

THE SENKAKU/DIAOYU ISLANDS DISPUTE
AND CHINA'S FOREIGN POLICY OPTIONS

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ABSTRACT

Since 2012 the East China Sea has seen significant escalation in tensions as Sino-Japanese relations turned for the worse following Tokyo's nationalisation of the disputed Senkaku/Diaoyu Islands. Despite the growing risk of an armed confrontation between the two major regional military powers (intentionally or accidentally), the security aspects have received limited attention within the academic literature dealing with the dispute. Approaching it from a realist perspective, this research seeks to analyse the security implications of the dispute, primarily focusing on analysing China's potential course of action under the current circumstances. The key questions this research seeks to determine is whether a military confrontation between China and Japan is likely, and whether there are alternate options for foreign policy that could aver such an outcome. The conclusion of this research is that in the short-term China is likely to follow a delaying strategy as none of the other options are attractive from a rational choice perspective. However, in the medium- to long-term this research sees a significant potential for military confrontation. This is facilitated by Japanese policy eliminating the possibility of a peaceful settlement that would be politically acceptable for China.

ABSTRAK

Sejak 2012 Laut China Timur telah menyaksikan peningkatan ketara dalam ketegangan sebagai hubungan China-Jepun berpaling untuk nasionalisasi Tokyo lebih teruk berikutan di Kepulauan Senkaku / Diaoyu dipertikaikan. Walaupun risiko yang semakin meningkat konfrontasi bersenjata antara kedua-dua kuasa tentera serantau utama (sengaja atau tidak sengaja), aspek-aspek keselamatan telah mendapat perhatian yang terhad dalam penulisan akademik yang berkaitan dengan pertikaian itu. Menghampiri dari perspektif realis, kajian ini bertujuan untuk menganalisis implikasi keselamatan pertikaian itu, terutamanya memberi tumpuan kepada menganalisis potensi China tindakan dalam keadaan tertentu. Soalan-soalan utama kajian ini bertujuan untuk menentukan sama ada konfrontasi ketenteraan antara China dan Jepun mungkin, dan sama ada terdapat pilihan alternatif bagi dasar luar yang boleh menegaskan apa-apa hasil. Kesimpulan kajian ini adalah bahawa dalam jangka pendek China mungkin meneruskan strategi melambatkan kerana tiada pilihan lain yang menarik dari perspektif pilihan yang rasional. Walau bagaimanapun, dalam sederhana hingga jangka panjang kajian ini melihat potensi yang besar untuk konfrontasi ketenteraan. Ini dibantu oleh dasar Jepun menghapuskan kemungkinan penyelesaian aman yang akan politik yang boleh diterima bagi China.

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ABBREVIATIONS

A2/AD	Anti-Access/Area Denial
AAW	Anti-Air Warfare
ADIZ	Air Defence Identification Zone
AEW&C	Airborne Early Warning and Control
ASAT	Anti-Satellite (Weaponry)
ASB	Air-Sea Battle Concept
ASBM	Anti-Ship Ballistic Missile
ASCM	Anti-Ship Cruise Missile
ASDF	Air Self Defence Force (Japan)
ASEAN	Association of Southeast Asian Nations
ASUW	Anti-Surface Warfare
ASW	Anti-Submarine Warfare
BPRO	Binding Peaceful Resolution Options
CCP	Chinese Communist Party
CMC	Central Military Commission
CMI	Civil-Military Integration
COG	Centre of Gravity
EEZ	Exclusive Economic Zone
EMP	Electro Magnetic Pulse
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GSDF	Ground Self-Defence Force (Japan)
HMS	Her Majesty's Ship
ICJ	International Court of Justice
ISIS	Islamic State in Iraq and Syria
JCG	Japanese Coast Guard
JIA	Japan Institute of International Affairs
JMSDF	Japanese Maritime Self-Defence Force

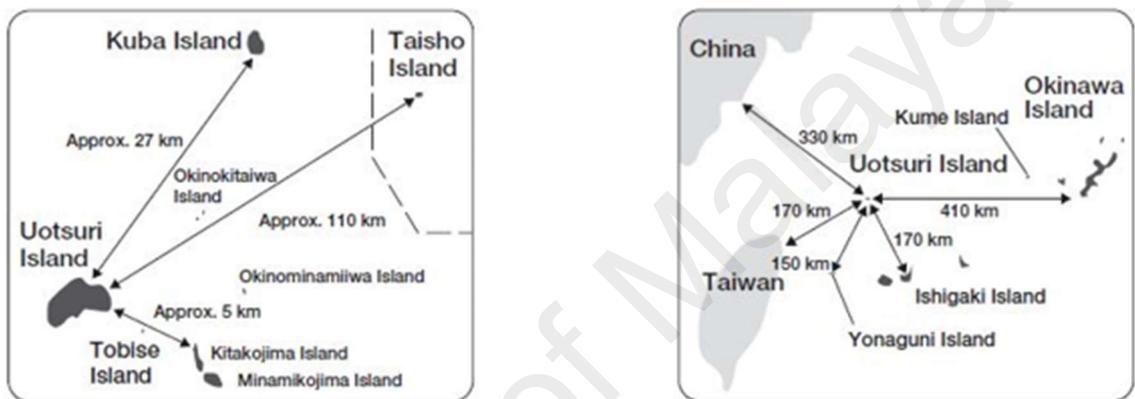
JP	Joint Planning (Guide)
JSDF	Japanese Self-Defence Force
LDP	Liberal Democratic Party of Japan
L/LWUHTC	Local/Limited War under High Technology Conditions
MSDF	Maritime Self Defence Force (Japan)
NATO	North Atlantic Treaty Organization
NBPRO	Non-Binding Peaceful Resolution Options
NSS	National Security Strategy (Japan)
PLA	People's Liberation Army
PLA-AF	People's Liberation Army – Air Force
PLA-N	People's Liberation Army – Navy
PM	Prime Minister
PRC	People's Republic of China
RMDL	Rear Admiral
ROC	Republic of China
SDF	Self Defence Force (Japan)
SLOC	Sea Line of Communication
SSK	Convention Attack Submarine
SSN	Nuclear Attack Submarine
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNECAFE	United Nations Economic Commission for the Far East
UNSC	United Nations Security Council
USNS	United States Navy Ship
USS	United States Ship

CHAPTER 1

INTRODUCTION

The Senkaku/Diaoyu Islands are a small group of islands northeast of Taiwan and southwest of Okinawa. The islands are located 410 km from Okinawa, and 330 km from the Chinese mainland:¹

Map 1.1: Senkaku/Diaoyu Islands



Although the islands once supported roughly 200 Japanese citizens and several industries, today they are uninhabited and closed off from the public. The only utilization of some of the islands is as firing range for the United States Navy. However, despite their unassuming looks as barren rocks without economic activity or population, the Senkaku/Diaoyu Islands serve as the focal point of a major power competition between China and Japan. While the islands are under of the control of Japan, they are also claimed by the People's Republic of China (PRC or China) and the Republic of China (ROC or Taiwan). In recent years, China has become increasingly assertive in challenging Japanese sovereignty and effective control over the islands, leading to a significant escalation in tension (as discussed in Chapter 2).

¹ Yasuo Nakauchi, "Issues Surrounding the Senkaku Islands and the Japan-China Relationship: A History from Japan's Territorial Incorporation to the Present Day and Contemporary Issues," in *Rule of Law Series, Japan Digital Library* (Tokyo: Japan Institute of Foreign Affairs, 2012).

The dispute between China and Japan concerning the sovereignty of the islands has received increasing attention since 2012 due to escalating tensions between China and Japan. Despite this, the dispute is still not one of the well-known territorial disputes, based on the lack of academic literature on the subject (see literature review), especially compared to the similar disputes on the South China Sea. The most worrying trend concerning the Senkaku/Diaoyu Islands has been the increased militarization of the dispute. Occasional sabre rattling and diplomatic condemnations have been a typical part of the history of the dispute since the 1970s. Thus, the traditional view, based on the reviewed academic literature, has been that the strife between China and Japan does not threaten regional security. However, since 2012, the dispute increasingly involves a military component, and thus the potential for violence, necessitating a re-examination of one's key assumptions concerning the issue. In 2013, Chinese ships locked targeting radars on Japanese vessels. In 2014, China declared an air defence identification zone conflicting with Japan's. Chinese and Japanese ships and aircraft have been in almost daily contact since China has significantly stepped up its presence in the disputed waters and airspace, creating a tinderbox waiting for an accident to light it. At the same time, the Japanese government has been shifting its security posture increasingly towards military deterrence, seeking opportunities to become more active on regional security issues. Yet the pre-2012 thinking of an armed confrontation being unthinkable continues to be dominant, despite obviously changing circumstances. One has to question whether such an assertion maintains academic validity. A critical examination of the dispute and the policy issues surrounding it is necessary to account for changing conditions.

The security environment of Northeast Asia has changed significantly over the years. The rise of China presents a significant challenge to traditional regional major powers such as Japan. At the same time, the rise of China also presents a challenge for

China itself: the Chinese Communist Party (CCP) has to decide how to use China's newfound power and influence in order to best further their national interests. This presents a policy challenge China has not faced well over a century. It seems counterintuitive that much of the pressure accumulated from these changes would be focused on the remote and seemingly low-importance Senkaku/Diaoyu Islands. This research highlights that besides economic and political interests, the disputed islands possess high strategic importance. And as in the case of anything valuable, humanity's history of wars and bloodshed highlights that one cannot simply rule out the possibility of confrontation, at least not without sufficient critical evaluation.

Thus, based on the gap identified in the literature review, this research seeks to approach the Senkaku/Diaoyu Islands from a commonly neglected approach, that of security. The possibility of an armed confrontation might look unlikely to some, but one should remember that states have fought for less, and categorical dismissal of the possibility is detrimental to effective policy formulation. While economic interdependence has acted as a constraining force on interstate conflicts in the post-Cold War order, it did not render military force obsolete, despite the hopes of its most stringent proponents. Thus, the increasingly severe security dilemma between China and Japan forces us to ponder the question of whether an armed confrontation between the two major Asian powers is unthinkable. This research seeks to examine this conundrum.

1.1 Research Objectives

In order to fully examine the conundrum the Senkaku/Diaoyu Islands dispute poses for Chinese foreign policy, this research proposes to pursue a number of objectives: First, in Chapter 2 the research examines the importance of the Senkaku/Diaoyu Islands, focusing on three key interconnected areas – territorial security, economic development and internal stability. This serves to establish the foundation of the rational choice model that is used in this research. Understanding the potential benefits gaining control over the islands would provide to China is essential in understanding the benefit side of the cost/benefit/risk ratio upon which the rational choice model depends.

Second, the research seeks to provide an in-depth critical analysis on the various foreign policy options available to Beijing to pursue sovereignty and/or effective control over the islands. These options are divided into two main categories: Military and non-military options. After an introduction to each option, including tentative execution where appropriate, two key issues are to be focused on, based on the key principles of the rational choice model used in this research. One, feasibility. This research seeks to determine whether a certain course of action can be carried out or not. Establishing feasibility is critical to the creation a feasibility set of options which will ultimately compete as part of the rational choice analysis. Two, if an option is determined to be feasible, the research seeks to examine the benefits, costs and risks associated with the foreign policy option. This allows the creation of a single cost/benefit/risk ratio, which can be used to compare and contrast options as part of the rational decision making process.

Third, this research aims to utilize the anticipatory power of the rational choice model to determine China's likely potential course of action over the Senkaku/Diaoyu Islands dispute. The cost/benefit/risk ration allows the ranking of various feasible foreign policy

options. The rational choice would be to pursue the most optimal course of action, i.e. the one with the best cost/benefit/risk ratio. This methodological approach, combined with the theoretical foundation of offensive structural realism, allows the research to anticipate China's expected conduct over the East China Sea. A favourable rating for a military course of action would be an indicator for a potential armed confrontation between China and Japan. At the same time, if a non-military option emerges as the optimal course of action, it would indicate that, despite increasing tensions, the risk of armed confrontation remains low.

Fourth, this research aims to explore the implications of the rational choice calculations for three key stakeholders in the dispute: China, Japan and the United States. The policy formulation of all of these actors is effected by the outcome of China's rational decision making process. China has to adapt its broader policy to accommodate the outcome. For example, Beijing needs to increase military preparations if direct use of force emerges as a rational course of action. Similarly, the outcome effects Japan's and the United States' policy planning. They have to modify their policies to suit the outcome of the rational choice process, for example to increase military deterrence or to increase the attractiveness of non-military options.

1.2 Literature Review

1.2.1 The Senkaku/Diaoyu Islands Dispute

The Senkaku/Diaoyu Islands dispute has received limited academic attention in the past, especially compared to the similar disputes in the South China Sea. There are two important questions to consider. Why, or in other words what interests the parties wish to pursue. And how, or in other words what tools they might employ to achieve said interests. Yet, the academic literature on both of these issues is lacking and often follows a one-track logic.

