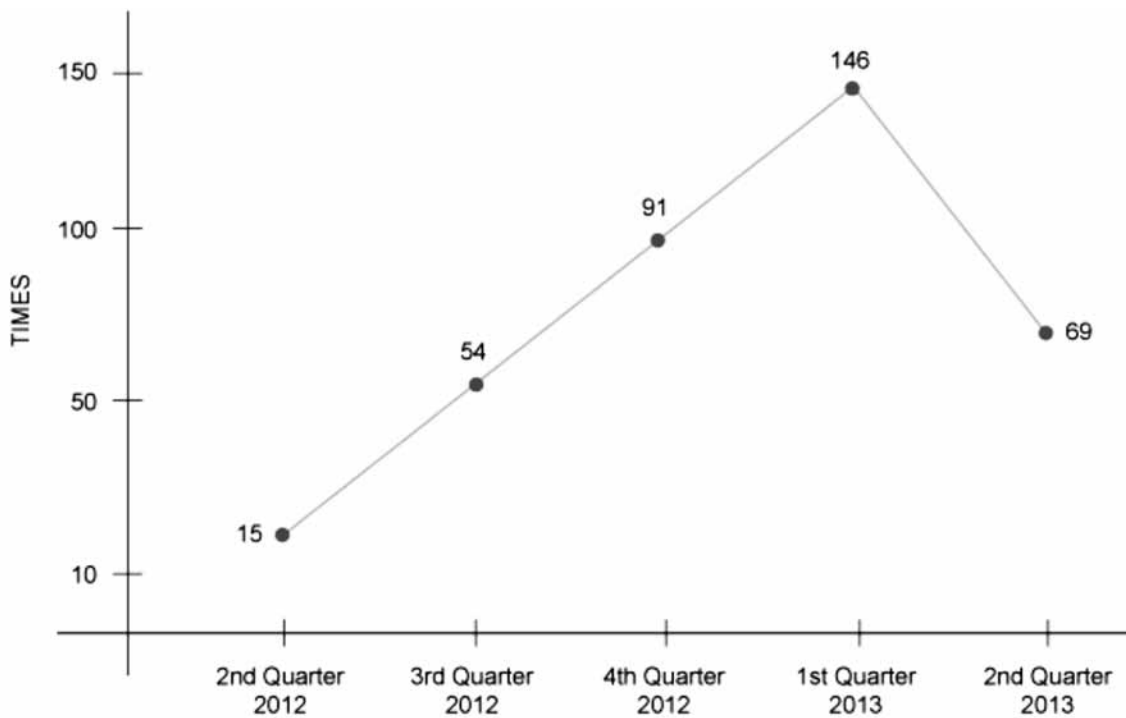
⁴⁵ General Yamakuchi's speech to the Lowy Conference of East China Sea Security on 12 June 2013, Sydney. The Chinese participant Professor Jin Canrong shared the view.

⁴⁶ This has been the message of private visits from both sides, e.g. by deputy LDP president in February and by Li Xiaolin, daughter of late Chinese president in April. Xi and Li grew up together and maintain close family ties. She heads a group of unofficial advisors to Xi on Foreign and domestic affairs.

⁴⁷ McCormack, G., "Much ado over small islands: Sino-Japanese confrontation over Senkaku/Diaoyu", *The Asia-Pacific Journal*, Vol. 11 No. 3, 2013.

⁴⁸ Progress is being made in this regard as Beijing has proposed to Japan to create an air force liaison mechanism and to restore the naval negotiation on the naval liaison mechanism of crisis prevention following a series of events such as radar locking and threat to fire warning shots by military aircraft.

Figure Three: Number of Japanese military aircraft deployed to intercept PLA planes



As far as the SCS disputes are concerned, the bulk of Sino-Vietnam dispute takes place in the Xisha (Paracel) areas and therefore remains largely bilateral. Given the two countries' top-level (e.g. the Party-to-Party) commitment and secret deals over the issue and deepening economic interdependence, China and Vietnam know where the limit is and how to refrain themselves when the dispute tends to get out of hand. So the major challenge currently is Sino-Filipino standoff. Beijing perceived that Manila's submission of a law-suit to the international court was a deliberate act in violation of the DoC and an obstacle to tension-easing. For Philippines it seemed to believe that

this was the only option to put pressure on China to retreat from Spratly claims. With the backing from Washington and Tokyo, its confidence vis-à-vis China is on the rise. However, as Professor Aileen Baviera rightly pointed out, the ultimate security guarantee for Philippines is a friendly China, not a hostile one.⁴⁹ Manila has to calculate carefully whether U.S. and Japanese pledge of support can offset the negative impact from provoking Chinese counteractions. Beijing, too, needs to discard a "teach-him-a-lesson" mentality in managing its dispute with Manila, and continues to uphold the "status quo principle" if the latter does not breach it.

⁴⁹ Baviera A., *China's Relations with Southeast Asia: Political Security and Economic Interests*, The PASCN Discussion Paper Series, No. 99-17, Manila, 1999.

Concluding Remarks

Firm counter-measures notwithstanding, Beijing's maritime policy is oriented toward crisis management. The calculated assertiveness serves a number of purposes: primarily for domestic consumption, for pre-empting further moves by other disputants, and for leaving space for political negotiations with them in order to restore the status quo. Yet there is a danger that using one-plus strategy to pre-empt further acts of the perceived provocations for the sake of crisis prevention may backlash against its original purpose, either because reactive assertiveness becomes disproportional or because the opposing parties simply react with more determination and actions.

Beijing's maritime policy is status quo based, although its response to other claimants' game-changers may have tactically altered the status quo as it was originally understood. Beijing has no hurry to resolve the sovereignty disputes.⁵⁰ This policy choice serves U.S. interests. U.S. leadership is about consolidating Asian stability. Constant standoffs undermine this leadership and are what Beijing tries to avoid. Under such rationality, China does enjoy critical breathing time and space for manoeuvring in protecting its core national interests. It is confident that it has enough leverage against envelope-pushing by other ESCS claimants, while careful enough not to over-react to its disadvantage. This subtle game will continue to play out in the years ahead with continued possibility of standoffs. Yet without armed confrontation of a scale, the standoffs would be basically tactical and manageable.

⁵⁰ General Qi Jianguo conveyed this message at the 12th Shangri-la Dialogue on 1 June 2013. He echoed Deng's remark that the dispute could be left to the future generations to handle, which is Beijing's official policy now.

Author's Biography

Dr You Ji is Reader at School of Social Sciences, the University of New South Wales. He graduated from the Peking University and Australian National University. He is author of three books, including *the Armed Forces of China*, and numerous articles. His papers appear in journals such as *the Problem of Communism*, *the International Journal of Korea Unification Studies*, *the China Journal*, *the Pacific Review*, *Comparative Strategy*, *Asia Policy*, *Japanese Studies*, *Contemporary Southeast Asia*, *the Naval War College Review*, *Strategic Analysis*, *Journal of Contemporary China*, *Contemporary Security Policy* and *Issues & Studies*. Some of his papers published in 2012/2013 include "Politics in

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The project addresses three key research concerns: First, examine major power relations in Asia. Second, analyse interstate dynamics within the maritime domain. And finally evaluate the impact of new and emerging military technologies in Asia. To that end, we organised three workshops during January-February 2013. We also commissioned a number of policy briefs, research papers, monographs, and edited volumes on critical security issues that have the potential to affect the security order in Asia over this decade.

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