There is a limited exploration of why China would seek to control the disputed islands, i.e. what it hopes to achieve through continuing to pursue its claims. One of the key texts used to discuss the history of the dispute is authored by Koo.² Koo identifies three possible reasons why Beijing might seek control over the Senkaku/Diaoyu Islands: symbolic attachment to the territory, economic resources and strategic positioning. The crux of his argument is that China values its mutual economic ties with Japan more than it values any of these interests. Thus, it would be unwilling to escalate the dispute beyond a certain point. There are two crucial weaknesses to this argument: One, Koo spends little attention on the competing interests. They are fleshed out within the space of two paragraphs before moving on. Thus, the value of said interests is not clearly established. Or even what these three interests actually cover, especially strategic positioning. Based on Koo's analysis it is simply not possible to credibly determine the value of these interests relative to the value of mutual economic interests. Thus, his analysis fails to provide a compelling argument on why one should expect Beijing to value its economic ties over possible security and political benefits. Two, the argument is based on the idea that the relative value of competing interests remains constant, i.e.

² Min Gyo Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?," *The Pacific Review* 22, no. 2 (2009), pg. 205-232

the value of security interests does not increase or the value of economic interdependence decreases.

At its core, this oversight can be traced back to Koo's chosen theoretical framework: his argument is based on the liberal peace school of thought. At its core, this school argues that mutual economic ties almost always outweigh the benefits of aggressive military action. A critical weakness of this line of inquiry is its overly economist focus. Fravel³ highlights that proponents of the 'economic interdependence as security guarantor' school of thought often focus exclusively on the negative economic impact of the conflict, i.e. loss of trade, relative to the economic gains from it, as well as relative to the pre-conflict economic ties, while neglecting the security and political interests fulfilled through the use of force.

Chung⁴, the other article utilized in Chapter 2 to reconstruct the history of the dispute, commits a similar oversight. Chung is more pessimistic than Koo in the regard that he argues that escalation might break loose of control unintentionally. But once again, Chung devotes little attention to why China desires the islands. It comes the closest to such an examination when he argues that China might attempt to use the dispute as a diversion from domestic political issues, which increases the threat of escalation.

Highlighting the economic aspects of the dispute is a common element among various researchers, such as Su⁵, Zhongqi⁶, Kim⁷, Liao⁸ and Smith⁹. This hypothesis

³ M. Taylor Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion," *International Studies Review* 12, no. 4 (2010), 505-532.

⁴ Chien-peng Chung, *Domestic Politics, International Bargaining and China's Territorial Disputes* (London, New York: Routledge Curzon, 2004).

⁵ Steven Wei Su, "The Territorial Dispute over the Tiaoyu/Senkaku Islands: An Update," *Ocean Development & International Law* 36, no. 1 (2005) pg. 45-61.

⁶ Pan Zhongqi, "Sino-Japanese Dispute over the Diaoyu/Senkaku Islands: The Pending Controversy from the Chinese Perspective," *Journal of Chinese Political Science* 12, no. 1 (2007). pg. 71-92.

⁷ Suk Kyoong Kim, "China and Japan Maritime Disputes in the East China Sea: A Note on Recent Developments," *Ocean Development & International Law* 43, no. 3 (2012), 296-308.

argues that the dispute is continued to be escalated because both parties try to gain control of the economic resources around the disputed islands. There is a number of flaws with this line of argument: One, if the dispute would be a primarily economic matter, the parties would be more willing to seek a joint-development scheme to gain access to the resources. Liao highlights that this is not possible as the economic dispute is intertwined with a historical dispute between China and Japan. Yet, one would expect that if economic interests would be the key motivators, then a pragmatic China would seek some kind of compromise. Furthermore, China has similar disputes on the South China Sea, where limited negative shared historical experience exists, mostly limited to Vietnam, yet it failed to create stable joint-development schemes. Two, with the virtual collapse of global oil prices, one would expect the conflict to subside, as the development of one's own resources becomes less pressing. Yet, the dispute continues to be a source of antagonism, despite a reduction in the economic value of the resources concerned.

The economist approach is further questioned by Nagy.¹⁰ He argues that recent escalation in tension caused significant damage to mutual economic ties due to the vandalism of Japanese businesses, the shutdown of operations in Japanese factories and reduction in both the number of tourists and the value of FDI (foreign direct investment) from Japan to China. Nagy argues that previously one could observe a separation of politics and economics, in favour of economics, which has been the presumed modus operandi of Beijing. This gave way to a new approach where China's economic clout is used to achieve its political objectives, regardless of whether it damages the Chinese economy or not. Such behaviour undermines arguments both supporting the economist

⁸ Janet Liao, "Sino-Japanese Energy Security and Regional Stability: The Case of the East China Sea Gas Exploration," *East Asia: An International Quarterly* 25, no. 1 (2008), pg. 57-78.

⁹ Paul J. Smith, "A Crisis Postponed," *Naval War College Review* 66, no. 2 (2013), pg. 27-44.

¹⁰ Stephen Robert Nagy, "Territorial Disputes, Trade and Diplomacy," *China Perspectives* 2013, no. 4 (2013), pg. 49-57.

explanation of the dispute and presented by proponents of economic interdependence as sufficient deterrent.

Another approach to explaining why the dispute continues to be a sore point in Sino-Japanese relations is to attribute escalation to factors outside the dispute itself. Koo¹¹ argues that escalation occurs when leaders in Japan or China experience a “*legitimacy deficit*”, to which they respond by instigating a conflict to boost their nationalist credentials. At the same time, when leaders experience surplus political capital, they can afford to act in a more conciliatory matter. In essence, Koo argues that continued periodical escalation over the Senkaku/Diaoyu Islands is motivated by domestic politics while the Senkaku/Diaoyu islands dispute itself merely provides an outlet for politicians to boost their own domestic standing by taking a hard stance against the other state. That said, Koo insists that if forced to choose, economic interests will supersede political motivations. Kristof¹² expresses a similar sentiment albeit his take on the dispute is more pessimistic. He argues that “insecure regimes may try to boost their legitimacy by picking a fight, distracting disconnected citizens with military adventures”.¹³ In essence he turns around the argument presented by Koo: According to Kristof, a regime suffering from a legitimacy deficit might pursue a military campaign to maintain its grip on power, i.e. he expects the political considerations to supersede the economic interests. Chung also argues that “the timing, method and intensity of the claims, when it was periodically reasserted, were dictated not only by the positions of the three countries on the sovereignty question, but more importantly, by domestic factors not fully within the control of the governments”.¹⁴ Once again, the argument is very similar to that of Koo’s, but Chung is more pessimistic of the implications of this

¹¹ Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?."

¹² Nicholas D. Kristof, "The Problem of Memory. (Cover Story)," *Foreign Affairs* 77, no. 6 (1998), pg. 37-49.

¹³ *Ibid.*, 38.

¹⁴ Chung, *Domestic Politics, International Bargaining and China's Territorial Disputes*, 26.

trend, albeit not as much as Kristof. Chung argues that if China decides to use the issue to distract from domestic problems, it could create an environment fertile for escalation that could defy attempts to control it.

A critical weakness of this approach is that this avenue of explanation essentially considers the actual islands to be of limited importance. They are important as a symbolic issue that can act as an outlet for politicians seeking to demonstrate nationalist credentials, not as actual territory worth to be controlled. Such an approach also means that it is not in the interests of either side to seek a meaningful solution to the situation as it would eliminate said outlet.

One perspective curiously missing from the above sources is security. The islands are not usually explored for their possible strategic significance. This fact is highlighted by Zhongqi¹⁵ as he argues that the security dimension of the dispute is neglected by the greater academic literature. While he acknowledges the economic and political significance of the dispute, he also argues that the islands are particularly important for China's national defence. Control over the islands would grant a significant military advantage to China as it would create an enlarged frontier, as well as a wider maritime buffer zone around the mainland. Smith¹⁶ is also critical of the economist argument and argues for a wider security perspective. He recognizes that the strategic significance of the islands goes beyond the islands themselves: The islands could act as a focal point for China's attempts to confront the U.S.-led regional security system. Gaining control of them would signal a clear shift in the balance of power and would be a tangible milestone for China's rise as a great power.

¹⁵ Zhongqi, "Sino-Japanese Dispute over the Diaoyu/Senkaku Islands: The Pending Controversy from the Chinese Perspective."

¹⁶ Smith, "A Crisis Postponed."

While both Zhongqi and Smith raises important points, the exploration of the strategic significance of the islands remains woefully incomplete in the literature dealing with the Senkaku/Diaoyu Islands. Overall, most sources explore the origins and continued existence of the dispute from an overly economic focused approach or attribute it to external factors. Both approaches have their caveats. On the one hand, if one examines the dispute from an overly economist perspective it is easy to conclude that escalation beyond a certain point is unlikely as in the balance book mutual economic ties offer better returns than confrontation. However, this approach fails to account for how the islands could contribute to China's security and the overall grand strategic context. From a realist perspective, a state's primary motivation is security, all other interests are dependent on the existence of satisfactory security. Thus, if the islands could meaningfully improve China's security or its relative power position vis a vis Japan, then pursuing control over them would be rational even in the face of significant economic costs. Without accounting for the security perspective, the economist approach is incomplete and offers the risk of biased conclusions. On the other hand, the external factor focused approach, which attribute limited actual importance to the islands themselves, fails to explain the overall downward trajectory of the dispute – discussed in Chapter 2 – and the lengths both China and Japan seems to be willing to go to secure their interests. In either case, a comprehensive inclusion of the strategic perspective is sorely lacking from the available literature.

When discussing the 'how' element of the issue, i.e. what tools are available for China to pursue its interests over the islands or to Japan to deal with increasing Chinese assertiveness over the issue, the academic literature offers even fewer answers. Despite this research's best efforts to locate materials on the subject, no academic paper reviewed offered any examination of this issue in detail. The lack of attention to how parties can and should act within the confines of the dispute is puzzling.

Koo considers the dispute to be an outlet for other forces, thus, the focus of his examination is on what restrains escalation. As he argues from an economist perspective the solution is simple: economic interdependence dis-incentivizes escalation above a certain level. However, no attention is given to whether the parties achieve anything with the continuous cycles of escalation/de-escalation. Koo not only does not analyse whether the parties progress closer to their supposed interests over the disputed islands, which he neglects to discuss in detail to begin with, but violates its own internal logic by not discussing whether purposeful escalation is successful in diverting domestic criticism. As cycles of escalations seemingly coincide with periods of domestic criticism a conclusion is made that such cycles are motivated by said periods of criticism. However, no evaluation is made whether the initiating government is successful in diverting criticism or such a tactic fails to achieve its objective.

A similar charge can be raised against much of the existing literature. The articles that even make a passing remark on the possible tools available to the competing countries to secure their interests are few and far between. Chung argues that “with historical grievances and indivisible sovereignty, it seems that the limits of diplomacy have truly been reached, at least within this dispute”¹⁷. In essence, he expresses pessimism regarding the possibility of a negotiated solution to the dispute. Yet, he makes no attempt to further interpret this. The implications of the view ‘the limits of diplomacy have been exhausted’ remain unclear. It is not explored whether this means that one should expect the parties to resort to the use of force or whether the dispute simply continue to exist perpetually unresolved. Smith is similarly pessimistic when arguing that “in general, because of changes in the geopolitical environment, including the relative power position of Japan vis-à-vis China, opportunities for

¹⁷ Chung, *Domestic Politics, International Bargaining and China's Territorial Disputes*, 58.

peaceful resolution seem to be fading rapidly”¹⁸, but similarly to Chung the thought is not carried further.

Many of the sources are in agreement that an armed confrontation between China and Japan over the issue is unlikely. The key argument for this is economic interdependence as discussed above. However, no justification is provided for this beyond the dogmatic insistence on the unattractiveness of the use of force. No analysis is conducted to determine whether the use of force could be a valid foreign policy tool within the context of the dispute. Furthermore, whether alternate courses of actions exists and what does might be is similarly unexplored. Finally, there is no analysis on how the various potential courses of action compare to each other. To put it simply, the academic literature largely neglects to evaluate what China, and to a lesser extent Japan, might do within the context of the dispute. It is satisfied to either reassure the reader of continued stability based on ideological, rather than analytical, reasoning or to remain ambiguous in its conclusions. Not investigating the options available to China is a critical oversight if one wishes to formulate a policy capable of effectively dealing with the dispute. Such an analysis is desperately needed to provide a critical foundation to conduct a more productive discussion on the Senkaku/Diaoyu Islands dispute.

One study that analyses the possibility of China using force in the context of its territorial disputes is presented by Buszynski.¹⁹ It does not study the full spectrum of options available to China, but it provides a detailed analysis on the possibility of use of force. Buszynski provides a number of arguments which fall either into the pro or contra columns. There are a number of reasons against the use of force: Strong economic interdependence which would raise the cost of the conflict. The risk that hostile action

¹⁸ Smith, "A Crisis Postponed," 37.

¹⁹ Leszek Buszynski, "Sino-Japanese Relations: Interdependence, Rivalry and Regional Security," *Contemporary Southeast Asia* 31, no. 1 (2009), pg. 143-171.

would give rise to an anti-China coalition which would threaten Beijing's long-term strategic goals. Previous unfavourable historical precedents. At the same time, there are reasons for the use of force: Strong nationalist sentiments, the strategic importance of protecting China's economically important coast, the ideological importance of national unification and the possibility to diverting domestic pressure into outward aggression.

While the article is not strictly related to the Senkaku/Diaoyu Islands, it raises important lines of inquiry for further research. The factors highlighted by Buszynski are all part of evaluating the attractiveness of military action by establishing their relative value to each other, which serves as the basis for further rational choice evaluation in the context of other potential courses of action. While Buszynski presents a good starting point, further research is warranted to fully understand the options available to China to pursue its interests and how potential use of force fits into this framework.

The lack of focus on the strategic aspects of the dispute and the casual dismissal of the use of force as a possibility is interconnected and can be traced back to the lack of realist theoretical framework within the literature. Few works identify a specific school of thought as their perspective, but most articles seem to adopt the liberal framework of economics over hard power. Smith is the only one who is markedly realist through his attention to geopolitical factors and grand strategic competition as key characteristics of the dispute. Introducing a realist perspective would considerably improve the literature as such an approach would focus primarily on the neglected aspects, such as the strategic dimension and the possible roles of hard power.

1.2.2 Sino-Japanese Relations

Elevating the inquiry from the micro level of the actual Senkaku/Diaoyu Islands, it is important to contextualize the dispute on the macro level within the context of Sino-Japanese relations in general. At this level two dominant forces are identified to affect the relationship: On the one hand, economic interdependence is considered to be a vital part of the relationship, for better or worse. On the other hand, competing nationalist ideologies are identified as key factors shaping Sino-Japanese affairs.

Hagstrom²⁰ highlights the duality of Sino-Japanese relations: On the one hand, China and Japan share significant mutual economic ties, both in terms of bilateral trade and a large influx of FDI in China by Japanese firms. On the other, competing nationalist ideologies resulted in the significant cooling of the relationship, exemplified by antagonistic actions on both sides. On the Japanese side, nationalist Prime Minister Koizumi's yearly visits to the controversial Yasukuni Shrine not only antagonized both Beijing and Seoul but raised regional fears over the resurgence of Japanese nationalism. On the Chinese side, Beijing undertook a number of assertive actions against Japan, such as its campaign to prevent Japan's permanent membership in the UN Security Council. Based on these Hagstrom interprets that, despite a high level of economic interdependence, Sino-Japanese relations entered into an era of "cold war".

Chung²¹ provides continuity to Hagstrom, analysing the post-Koizumi era and whether Sino-Japanese relations managed to weather this taxing period of mutual antagonism. While Sino-Japanese relations did improve with the departure of Prime Minister Koizumi, significant issues remain that continue to hinder smooth relationships between the two countries. Chung argues that at the core of Sino-Japanese relations is a

²⁰ Linus Hagström, "Sino-Japanese Relations: The Ice That Won't Melt," *International Journal* 64, no. 1 (2008), pg. 223-240.

²¹ Chien-Peng Chung, "China-Japan Relations in the Post-Koizumi Era: A Brightening Half-Decade?," *Asia-Pacific Review* 19, no. 1 (2012), 88-107.

need/fear complex, i.e. both China and Japan need each other economically, but at the same time harbour a strong fear of the other. According to Chung, the most fundamental problem within this complex relationship is the basic incompatibility of Chinese and Japanese nationalism, which will continue to prevent a harmonic relationship between the two major Asian powers.

Both Chung and Hagstrom highlight that Sino-Japanese relations are caught between two powerful forces: On the one hand, economic factors force China and Japan to cooperate. On the other hand, the basic identities of the two powers force them to compete at the same time. Smith uses an excellent analogy when arguing that “China and Japan, like two partners in an estranged but lucrative marriage, are inextricably tied to one another”²².

The issue of Chinese nationalism has received significant attention in the academic literature. The overall literature identifies two key characteristics, often referred to as Middle Kingdom Syndrome and the Century of Humiliation experience. On the one hand, the first concept refers to the idea that China has been historically a uniquely prominent civilization and thus it should aspire to regain a position of leadership in world affairs. Scott argues that “China is not rising, rather than she is re-emerging”²³ while quoting Newman that “China today is inferred with a profound sense of destiny, a steady determination to regain primacy in world affairs”.²⁴ Kissinger concurs with the view that today’s Chinese leaders are infused with a great sense of a historical mission:²⁵

China’s splendid isolation nurtured a particular Chinese self-perception. Chinese elites grew accustomed to the notion that China was unique – not just “*great civilization*” among others, but civilization itself.

²² Smith, "A Crisis Postponed," 40.

²³ David Scott, *China Stands Up: The Prc and the International System* (London: Routledge, 2007), 11.

²⁴ Ibid.

²⁵ Henry Kissinger, *On China* (London: Penguin Books, 2011), 10.

As the Chinese saw it, a host of lesser states that imbibed Chinese culture and paid tribute to China's greatness constituted the natural order of the universe.

The conflict between this sense of great civilization and the 19th and 20th Century history continues to be a major scar on the Chinese national psyche. The subjugation of the Chinese state, first at the hand of Western imperial powers then at the hand of Imperial Japan, nurtures distrust and hostility towards the outside world and creates a deep-rooted hostility towards Japan. Callahan²⁶ discusses how deeply a sense of humiliation, at the hands of foreign invaders, is ingrained in Chinese culture and how it is reinforced and reproduced every day. He argues that a unique brand of 'pessoptimism' is the result: pride over past achievements and fears over continued security.

A crucial question to consider is why nationalism is so important in a Chinese political context. Every nation has nationalist elements and uses nationalism in some form to provide cohesion to the mass of people it recognizes as its citizens. The consensus in the literature seems to be that Chinese nationalism is especially important as the Chinese Communist Party is increasingly dependent on it as a source of legitimacy as its traditional communist ideology loses relevance.²⁷ In turn, Chinese nationalism meaningfully shapes Beijing's foreign policy. Callahan argues that "the PRC's national security is closely tied to its nationalist insecurities, domestic politics and foreign policy overlap, soft and hard power produces each other, and elite and man are intertwined"²⁸. Shirk offers a similar, albeit more technical view: She argues that an

²⁶ William A. Callahan, *China: The Pessoptimist Nation* (Oxford: Oxford University Press, 2010).

²⁷ Jun Tsunekawa, *The Rise of China: Responses from Southeast Asia and Japan* (Tokyo: The National Institute of Defence Studies, 2009); Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion."; Reinhardt Drifte, *Japan's Security Relations with China since 1989: From Balancing to Bandwagoning* (London, New York: Routledge Curzon, 2003); Michael Heazle and Nick Knight, eds., *China-Japan Relations in the Twenty-First Century: Creating a Future Past* (Northampton: Edward Elgar Publishing, 2007); Peter Howarth, *China's Rising Seapower: The PLA Navy's Submarine Challenge* (London, New York: Frank Cass, 2006).

²⁸ Callahan, *China: The Pessoptimist Nation*, 13.

echo chamber has been created within China. The news media feels compelled to reports issues with a nationalist slant, both to appeal to a population subjected to the patriotic education system and to avoid the scorn of censors. In turn, politicians who monitor to media to get a sense of the people feel a strong pressure to act in a nationalist manner.²⁹ In effect, this creates a self-reinforcing cycle of nationalism which ensures that nationalist ideas meaningfully shape the responses of the Communist Party to both domestic and international events.

Chinese nationalism is volatile, suspicious of foreigners and beyond the control of anyone in general.³⁰ However, it becomes most explosive when it interacts with Japan. Anti-Japanese sentiments run strong in contemporary Chinese society, the roots of which can be traced back to the wars of the 20th Century. Traditionally China considered Japan to be a lesser state, one that was allowed to enjoy the rewards of Chinese culture, but was ungrateful towards China. Japanese piracy has been a nuisance throughout China's imperial period. However, the strongest roots of anti-Japanese sentiments can be traced back to the early 20th Century: China was humiliated not only by Western but Japanese Imperialists. The emergence of Japan as a major power when China declined, and Japan's, a perceived lesser state's, treatment of China, such as during the 1st Sino-Japanese War and the issuing of the 21 Demands, as well as the unspeakable brutality of the invading Japanese troops during the Second World War, all significantly contribute to prevailing anti-Japanese sentiments, which is reinforced through the national humiliation discourse. Jian argues that anti-Japanese nationalism has become both more organized and more aggressive in recent years, moving from a reactive stance to becoming increasingly pro-active.³¹

²⁹ Susan L. Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2008).

³⁰ Callahan, *China: The Pessimist Nation*.

³¹ Heazle and Knight, *China-Japan Relations in the Twenty-First Century: Creating a Future Past*.

The situation is further exasperated by Chinese nationalism's interactions with a mutually incompatible Japanese nationalism.³²

For Japan, asserting nationalist pride is about leaving the past behind in a way that the post-war generations are comfortable with. In China, however, it is the injustices of the past – particularly those of Japan's making – that underpin China's contemporary national identity as a once great power reasserting its traditional status and prestige.

On the one hand, while Chinese nationalism emphasizes a remembrance of shared history, Japanese nationalism emphasizes a departure from the past, moving beyond the scars left on the national consciousness by Japanese Imperialism and its defeat during the Pacific War. On the other hand, post-War Japan traditionally views itself as the leading nation of East Asia, as expressed in concepts such as the Flying Geese Paradigm, which sees other Asian nations lining up behind Japan, following its lead. One does not have to look too closely to discover the vestiges of the same thinking that lead to Japanese imperialism in the past. However, this idea of exceptionalism is challenged by the emergence of China and Beijing's demands for a leadership role³³, as well as China's own ideas of exceptionalism.³⁴

Thus, a dynamic emerges in which Chinese identity can only be understood in the context of historical factors Japan tries to leave behind. This creates strong mutual hostility, where Beijing accuses Japan of failing to atone for past injustices, and Tokyo increasingly growing wary of China's insistence of 'digging up the past', so to speak. Emmers insightfully illustrate this paradox within the context of the Senkaku/Diaoyu Islands when arguing that "in China's view, Japan's failure to compromise on the

³² Ibid., 3.

³³ Chung, "China-Japan Relations in the Post-Koizumi Era: A Brightening Half-Decade?."

³⁴ William A. Callahan, "Sino-Speak: Chinese Exceptionalism and the Politics of History," *The Journal of Asian Studies* 71, no. 01 (2012), pg. 33-55.

question of territorial sovereignty over the Senkaku/Diaoyu islands is [...] viewed largely as a lack of remorse for its violent past”³⁵.

Based on the section above, one can see that there is a strong driving force for competition and hostility within Sino-Japanese relations. The key question is then whether economic interdependence can successfully mitigate such competition. While, as discussed above, some economics focused sources continue to propagate the stopping power of economic interdependence, a number of sources question such assumptions. Masako Ikegami argues that it is “too naïve to assume that China can be engaged solely by economic interactions and interdependence through economic globalization”³⁶. Similarly, Heazle and Knight argue that despite expectations, growing economic interdependence failed to bring closer Sino-Japanese ties in the 21st Century.³⁷ Buszynski argues that economic interdependence on its own is insufficient to prevent conflict. Instead one should focus on how nations mitigate their independent relations within the political framework of ideological and nationalist predisposition.³⁸ On a theoretical level, Drifte argues that the deterrence value of interdependence diminishes as equality within the relationship increases³⁹, the exact trend one can observe in Sino-Japanese relations

In the end, one can observe that Sino-Japanese relations are meaningfully less stable than proponents of economic interdependence would suggest and that it is open to deep-rooted issues along historical and ideological lines. In light of this, it becomes, even more puzzling why the security aspects of Sino-Japanese disputes are so neglected. There is nothing to suggest in the greater context of Sino-Japanese relations that

³⁵ Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia* (London, New York: Routledge, 2010), 24.

³⁶ Tsunekawa, *The Rise of China: Responses from Southeast Asia and Japan*, 41.

³⁷ Heazle and Knight, *China-Japan Relations in the Twenty-First Century: Creating a Future Past*.

³⁸ Buszynski, "Sino-Japanese Relations: Interdependence, Rivalry and Regional Security."

³⁹ Drifte, *Japan's Security Relations with China since 1989: From Balancing to Bandwagoning*.

sufficient forces are in place to prevent catastrophic escalation within the Senkaku/Diaoyu Islands dispute. On the contrary, the opposing national identities and ideologies of the two powers further increase the risk of the dispute culminating in an armed clash.

1.2.3 The South China Sea

China faces disputes similar to the Senkaku/Diaoyu Islands on the South China Sea: territorial disputes concerning the sovereignty of remote islands. The key difference is that on the South China Sea China faces a group of minor powers, as opposed to a major power such as Japan. The conflicts on the South China Sea received broader and deeper attention in the academic literature than that of the East China Sea.

Odgaard⁴⁰ argues in the context of the South China Sea disputes that they represent a key strategic concern for China, as they are considered crucial to creating a maritime security zone deemed essential for the long-term security of China. She argues that, while the economic costs of a potential use of force would be high, one cannot rule out the option because of past precedents of Chinese use of force and the immense security value associated with the region. Furthermore, she argues that a potential use of force would be a test case for other disputes involving China: If the use of force is successful, then it would incentivize the utilization of this tactic within the context of other disputes.

One can definitely observe that China is attempting to use the tactics it used on the South China Sea within other contexts, primarily the East China Sea. China has attempted a policy of shelving the territorial issue in favour of joint-development, which gave a foundation for optimism. But Odgaard argues that China's commitment to this

⁴⁰ Liselotte Odgaard, *Maritime Security between China and Southeast Asia: Conflict and Cooperation in the Making of Regional Order* (Burlington: Ashgate Publishing, 2002).

route was quickly abandoned in light of growing power disparity with the ASEAN states and the fact that it has been unsuitable to serve China's security interests. The focus on joint-development was followed by the adoption of a more assertive stance: Increasing Chinese naval presence in the region, enforcing Chinese claims in disputed waters and interfering with other states', such as Vietnam and the Philippines, naval activities, in an attempt to intimidate the other parties into a conciliatory behaviour. The tactic offered reasonable results, especially against the Philippines. It is no surprise that Beijing attempts to translate the same tactic onto the East China Sea: Adopting a more assertive stance and focusing on coercion and intimidation over consensus building. And similarly to the South China Sea, the East China Sea has the potential to become a test case. If Beijing manages to achieve its objectives over the Senkaku/Diaoyu Islands through coercion and assertive foreign policy, it is reasonable to expect that it would negatively impact all of its other disputes.

The dispute on the South China Sea has received deeper attention on the aspect of security policy. Goh⁴¹ argues that the ASEAN states follow a successful security path based on balancing and omni-enmeshment. On the one hand, while the ASEAN states prefer the continued primacy of the U.S. as a distant security guarantor, they will periodically seek to improve their relations with China to avoid to be too closely tied to the U.S. On the other hand, they seek to involve as many great powers as possible in the region, in an attempt to create a situation where the opposing interests of great powers cancel each other out, neither of them allowing the other to extend its influence over the region too much. This view is shared by Ciorciari.⁴² Kai⁴³ presents the same argument

⁴¹ Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security* 32, no. 3 (2007), pg. 113-157.

⁴² John David Ciorciari, "The Balance of Great-Power Influence in Contemporary Southeast Asia," *International Relations of the Asia-Pacific* 9, no. 1 (2009), pg. 157-196.

⁴³ Kai He, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia," *European Journal of International Relations* 14, no. 3 (2008), pg. 489-518.

that others do concerning the East China Sea, namely that economic interdependence will continue to effectively dictate state behaviour.

Yee⁴⁴ conducts a comparative analysis on both the South and East China Sea disputes. He finds that the East China Sea offers a much higher risk of uncontrollable escalation due to the lack of established institutions while the risk is lower on the South China Sea due to the myriad of IGOs established by ASEAN and various partner states that offer a better framework to mitigate escalating tensions.

But even on the South China Sea, there are critics of supposed arguments for stability. Prabhakar⁴⁵ argues that the recovery of the disputed South China Sea territories, just as in the case of the Senkaku/Diaoyu Islands, is part of China's nationalist project and that the century of humiliation cannot be rectified until their recovery is completed. Prabhakar argues that growing Chinese assertiveness, and the fear it promotes among the ASEAN states, results in a growing arms competition in Asia, but according to him the ASEAN states have little chance to match the military potential of China. Stryker⁴⁶ argues that the South China Sea disputes should be understood as part of a greater grand strategic competition between the U.S. and China, i.e. China needs to confront the status quo if it wishes to continue to grow as a great power. Stryker's point is similarly true for the Senkaku/Diaoyu Islands dispute: to achieve regional hegemony, China needs to push against the established security order, led by the U.S., and especially against the most prominent U.S. ally in the region, Japan.

One can see that the discussion on the South China Sea is significantly more diverse, and has a more prominent focus on security, than the one currently on the East

⁴⁴ Andy Yee, "Maritime Territorial Disputes in East Asia: A Comparative Analysis of the South China Sea and the East China Sea," *Journal of Current Chinese Affairs; Vol 40, No 2 (2011): The State and Religion in China: Buddhism, Christianity, and the Catholic Church* (2011), pg. 165-193.

⁴⁵ Kwa Chong Guan and John K. Skogan, eds., *Maritime Security in Southeast Asia* (New York: Routledge, 2007).

⁴⁶ Ibid.

China Sea, despite the strong similarities between the two disputes. Observing China's assertive foreign policy on the South China Sea, and its relative perceived effectiveness, promotes the reasonable expectation that a similar approach will be used on the East China Sea. However, as over the Senkaku/Diaoyu Islands China confronts an equal military competitor, the security competition resulting has the potential to be significantly more severe.

1.3 Significance of Study

Based on the literature review in the section above, this research has identified a key gap within the existing literature: The discussion on the Senkaku/Diaoyu Islands dispute lacks a thorough examination of the security dimensions of the dispute, especially examining the dispute's potential to escalate to the point of a military confrontation between China and Japan. This can be partially explained by the theoretical homogeneity of the current literature. Most of the comprehensive studies examining the dispute, such as Chung's or Koo's, adopt a distinctively economic interdependence focused approach. This theoretical framework provides little space for exploring the security implications of the dispute, as economic interdependence presupposes that war is the result of irrational state behaviour, which by its irrational nature is resistant to analysis. While this approach provided a convenient explanation for the cyclical nature of the dispute in the past, a critical re-examination of the dispute is required to account for the escalation that occurred in 2012 and the increasingly competitive military postures Beijing and Tokyo adopts.

To address this gap in the literature, this research adopts a rational choice framework to explore the various policy options available to China. The rational choice decision making model is at the core of both an offensive structural realist approach, which is utilized by this research, and the various economic-minded theories competing

with it, for example economic interdependence theory. Thus, it provides a suitable avenue to critically examine the current state of the dispute and its potential progression, without being overbearingly beholden to a singular theoretical approach.

A re-evaluation of the dispute is necessitated by recent events. Tensions escalated significantly in 2012 following the nationalization of three of the disputed islands by Japan. The current Abe Administration in Tokyo has used China's assertive response to justify its own military expansion, creating an increasingly competitive military dynamic that has not been typical for Japan, which traditionally adopts an anti-militarist posture. Within this shifting policy landscape, understanding the core of China's policy behaviour is essential as it provides a solid foundation for further policy discussion. Assuming without confirmation that economic interdependence will act as an effective deterrent despite significant shifts in the security environment could potentially contribute to risk-taking policies that could further degrade regional security.

1.4 Theoretical Framework

As indicated through the literature review and the research objectives, this research is highly interested in the strategic implications of the Senkaku/Diaoyu Islands dispute. As this research deals with the security aspects of a territorial dispute, military power and the question of expansion have pre-eminent importance in seeking to address the research gap identified above. Examining the key ontological assumptions of this research will not only provide a solid framework, but also highlight where this research can be positioned in relation to the major theories explaining international relations.

1.4.1 The Nature of the International System

First and foremost it would prudent to appertain the theoretical leanings of this research within the context of larger considerations concerning the international system. In the broadest sense, this research subscribes to the political realist school of thought (the particular variant of realism this research uses will be narrowed down below). Hans Morgenthau argues that the modern (contemporary) history of political thought is defined by the struggle of two conflicting perspectives: One asserts that humans are inherently good and that a rational and moral political order can be achieved here and now. Any failure to measure up to these standards is the result of ignorance, obsolete institutions and individual depravity, all of which can be corrected. Morgenthau positions political realism in opposition to this political idealism, arguing that realism focuses on the idea that the imperfections of the system are the inherent result of human nature. Political realism argues that these traits cannot be corrected, but need to be accommodated. In a world dominated by interests and the conflicts they generate, moral principles can be never be fully realized, and thus one should aim for seeking the lesser evil of options, rather than absolute moral goodness.⁴⁷ In essence, realism recognizes that competition and conflict is not a deviation from the norms of the international system, and thus needs to be corrected, but rather the essence of it.

One key division between the various schools of realism is whether they belong to the classical or the structural camp of the theory.⁴⁸ Waltz highlights the important distinction between the two in his *Theory of International Politics*. He argues that classical realism identifies the unit-level interactions of states as its key focus. For example, when discussing balance of power, he asserts that classical theorists analyse

⁴⁷ Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, 7th ed. (Boston: McGraw-Hill, 2006), 1.

⁴⁸ In distinguishing between classical and structural realism this research uses the model proposed by Taliaferro, which recognizes offensive and defensive variants of both schools of thought. Jeffrey W. Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," *International Security* 25, no. 3 (2000), pg. 128-161. Passim

states' conscious efforts to create such a balance.⁴⁹ In contrast, Waltz highlights the importance of structural elements, i.e. how the very structure of the international system affects and constrains states' interactions.⁵⁰ In this sense, the system is not merely a product of the interactions between its parts but has an effect of its own on how the units interact amongst each other. By shifting the focus of analysis to the structure of the international system, one is allowed to eliminate a number of variables from the equation (namely culture or other idiosyncrasies) as the focus shifts from how the units interact to how they stand in relation to each other within the system.⁵¹ A structuralist approach focuses on what behaviour the system enforces by virtue of its own characteristics rather than through the conscious actions of its parts. This approach presents a number of advantages for this research. By removing factors such as culture or leader personalities from the equation this research can reduce the potential negative effects of cultural distance and the inherent unknowability of leaders minds, especially in a highly non-transparent state such as China. Through adopting a structural realist approach this research can render the state itself into largely a 'black box', while focusing on how China can mitigate structural forces within its interactions with Japan over the Senkaku/Diaoyu Islands. Similar sentiments are expressed by Mearsheimer when he argues that state behaviour is primarily influenced by external structural forces: there are no good or bad states as all act according to the same structural logic regardless of culture and system of government.⁵²

There are a number of assumptions both the defensive and offensive variants of structural realism have in common. It would be beneficial to highlight the ontological assumptions shared by these differing schools before highlighting their differences.

⁴⁹ Kenneth N. Waltz, *Theory of International Politics* (Reading: Addison-Wesely Pub. Co., 1979), 120.

⁵⁰ *Ibid.*, 99.

⁵¹ *Ibid.*, 80.

⁵² John J. Mearsheimer, *The Tragedy of Great Power Politics* (London: W. W. Norton & Co., 2014), 17-18.

Both schools of structural realism, as well as most other major theories concerning the topic, recognize that the international system is in a state of anarchy. Realism attributes central importance to this fact. Waltz illustrates the significance of this by comparing a domestic hierarchical order to an anarchic international one.⁵³ In a hierarchical domestic system there is a central authority that ensures compliance with the established rules and the security of the various units in the system. The government makes and enforces laws and maintains a standing army and a police force to protect against enemies domestic and foreign. Citizens subscribe to the prevailing social contract through which they transfer a portion of their power to the state (such as renouncing part of their sovereignty) in exchange for security. In a functioning system they have the reasonable expectation that the state will protect their physical safety and key interests. This is obviously not true for the international system, where anarchy prevails. In the contemporary international system, despite the existence of international governmental organizations (IGOs) such as the United Nations (UN), there is no higher authority over states. States do not subscribe to any social contract to transfer part of their sovereignty to a higher authority. On the contrary, absolute state sovereignty continues to be one of the highest ideals of the international systems. However, this also means that states are left to their own devices to ensure their own safety, as there is no formal international police force to protect one state from another. While hegemonic powers occasionally impose their will on other states to secure stability in the system, or the UN occasionally creates peacekeeping forces, this is hardly the equivalent of the extensive protections a citizen enjoys in a domestic context. Within a domestic environment it is unlikely that someone allied to the person mugging you could veto the dispatch of police.

⁵³ Waltz, *Theory of International Politics*.

Anarchy has profound implications for state behaviour. Such a system inherently promotes the idea of self-help, namely the pursuit of building up capabilities that enables one to ensure its own security. In a domestic concept citizens do not need to do so as the police is expected to exercise force. However, would social order collapse, it would be reasonable to seek out a weapon to defend against one's neighbours. Waltz argues that "self-help is necessarily the principle of action in an anarchic order".⁵⁴ In the absence of a higher authority states are expected to protect their existence and promote their key interests through whatever means necessary, including the use of force if necessary. In essence, the international system is in the 'primitive' conditions of the state of nature, as opposed to a more 'evolved' (formalized) domestic environment. Each unit is independent (sovereign) and its freedom of action is only constrained by its ability to best others. Looking back to the previously discussed distinction between political realism and political idealism, realism tends to have a pessimistic outlook on what this means for the system. Realism is a theory rooted in Hobbesian view that the state of nature would be dominated by conflict. As Waltz argues, "among the state of nature is a state of war".⁵⁵ This notion is echoed by Gray in *Maxim 29* where he rejects the idealist notion that society will eventually overcome war. Humans are programmed by nature to fight for "fear, honour and interest",⁵⁶ and anarchy allows such pursuits through the prevalence of self-help.

The question of self-help and anarchy leads to some of the central concepts of realism: balance of power and the security dilemma. Under the condition of anarchy it is rational for states to seek to improve their own security in order to survive. This is achieved through improving their own power. Morgenthau argues that the acquisition of

⁵⁴ Ibid., 111.

⁵⁵ Ibid., 102.

⁵⁶ Colin S. Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy* (London: Praeger Security International, 2007), 129.

power is the ultimate aim of international politics.⁵⁷ Mearsheimer similarly argues that “what money is to economics, power is to international relations”.⁵⁸ However, the international system operates under the condition of imperfect information: it is impossible to tell with certainty what the motives of others are and there is no police force to protect from the consequences of miscalculation. This gives a high importance to perceptions of the balance of power between states, i.e. the relative distribution of power between states. To use a simple example, would social order collapse, it would be prudent to know whether one’s neighbour possesses weapons which could be used against oneself or not. If so, it would be also prudent to acquire weapons in order to ensure one’s safety. If not, even then it might be prudent to do so in order to exercise power above them. The relative distribution of power directly affects the security of states, as well as to promote their own interests in a competitive system.

The idea of the balance of power is central to the realist political thought, albeit it is advocated differently by competing schools of thought. States are continuously preoccupied by measuring their own power relative to others, keenly looking out for any negative imbalance. In structural realist theories such a central mechanic is the result of structural forces, primarily anarchy. However, defensive and offensive structural realism disagree on what are the implications of balance of power politics on state behaviour, which will be discussed in the next section dedicated to state behaviour.

The balance of power, combined with unresolvable uncertainty within the international system⁵⁹, creates the security dilemma dynamic. It is rational for states to aim to improve their own power in order to better ensure their own security and protection of interests. However, this will affect the balance of power. Morgenthau uses

⁵⁷ Hans J. Morgenthau, *Politics among Nations*, 29.

⁵⁸ Mearsheimer, *The Tragedy of Great Power Politics*, 12.

⁵⁹ Ken Booth and Nicholas Wheeler, *The Security Dilemma - Fear, Cooperation and Trust in World Politics* (New York: Palgrave Macmillan, 2008).

the image of a scale.⁶⁰ If one state accumulates power, it gains an advantage over the other reordering the balance of power (one end of the scale goes down, while the other rises). However, imperfect information means that states cannot know whether the state accumulating power does so purely for defensive purposes, or whether it harbours offensive intentions. The rational behaviour for them to begin acquisition of power of their own to reverse the movement of the scale and re-establish an equilibrium. At the same time, this forces a competitive dynamic of armament and hostility on the system as insecure states might pursue expansion to restore balance. This can overall result in a reduction of overall security on the systemic level as a consequence of unit level security seeking behaviour. Jervis highlights how under the condition of imperfect information and in the absence of guarantees individual rationality might leave the whole system worse off.⁶¹

The inherent unknowability that contributes to the security dilemma arises partially from the nature of military power itself. Defensive realists often discuss the idea of offensive and defensive armaments, which in theory could signal one's intentions. Acquiring defensive weaponry would suggest status quo intentions, while the acquisition of offensive armaments would suggest revisionist ones. However, Mearsheimer highlights that every state inherently possesses offensive capabilities, and that such a distinction is hardly possible in practice.⁶² A main battle tank can just as easily be used to attack as to defend against enemy tanks, and is necessary for both offensive and defensive postures. Even seemingly defensive acts, such as building border fortifications, have offensive connotations: improving border defences could mean that less troops are needed to defend them, freeing up resources for offensive operations. Armaments can be used both offensively and defensively (whether directly

⁶⁰ Hans J. Morgenthau, *Politics among Nations*.

⁶¹ Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (1978): 167-68.

⁶² Mearsheimer, *The Tragedy of Great Power Politics*, 3.

or indirectly) and thus it is simply impossible to signal intentions through acquisition alone. At the same time, any other signalling is equally worthless. All know since Sun Tzu that deception is key to victory. Thus, under anarchy one cannot really trust their neighbours' assurances that their power acquisition is purely for defensive purposes. And even if one could, there is no guarantee that these intentions do not change as time progresses.

This lends a certain zero-sum quality to realist political theory. Any gain by a unit within the system will be at the expense of other units.⁶³ Security is inherently expressed in relation to one another in the international system. Although relative wealth has implications (in terms of latent power⁶⁴), it is possible for two states to be wealthy at the same time, i.e. to possess the resources to cover all their expenditure. It is not possible for two states to be secure at the same time, unless they are separated by impassable obstacles. As long as one state possesses more power than the other, the disadvantaged one will always be somewhat insecure. And its attempts to improve security will decrease the security of all others.

1.4.2 The Nature of States

While structural realist theories are primarily concerned with the effects of structural forces, it is important to examine how these forces affect state behaviour. For political realism the state is the primary unit of analysis. And for the purposes of analysis structural realist theories, beginning with Waltz as discussed above, tend to treat the state as a unitary actor, rendering it a 'black box'. A unitary actor is characterized by the pursuit of a single key direction, all of its actions, regardless of how diverse they might appear, contribute to this singular purpose. For realists this singular purpose is survival

⁶³ Ibid., 18.

⁶⁴ Ibid, 55.

under the condition of anarchy. This is shared by both defensive⁶⁵ and offensive⁶⁶ realists. Furthermore, realism assumes states to be rational actors, which is one of the five key bedrock assumptions of offensive realism according to Mearsheimer.⁶⁷ From a pragmatic perspective rationality means that states adopt a rational choice model, analysing costs versus benefits, when selecting a course of action. State rationality has significant importance for this research, as it utilizes an extended rational choice model (cost, benefit, risk) to anticipate Chinese foreign policy, further proving the suitability of a realist approach to tackle the questions at hand.

The key difference between offensive and defensive structural realists is their conflicting views on how anarchy and balance of power politics affect state behaviour. Defensive realists suggest that the rational behaviour for states is to pursue the maintenance of the status quo. Respond to any change within the balance of power, but ultimately not to seek to overturn it. Expansion is only rational under narrow circumstances and states should aim to pursue moderate policies.⁶⁸ Waltz argues that “states balance power rather than maximize it. States can seldom afford to make maximizing power their goal. International politics is too serious a business for that.”⁶⁹

In contrast, offensive realists argue that the rational behaviour for states is to pursue power maximization.⁷⁰ Mearsheimer takes umbrage to Waltz’s notion that states should be satisfied with the ‘appropriate amount of power’ and that any further acquisition would have diminishing returns. While in defensive realism all states are inherently status quo balancers, in offensive realism they are inherently revisionist.⁷¹ In Mearsheimer’s offensive realist world “the system is populated by great powers that

⁶⁵ Waltz, *Theory of International Politics*, 91-92.

⁶⁶ Mearsheimer, *The Tragedy of Great Power Politics*.

⁶⁷ *Ibid*, 31.

⁶⁸ Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," 129.

⁶⁹ Waltz, *Theory of International Politics*, 127.

⁷⁰ Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," 128.

⁷¹ Glenn H. Snyder, "Mearsheimer's World-Offensive Realism and the Struggle for Security: A Review Essay," 27, no. 1 (2002): 152.

have revisionist intentions at their core”.⁷² There is no diminishing return as any widening of the gap between a state and its adversaries improves said state’s security.

This key difference can be traced back to the inherent uncertainty of the international system. Mearsheimer is closer to Morgenthau on the matter. Although the two disagree on what motivates state behaviour, Morgenthau shares Mearsheimer’s notion of power maximization. Morgenthau argues that states should not aim for equality but superiority, as the balance of power is fluid and in constant fluctuation. Under the condition of imperfect information states can never be sure whether their calculations are correct, or will continue to be correct.⁷³

Since no nation can be sure that its calculations of the distribution of power at any particular moment in history is correct, it must at least make sure that its errors, whatever they may be, will not put the nation at disadvantage in the contest for power. [...] And since no nation can foresee how large its miscalculations will turn out to be, all nations must ultimately seek the maximum of power obtainable under the circumstances”

Mearsheimer’s strategy for states to achieve security prescribes a continuously expansionist behaviour, aiming to maximize actual and latent power, as the only route to actual security with an anarchic system. To be secure, one must become the strongest.⁷⁴ As Snyder states:⁷⁵

Mearsheimer suggests that the difference between them [Waltz and him on power maximization vs. status quo balancing] arises partly from the difficulty of estimating levels of security and security requirements. He challenges Waltz's claim that a great power might feel secure with only an "appropriate" amount of power, short of dominating the system. This is "not persuasive," says Mearsheimer, because of the difficulty of estimating a level of "appropriateness" and because what is a satisfactory security level today might not be sufficient in the future. Great powers recognize that the best way to ensure security is to "achieve hegemony now," thereby eliminating any possibility of a future deficit (pp. 34-35). Thus Mearsheimer's great powers re-quire a surplus of power over

⁷² Mearsheimer, *The Tragedy of Great Power Politics*, 29.

⁷³ Morgenthau, *Politics among Nations*, 218-19.

⁷⁴ Mearsheimer, *The Tragedy of Great Power Politics*.

⁷⁵ Snyder, "Mearsheimer's World-Offensive Realism and the Struggle for Security: A Review Essay," 154-55.

"appropriateness" to cover uncertainties, possible miscalculation, and future surprises.

From an analytical perspective power maximization is more attractive for two reasons. One, the 'appropriate amount of power', proposed by Waltz as a condition for security, is an unclear concept. There is no reliable indicator on just how much power might be 'appropriate'. It also raises the risk of reintroducing various factors (e.g. culture and leader calculations) into the equation that structural realism aimed to eliminate for the sake of clarity of analysis. One could easily argue that Washington, Beijing or Tokyo could interpret differently what 'appropriate' power means. In contrast, offensive realism offers an analytically more reliable concept in power maximization, which is not contingent on potentially unclear or subjective definitions. Two, power maximizing behaviour conforms to the cautious state behaviour promoted by realism, within certain rational limits. States are constantly anticipating changes to the balance of power. In a fluid environment that offers no second chances, it seems irrational to cease the accumulation of power based on the belief that other states will do the same. Not anticipating a potential change in the balance of power could put a state at a disadvantage, and threaten its survival. Offensive realism offers a better margin of error for states, and thus offers a potentially more realistic depiction of state behaviour, as long as it remains constrained by the rationality of states.

1.4.3 The Nature of Military Power

Military power plays a central role in most realist theories, but it does especially so in offensive realism, which emphasizes expansion and seeking to alter the balance of power. Morgenthau argued that the most important components of national power are national character, national morale, and quality of government. However, even he recognizes that these concepts have little analytical value as they cannot be measured in

any satisfactory way.⁷⁶ Mearsheimer emphasizes that military might is the central component of national power which determines the balance of power. He recognizes two key elements to this: actual military power (derived from the number and quality of troops) and latent power (economic might, size of the population, and the like) that enables states to acquire and maintain actual military power.⁷⁷

The key problem with military power is how to apply it. Both defensive realists⁷⁸ and economic interdependence theorists argue that use of force is essentially self-defeating. The former argues that use of force will lead to balancing behaviour as states will band together against a rising threat, leading to the aggressor's defeat.⁷⁹ The latter follows in the footsteps of Angell when arguing that any potential benefits of use of force would be outweighed by the costs of war. The difficulties of use of force are especially pronounced in the nuclear age, where war can lead to the immediate annihilation of great powers. Yet, despite strong hopes following the conclusion of the Cold War, one cannot reasonably argue that we live in a post-military age. Wars continue to occur, regardless of their costs. The question of use of force is particularly pressing within the context of this research. One has to consider whether the use of force can be considered a rational course of action, thus part of the feasibility set (as discussed under Research Methodology below) or whether it is always irrational. And if it can be a valid tool of foreign policy, the main question is how it can be applied under the shadow of China's and the United States' nuclear capabilities.⁸⁰

In *Maxim 4* Colin Gray argues that some issues in international politics can only be resolved with the purposeful application of force, even if war has relatively high

⁷⁶ Morgenthau, *Politics among Nations*, 215.

⁷⁷ Mearsheimer, *The Tragedy of Great Power Politics*.

⁷⁸ Taliaferro, "Security Seeking under Anarchy: Defensive Realism Revisited," 153.

⁷⁹ Waltz, *Theory of International Politics*.

⁸⁰ One opposition to the idea of war over the Senkaku/Diaoyu Islands is the argument that it would lead to nuclear war between China and the US (as Japan's security guarantor).

costs.⁸¹ Similarly, Handel argues that “under certain circumstances, war provides the most effective or even the only way to protect or enhance the interests of the state or group”.⁸² These notions run counter to the liberal argument that war is always an irrational course of action. Cooperation is not always the best or even most efficient way to secure one’s interests. Offensive application of force might be necessary to secure key interests, such as critical territory. To issue a blanket statement that war is simply irrational ignores the strategic realities of certain situations. Kaplan argues that Russian expansionism has been motivated by the lack of geographical boundaries that would create defensive borders.⁸³ Under these circumstances expansion might be rational even at the expense of high economic costs as the survival of the nation might be at stake. Concerning power politics Morgenthau stated that “if the desire for power cannot be abolished everywhere in the world, those who might be cured would simply fall victim to the power of others”.⁸⁴ Similarly, countries that would forgo use of force as a legitimate means of policy will always be at a disadvantage to those who won’t, unless it is abandoned universally.

The key for use of force to be a legitimate policy tool (abandoning moral objections) is that it should be applied rationally, like any other tool within the state’s foreign policy arsenal. While use of force is adept at solving some issues, it is not a tool for all instances. And as it entails high costs it should only be employed if it offers the optimal course of action. This reaches back to the rational character of states promoted by realism. While offensive realism argues that expansion (primarily through military means) is beneficial for states, Mearsheimer emphasizes that use of force should be

⁸¹ Gray, *Fighting Talk*, 16.

⁸² Michael I. Handel, *Masters of War: Classical Strategic Thought* (London: Frank Cass, 2001), XVIII.

⁸³ Robert D. Kaplan, *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle against Fate* (New York: Random House, 2012).

⁸⁴ Morgenthau, *Politics among Nations*, 36.

preceded by rational calculations on its cost, benefits and likely consequences.⁸⁵ Mindless aggression would likely lead to the quick downfall of any major power. This notion conforms to the structure of this research: military power is only one of the potential routes examined based on a rational choice model. At no point is the argument made that war should be China's automatic choice, only that it might be China's only rational course of action under certain circumstances.

The last remaining issue is to examine how military force could be potentially applied within this context. A major war between China and Japan is unlikely, as both combatants have access to nuclear weapons (directly or indirectly). An all-out war between the two would have catastrophic consequences. However, states have the capacity to use force short of an all-out war to settle political disputes. The concept of a limited war, i.e. a short, contained conflict to determine a political outcome, is not a new one. Godwin argues that the purpose of military force during limited war is not to annihilate the enemy, but to impose one's will on a dispute through military might.⁸⁶ Limited wars are highly political conflicts where the actual use of force remains restrained and usually runs parallel to other diplomatic processes.⁸⁷

Naturally, limited wars can be difficult to execute as conflicts are prone to escalation. The concept is problematic on land as any gain could contribute to the enemy building up a critical momentum, which would allow it to steamroll and annihilate any opposition. However, in the maritime realm the execution of limited war is significantly more feasible. Any armed confrontation over the Senkaku/Diaoyu Islands would primarily be such a maritime conflict as the land area of the islands is ill suited to combat. One of the key difficulties of limited war is the problem of safe disengagement

⁸⁵ Mearsheimer, *The Tragedy of Great Power Politics*.

⁸⁶ Paul H. B. Godwin, "From Continent to Periphery: PLA Doctrine, Strategy and Capabilities Towards 2000," *The China Quarterly*, no. 146 (1996): 466-67.

⁸⁷ Nan Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective," 447.

once the cost of war exceeds the value of political objectives on land. Corbett argues that disengagement is less of a problem at sea, which forms a natural barrier. Thus the maritime realm is more conducive to limited war, as the outcome of the conflict does not threaten either party's home territory.⁸⁸ To illustrate this with an example, even if one of the combatants would win the confrontation over the remote islands, it would not necessarily have the amphibious capability to attack the other's homeland afterwards. A naval defeat is much less of a threat to one's home territory than one on land. This allows opposing powers to engage in naval combat more freely than on land for objectives short of national survival.

Overall, within the context of the Senkaku/Diaoyu Islands dispute it is possible for China to rationally pursue the use of force as a foreign policy option (whether Beijing is expected to do so will be discussed later on). The naval realm is especially conducive to politically motivated limited tests of mettle, where the goal is to resolve a dispute rather than to eliminate an opposing power. And despite moral objections, discounting the potential rationality of use of force would be artificially limiting and unrealistic.

Table 1.1: Underlying Theoretical Assumptions

Nature of the International System	Nature of States	Nature of Military Power
<ul style="list-style-type: none"> ▪ Anarchic ▪ Self-help system ▪ Structurally motivated security-seeking behaviour ▪ All states possess offensive capabilities ▪ Imperfect information leading to security dilemma ▪ Regional hegemony seeking to escape insecurity 	<ul style="list-style-type: none"> ▪ Key unit of analysis ▪ Rational ▪ Primary interest is survival ▪ Security maximizing behaviour 	<ul style="list-style-type: none"> ▪ Use of force a valid foreign policy tool ▪ Need to be conducted rationally ▪ Need to correlate with political objectives ▪ Political nature promotes limited war ▪ Naval realm negates some difficulties of limited war

⁸⁸ David Jablonsky, ed. *Roots of Strategy (Book 4) - Corbett: Some Principles of Maritime Strategy* (Mechanicsburg: Stackpole Books, 1999).

1.5 Research Methodology

The section above so far has discussed the ‘what’ and ‘why’ of this research, namely what are the key issues this research seeks to address and why it is important that these issues are addressed. Moving away from the ‘what’ and the ‘why’, this section focuses on the ‘how’, i.e. how the research seeks to address the aforementioned issues. This covers data collection, the central mechanics of how said data is interpreted, methods employed to ensure that the results presented are not mere conjecture, and the acknowledgment of unavoidable limitations faced by this research.

1.5.1 Data Collection

The data upon which this research is based has been collected through two primary avenues: processing the available documentary sources and conducting interviews on the subject. Due to the nature of the topic and the difficulties that dealing with security issues entail (as discussed under limitations of study), documentary sources are the dominant source of the data while interviews are largely used to collaborate said documentary sources. Documentary data is collected from a number of different sources, namely:

- Government documents represent the most vital source type as they provide the best and most reliable insight into their respective governments’ thinking and intentions. These sources include official press releases or documents prepared by various departments, such as the Ministry of Defence of Japan. Government documents are primarily utilized for their factual content, deriving the raw data upon which the research’s arguments rest.
- Besides government documents, another valuable source of data is documents made available by independent think tanks, such as the Japan Institute for

International Affairs. Similarly to government documents, their primary value for this research rests in providing insights into the views of their respective societies (such as providing an insight into how Japan views the Senkaku/Diaoyu Islands dispute) and factual data concerning the issues at hand (for example, the changes in PLA strength).

- Naturally the availability of data from both sources listed above is limited for a number of reasons, including governmental secrecy. This necessitates the use of academic sources such as books and journal articles. Academic sources are used in two key ways: On one hand, these sources can act as further sources of raw factual data upon to which base this research's arguments. On the other hand, they can provide insights into the actual meaning of the data at hand by offering peer-reviewed interpretations of the issues examined, which can help the deliberations within this research.
- Finally, this research utilizes various online sources from news articles to technical data. In most cases these sources are considered to have the lowest credibility due to the unreliable and often unsourced nature of data online. The use of online sources is limited to either reputable sources (such as the *Xinhua News Agency* that as the official mouthpiece of the Communist Party offers reliable insight into the CCP's thought process) or when there is no alternative (such as technical details for military equipment).

Documentary data is complemented by data derived from interviews. The interviews follow two primary structures, depending on the preferences of the subject: on the one hand, some interviews have been conducted in writing through semi-structured questionnaires. On the other, the rest of the interviews have been conducted in person or through Skype, adopting a largely unstructured format. In both cases, an effort has been made to cover similar areas: the dispute's implications for China and Japan, the role of

the U.S., and the potential for resolution. These interviews are primarily used as part of verification due to the low response rate of potential participants (as discussed under limitations), in support of documentary data, rather than the key driving force behind this research. Interview participants have been selected from primarily academics, focusing on seeking input from Japanese and Chinese academics. Government sources have been reluctant to offer any input (as discussed under limitations). All interviews have been conducted by the researcher, and the full list of interviews is provided within the bibliography section.

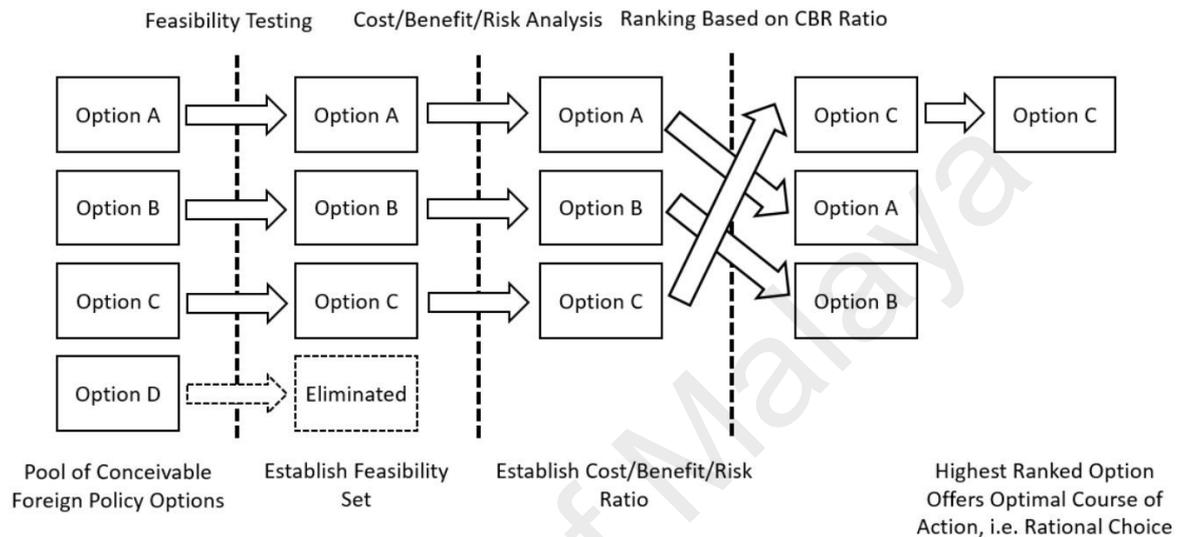
1.5.2 Analysis Model

After discussing from where the research acquired its data from, it is important to examine the central mechanics of the research, i.e. how the research reaches its conclusions from said data. This research follows a qualitative approach. The nature of the topic and the data available would not lend itself to a quantitative approach, as the research focuses on complex underlying issues affecting a narrow scope and as most of the data is not numerical nor is it suitable for quantification.

While the research follows a qualitative approach, it adopts a model that is often carried out in a quantitative way: a rational choice model. The key difference between the quantitative and qualitative execution of the model is that probability and utility are not translated into numerical form, but rather supported by a qualitative argument. The adoption of a rational choice model is supported by the basic ontological assumptions of this research: As stated above, offensive realism argues that states are rational actors. This means that their decision-making process is guided by the rational measurement of potential positive and negative attributes of available foreign policy directions and that the direction which offers the most optimal course of action (such as best positive/negative balance) is pursued. This research utilizes this model to analyse the challenge the Senkaku/Diaoyu Islands dispute poses for Chinese foreign policy, based

on the assumption that the senior leadership of the PRC would act in a rational manner when selecting the direction which to pursue. The central mechanism of the research can be represented as:

Figure 1.1: Rational Choice Model



The above-displayed model consists from a number of stages. The first stage is feasibility testing. The analysis begins with establishing the pool of conceivable foreign policy options available to China to pursue within the context of the Senkaku/Diaoyu Islands dispute. For pragmatic purposes, the pool within this research will focus on established foreign policy options which are conceivably feasible. More exotic or outright absurd options will not be considered. Theoretically, the only limit to the initial pool would be one's imagination. And it is also very likely that unorthodox methods could benefit the resolution of the dispute. However such an analysis would be beyond the scope of this research, which will focus on the main established avenues of direct use of force, coercion, non-binding peaceful resolution options, binding peaceful resolution options and delaying. Each potential course of action is examined in detail within this research providing historical background, the context within Chinese strategic thinking and tentative execution for them.

Once the initial pool of options is established, each option is subjected to feasibility testing. The key issue at this stage is to determine whether China meets a minimum threshold for each option to have the potential for Beijing to successfully carry out said option. To illustrate this with a purposefully absurd example: In the case of a disagreement between Haiti and the United States Haiti has the option of attempting to directly invade the United States as part of the initial pool. However, the balance of military power favours the United States to such a degree that such an enterprise would have no chance of success. This means that while the option is available to Haiti, it would be irrational for it to pursue said option due to lack of feasibility, thus violating the underlying ontological assumption of rational state behaviour. Feasibility testing establishes whether China could conceivably be successful in the examined course of action, proceeding to cost/benefit/risk analysis to determine its attractiveness, or whether it requires no further analysis as success is not possible.

The second stage is the cost/benefit/risk analysis. This stage is based on two key concepts of rational choice theory: utility and effective utility. Utility focuses on the costs and benefits of successful execution of an option. As rational choice analysis grew out of economist efforts to understand consumer behaviour, a consumer based example would be fitting to illustrate the inner workings of the model through a simple example.⁸⁹

- A consumer wants to purchase a coffee machine.
 - There are three types of coffee machines available on the market: Model A which is cheap but offers low functionality. Model B which is expensive and offers low functionality. Model C which is moderately pricy and offers high functionality.

⁸⁹ Other examples to illustrate these concepts would be an agricultural one, as seen in the case of John Elster, ed. *Rational Choice* (Oxford: Basil Blackwell, 1986).

- The consumer is expected to measure the merits and demerits of each machine (i.e. costs vs benefits of functionality) to determine which one to buy. In this case, the rational choice would be Model C as it offers the best functionality relative to its costs while Model A would be the runner up.

A similar examination is made when selecting which foreign policy option is to be pursued: the government in question is expected to consider the potential benefits of an option relative to its costs and select the one that offers the best ratio. The ideal option would be one of low costs and high benefits. If the decision needs to be made between options with high costs and high benefits, and options with low costs and low benefits, then there is a higher margin for interpretation.

As this is a qualitative research it can prove difficult to establish a strong cost/benefit ratio as abstract benefits need to be weighed against abstract costs. It is inherently difficult to establish the relative value or cost of something in a rational choice context: how much is an espresso function worth relative to the increased cost of the machine? Does an espresso function offset doubling the price of a coffee machine? To make such a determination one would need to have perfect knowledge of the agent's preferences to make a solid cost/benefit ratio. The basic ontological assumptions of the research can provide guidance in this matter: Offensive realism argues that security is the primary concern of each state, due to systemic anarchy. Thus, an option that is more beneficial for China's security has inherently higher utility than another option. Most of the key costs and benefits can be related to security: For example, economic benefits relate to security as offensive realism argues that a prosperous country possesses higher latent military power than an impoverished one. Possession of the islands can be related to geostrategic considerations, such as the creation of a more defensible border that would improve security. Political benefits can similarly be related to either increasing domestic stability that is connected to the security of the nation as domestic strife

decreases security, or international political benefits can be related to increased ability for deterrence or coercion. Thus, the benefits of each option can be described in terms of their effects on China's security, thus allowing the relative ranking of benefits.

Costs can similarly be related to security, and thus to base ontological assumptions. An expensive military campaign could weaken the economy, thus decrease latent military power (as seen in the case of the Afghanistan and Iraq wars). Losses during a campaign could directly decrease military power, thus decreasing security. Economic sanctions could again decrease latent military power through harming the economy. A displeased national audience could increase dissent, thus decreasing domestic stability, forcing resources to be devoted to maintaining order, thus decreasing security.

In the end, both costs and benefits can be expressed in the context of security. Using such a context allows this research to provide a better comparison and thus to establish a more solid ratio. Naturally as this is a qualitative research, determining the cost-benefit ratio is subject to interpretation, which is discussed under limitations. But based on the evidence available one could provide a reasoned ratio for analytical purposes. And one must remember that China would need to make such a determination under similar conditions of imperfect information, weighing abstract, non-quantifiable factors, and thus this research presents a realistic scenario.

Besides utility analysis, to get a realistic picture one needs to adopt a further qualifier in the form of effective utility. For the purposes of this research effective utility essentially represents risks. To return to the coffee machine example:

- Based on utility Model C is the optimal course of action.
- However, as it is a sought after model there is only 20 percentage chance that the shop will carry the model. At the same time, Model A has a 70 percentage chance of being sold in its own store.

- Based on this there is a much higher chance of going to the store but not being able to buy a coffee maker in case of Model C, with its own set of associated additional costs, such as fuel and time to go to the shop.
- This naturally affects the attractiveness of each option: the higher the chance of failure, the more it decreases overall attractiveness.

The same can be said about foreign policy. It is not guaranteed that any of the options will be successful, even if they are deemed feasible. Gray argues that strategy is a realm of chance, where factors beyond the control of the agents can meaningfully affect the outcome.⁹⁰ Even if a country possesses the strength to be successful in a military campaign, the outcome is not preordained. Strategic history is full with armies that took their victory granted and lost to a supposedly inferior enemy. This is even more so if the balance of power between two armies does not clearly favour one or the other, as victory then comes down to unmeasurable (especially morale) or unforeseeable (like weather) factors. But the rule of chance is not limited to the strategic realm. Despite the best intentions, bilateral negotiation can fail. And despite a strong legal argument, the ultimate decision during arbitration rests with the subjective interpretation of judges. To account for this one has to consider the risks associated with each option.

Once again, as a qualitative research, it is impossible to attach numerical values to indicate a precise chance of success or failure. The determination is needed to be made based on the interpretation of relative precedents. As a general rule, this research considers the risk of failure to be contingent on the balance of power (not limited to a realist sense) between the opposing parties. The more advantage one enjoys in the balance, the more likely that it can power through setbacks caused by chance and still be successful, i.e. the more resistant one becomes to friction. The more equal the balance is, the more likely that the outcome will be mostly determined by chance. And the more

⁹⁰ Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy*.

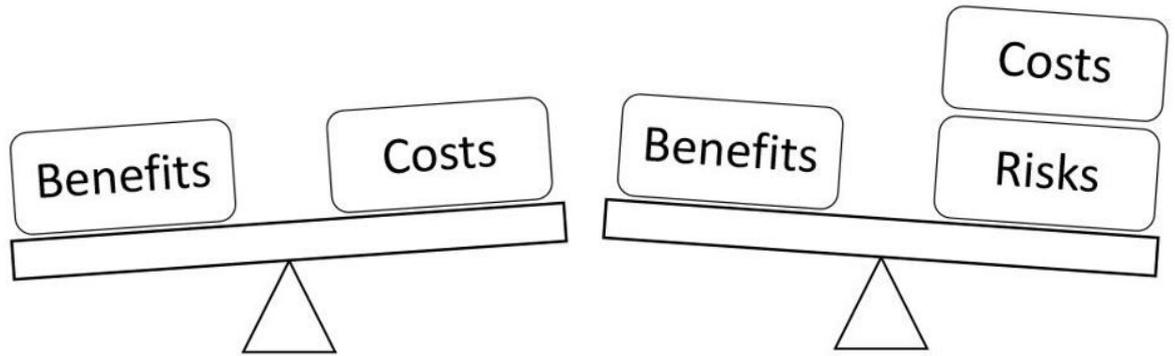
disadvantaged one is, the more likely that the endeavour will fail, as even if chance mostly favours oneself, the opponent's advantage allows it to power through friction.

To illustrate this with an example:

- If the balance of military power meaningfully favours one party, it is likely that despite acts of chance (such as weather or an unexpected enemy manoeuvre) it will be able to be successful. While there are examples of an inferior foe defeating a superior one in battle, those are remembered precisely due to being rare and are often tales of gross incompetence. In other cases, they are clear reminders that total balance of power is not the equivalent of local balance of power.
- If the balance of power is relatively equal, then chance plays a more significant role. If opposing armies possess similar strength, then issues such as terrain, weather or unexpected manoeuvres become more influential in determining the outcome. If one has ten destroyers and faces of against two destroyers, one can commit a number of mistakes or suffer unfavourable weather and still come out on top. If one has five destroyers and faces of against five destroyers, then there is less elbow room and the effects of adverse weather become more punishing.

One can consider a similar case when it comes to adjudication. If one party's legal claim is significantly stronger, then there is a high likelihood that the judges will side with that party (although ultimately the decision is still not preordained). If the legal claims are relatively equal than the judges have more room for interpretation and the outcome becomes more uncertain, thus the option is riskier. The effects of risk can be illustrated fairly simply:

Figure 1.2: Utility vs. Effective Utility



Higher risks make an option less attractive, as the outcome is less certain and the chance of failure is higher. This affects the ranking following stage two by adding another component to the ratio. One option can offer high benefits at moderate costs, but if there is a high risk of failure, it will be a less attractive compared to an option with moderate benefits at the same costs but low risks, due to the former's additional costs arising from risks.

Once the cost/benefit/risk ratio is established (in however abstract form), the research proceeds to stage three, which is ranking these options based on the ratio. This stage essentially involves making an actual rational choice. Elster argues that “to act rationally, then simply means to choose the highest ranked element in the feasibility set”⁹¹. This means that the rational choice, which China is expected to adopt based on the underlying ontological assumptions, is the option with the most favourable cost/benefit/risk ratio. Thus, the predictive power of the model rests on the ontological assumption that China will act in a rational manner.

⁹¹ Elster, *Rational Choice*, 4.

1.5.3 Limitations of Study

Naturally every research is constrained by its own limitations with this research not being an exception. As such, when evaluating the findings of this research one should be mindful of the following reservations:

First, the research adopts a qualitative approach, during which the data is subject to interpretation, rather than statistical testing. The cost/benefit/risk ratio, which is a crucial component of the model, is based on the interpretation of collected data by the researcher in a narrative/qualitative manner. While the research maintains an internally consistent logic and provides evidence in support of the arguments enclosed, one could reasonably raise objections on theoretical grounds concerning the interpretation of the data. This is an inherent and unavoidable element of qualitative research. This research aims to provide sufficient evidence in support of all the key points enclosed, as well as sufficient justification for the theoretical and methodological practices employed.

Second, this is a normative research. Anticipating future events is inherently subject to difficulties. While the rational choice model is an accepted method of anticipating future behaviour, it is not a magic wand. The conclusions of this research are valid based on contemporary conditions, as enclosed within this research. Future changes might necessitate the re-evaluation of conclusions. While anticipating the future continues to be potentially imprecise, especially based on a qualitative approach, it is nevertheless essential for policy planning as the seeds of tomorrow have to be sowed today. The approach contained also reflects reality as China would need to make such a policy determination under similarly imprecise conditions. While predictions are essential for policy planning, it cannot be guaranteed that reality will conform to them. To quote Dwight D. Eisenhower: “In preparing for battle, I have always found that plans are useless but planning is indispensable.”

Third, data collection has been affected by a number of issues:

As the research deals with issues of national security, government agencies have been reluctant to comment on the subject. Both the Chinese and Japanese Embassies has refused any request for information or interview, despite the most accommodating attempts of this research. The lack of response has to be supplemented by a reliance on published government documents.

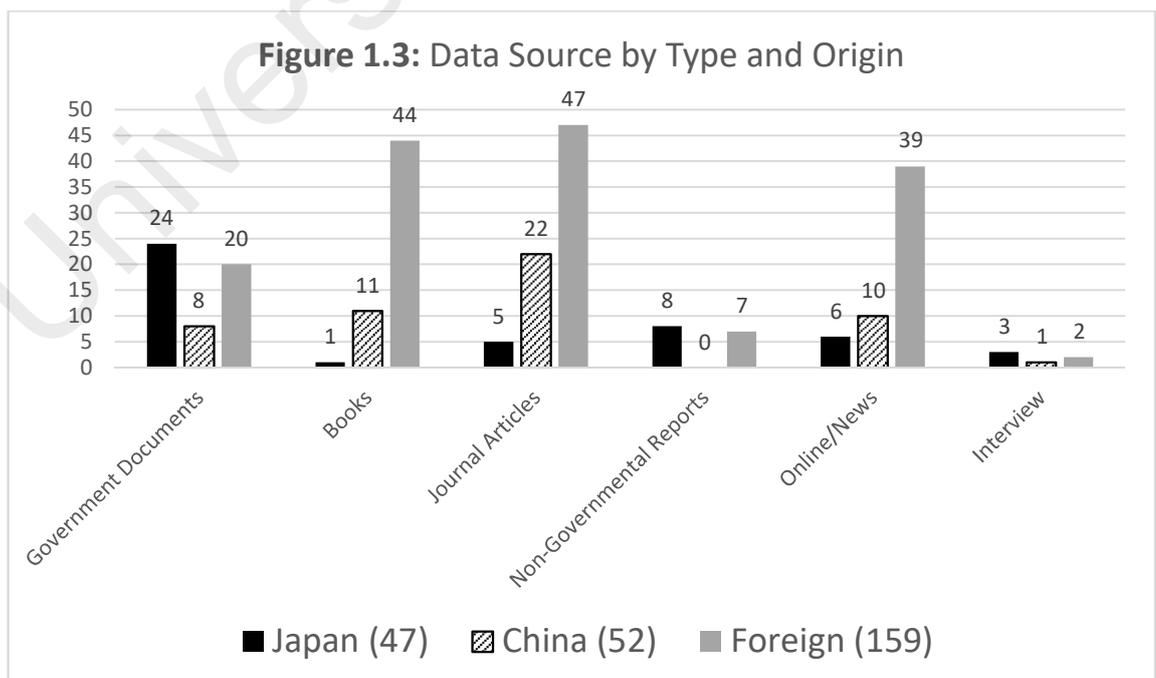
There is limited literature available from China and Japan (the two key participants) in general, and in English in particular. This requires a higher reliance on foreign publications (such as U.S. Congressional Reports on Chinese military developments or foreign academic journals). An effort has been made to incorporate sufficient local literature to ensure that their views are represented correctly, but the analysis relies on a significant number of foreign interpretations, which could open up the research for accusations of bias. Besides seeking out local literature, interviews prioritized Japanese and Chinese scholars to ensure the minimal introduction of biases.

The interview process saw a very low response rate, leading to a low number of successful interviews. Potentially due to the nature of the topic, attempts to contact several Chinese and Japanese universities have been answered by silence. The low number of interviews has been offset by a higher reliance on documentary sources, especially governmental and think tank sources.

1.5.4 Validity

Establishing validity is a critical component of measuring the merits of any research. Two components must be distinguished: external and internal validity. External validity focuses on the generalizability of the research. As this is a specific case study of the Senkaku/Diaoyu Islands, the conclusions of this research are valid within this specific case. One should not be hasty in translating the findings of this research to other maritime disputes, or even to China's other remote islands disputes without accounting for potential differences between circumstances.

Internal validity focuses on the rigour observed during the conduct of the study. As such, first the validity of the study is affected by the data collected, especially when it comes to avoiding the introduction of biases or incorrect data. To ensure validity, data used within this research is triangulated either between different data types or different data sources. To achieve this, this research utilized diverse sources of data, encompassing multiple types and multiple sources within a type, to ensure reliability, as indicated by the graph below:



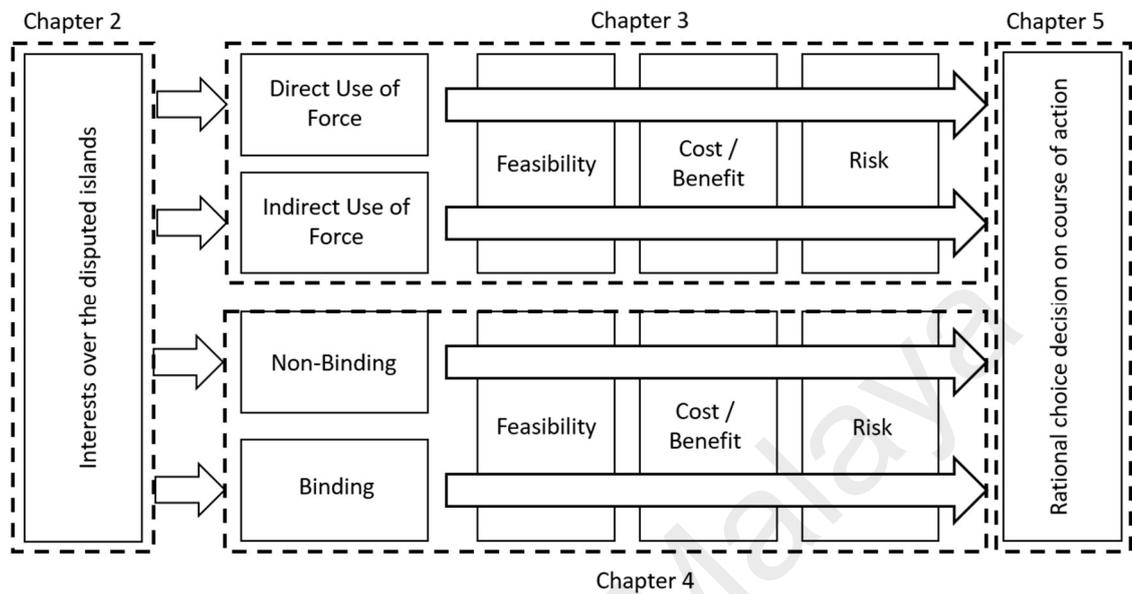
Data used within the research is cross-referenced among the different sources, especially between different source types. However, under circumstances when that is not possible, then it is cross-referenced between different sources within the same type. This is primarily indicated among the citations in the footnotes by attaching multiple sources to the same citations. The research has made an effort to process as wide a scope of literature as possible from all source types. The full extent of the literature review is provided under bibliography. By processing a diverse set of literature from diverse sources the risks of introducing biases from the various sources (such as government or academic sources).

Beyond the validity of the data, one has to consider the methods employed to interpret said data. As stated above, qualitative research is inherently based on interpretation, and thus, its conclusions are open to debate. However, to improve validity, this research adheres to the principles of an established research model (rational choice) that has demonstrated predictive power and is in harmony with the theoretical assumptions of this research. Naturally this study will not end the ongoing theoretical debate between various schools of thought concerning international relations, but it builds upon a theory of demonstrable influence and provides an internally consistent argument based on both theoretical and methodological assumptions, with the limitations discussed above.

1.6 Chapterization

After discussing the ‘what’, ‘why’ and ‘how’ of this research, the final issue remaining is to examine the skeletal framework of this research, i.e. how the research’s content is divided up into the various chapters. The following diagram shows how the argument is divided between the various chapters:

Figure 1.4: Flow of Chapters



Chapter 2 focuses on providing background for this research, establishing the context in which the rational choice decision takes place. The chapter can be divided into two main parts: First, the chapter provides an overview of the history of the Senkaku/Diaoyu Islands. Historical context is important to explain how China and Japan got to the current point, why tension exists between the two countries over the islands, and why the correct management of the situation is thus essential. Second, the chapter examines the various interests the disputing parties hold over the Senkaku/Diaoyu Islands, i.e. why the islands are sought after. This provides an important foundation for when discussing the benefits of various options, as their utility will be primarily based on their ability to pursue the interests discussed within this chapter, measured against their expected costs.

Chapter 3 is one of two chapters dedicated to potential dispute resolution options. This chapter focuses on analysing options involving the potential use of force

(direct use of force and coercion). Within this chapter, these two options are provided their respective historical and doctrinal context, and their tentative execution. As the next step, they are subjected to feasibility testing which is followed by establishing the cost/benefit/risk ratio.

Chapter 4 is the counterpart of Chapter 3, focusing on non-military resolution options, binding or non-binding. The chapter follows the same structure as the previous one: establishing a historical context for the options, subjecting them to feasibility testing, then conducting the cost/benefit/risk analysis on the surviving options.

Chapter 5 is the final stage of the analysis. It compares and contrasts the various resolution options based on their cost/benefit/risk ratio in order to determine the optimal course of action for China, i.e. what would be the rational course of action for seeking to resolve the dispute. From a security policy perspective, the most pressing issue to determine is whether non-military options can outperform military alternatives. Once the optimal resolution option is identified there is one further issue left for this research: Compare and contrast the optimal resolution option with the option of not doing anything directly within the context of the Senkaku/Diaoyu Islands dispute (such as delaying). Delaying has been a major part of the parties conduct and thus examining whether continued delaying would be preferable to seeking a resolution at this date is necessary. Delaying is considered separately as it is not a resolution option, on the contrary, it is the exact absence of seeking a resolution. The chapter concludes with examining the implications of the previous analysis for three key stakeholders in the dispute (China, Japan and the U.S.), focusing on the rational choice's implications for their respective security and foreign policies.

Chapter 6 is the concluding chapter, containing an overview of the key points and arguments made by this research in the previous chapters.

CHAPTER 2

THE SENKAKU/DIAOYU ISLANDS DISPUTE

Before proceeding to discuss how China could pursue its interests over the Senkaku/Diaoyu Islands, two topics need to be addressed: First, a deeper understanding of what the Senkaku/Diaoyu Islands dispute is would provide a solid foundation for the later chapters of this research. Second, it is essential to understand the actual value of the disputed islands for later analysis.

The first half of this chapter focuses on examining the history of the Senkaku/Diaoyu Islands dispute since the 1970s. Such an examination provides a framework to understand how the current situation of escalation has been reached, as well as puts the actions and motivations of the involved parties into historical context. Furthermore, a historical analysis provides a good opportunity to discuss how economic interdependence came to dominate the discussion on the subject and to highlight trends this approach has ignored.

The second half of the chapter focuses on the value of the Senkaku/Diaoyu Islands. The central issues to consider are the reasons behind China's determination to control the islands, as well as the reasons behind Japan's commitment to resist. This section primarily focuses on the various strategic, economic and political interests the opposing parties could pursue through controlling the islands. Furthermore, this chapter discusses the value of these interests to provide a foundation for later chapters aiming to establish the utility of potential courses of action. The utility of each possible option would be highly dependent on the extent to which they allow China to pursue these interests.

2.1 The History of the Senkaku/Diaoyu Islands Dispute

This section reviews the history of the Senkaku/Diaoyu Islands, focusing on key periods of escalations or major events affecting the dispute. Besides providing context for the dispute, this section also examines how the focus on economic interdependence became to dominate the academic literature on the subject while security concerns were considered negligible until the rapid militarization of the dispute post-2012.

2.1.1 The Origins of the Senkaku/Diaoyu Islands Dispute

The roots of the contemporary Senkaku/Diaoyu Islands dispute stretch back to the 1970s – at the very least the origins of the active phase of the dispute as prior to the 1970s not much interest was shown in the islands.

In 1968, the United Nations Economic Commission for Asia and the Far East (UNECAFE) published a geographical survey containing the results of its seabed exploration conducted in the region. The survey showed the region's high potential for containing significant seabed natural resources, including oil, dubbing the region as "one of the most prolific oil reservoirs in the world"¹. The results piqued the interests of regional states, including Japan, South Korea and Taiwan, as the possibility of significant underwater oil deposits would be of great benefit for these oil importing nations. Taiwan was the first to attempt to exploit these resources through awarding a contract to the Gulf Oil Co., however, the deal fell through amidst Japanese opposition.²

During the same period, the U.S. was getting ready to end the last remaining elements of its occupational control over Japan by returning Okinawa and all remaining occupied territory to Japan. The Okinawa Reversion Treaty had

¹ Min Gyo Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?," *The Pacific Review* 22, no. 2 (2009): 213.

² Ibid.

an impact on the Senkaku/Diaoyu Islands as they have been under U.S. control as part of the U.S. occupation, and they were to be returned to Japan under the treaty. Both Taiwan and China protested the inclusion of the Senkaku/Diaoyu Islands into the treaty. In the end, the U.S. opted for a compromise: returning administrative control over the islands to Japan, while stating that this shall not impact the sovereignty claims of other countries or constitute a recognition of Japanese sovereignty over the islands. The first incident occurred in 1970 when a group of Taiwanese activists landed on the islands and planted the ROC flag. The ROC flag was removed by the Okinawa police, prompting protests in Taiwan, Hong Kong and the Chinese community in the U.S.³ Following the return of the islands in 1971, Japan has announced a unilateral moratorium on the exploration and exploitation of resources around the disputed islands.

The islands first contributed to a major escalation in tensions between China and Japan in 1978. That year Japan was working out the framework to normalize ties with China, part of which was the negotiation for a Treaty of Peace and Friendship between the two countries. Negotiations were drawn out due to strong pro-Taiwan/anti-China voices in the Japanese Diet and China's insistence on the inclusion of an anti-hegemony clause targeting the Soviet Union into the treaty. Amidst the difficult negotiations, Japanese lawmakers began insisting that Chinese recognition of Japanese sovereignty over the Senkaku/Diaoyu Islands to become a condition for the ratification of the treaty, leading to the immediate collapse of the negotiations.

³ Chien-peng Chung, *Domestic Politics, International Bargaining and China's Territorial Disputes* (London, New York: Routledge Curzon, 2004). See also, Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?," 213-16.

The stalling of the negotiations led to a strong Chinese show of force: Over a hundred PRC fishing vessels, some belonging to the naval militia and thus armed, entered the waters around the disputed islands displaying signs reasserting Chinese sovereignty over the islands. The move was strongly condemned by Japan. The strong reaction also seemingly shocked the Chinese leaders who sought rapid de-escalation, leading Deng to state that:⁴

It is true that the two sides maintain different views on this question... It does not matter if this question is shelved for some time, say, ten years. Our generation is not wise enough to find common language on this question. Our next generation will certainly be wiser. They will certainly find a solution acceptable to all.

With the withdrawal of the fishing fleet, tensions subsided, leading to the continuation of negotiations and eventual normalization of ties between China and Japan.⁵

2.1.2 Escalating Tension, 1990 to 2010

Following de-escalation after the fishing fleet crisis, the dispute remained relatively stable with no notable incidents for the rest of the Cold War. However, this was not meant to remain so. Tensions between China and Japan began to escalate again in 1990 over what had been called the 'first lighthouse incident'. In that year, the Nihon Sheinensha (Japan Youth Federation) lodged a petition with the Japanese Maritime Safety Agency seeking an official recognition for the lighthouse Japanese activists built in 1978 on the disputed islands as an official navigational marker. With China still isolated after Tiananmen Square, and with Japan being one of the few countries arguing for the easing of sanctions, the response mainly came from Taiwan: the petition was

⁴ Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?," 211.

⁵ For a detailed analysis on the 1978 crisis between China and Japan see Daniel Tretiak. "The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude." *Asian Survey* 18, no. 12 (1978): 1235-49.

strongly condemned and activists organized a publicized attempt to reach the disputed islands. In the end, the application has been rejected by Tokyo.⁶

In 1992, Beijing published its new *Law on Territorial Sea and Contiguous Zone*.

Article II of the law states that:⁷

The PRC's territorial land includes the mainland and its offshore islands, Taiwan and the various affiliated islands including Diaoyu Island, Penghu Island, Dongsha Island, Xisha Island, Nansha (Spratly) Islands and other islands that belong to the People's Republic of China.

According to the law, the PRC enjoys full sovereign rights over these territories.

This includes the use of force against states perceived to be in violation of Chinese sovereignty. The law was strongly condemned by all of China's maritime neighbours, including Japan, as the law covered territory in dispute with each one of them.

The lighthouse issue was once again raised in 1996 as the Nihon Seinensha erected a second one on the disputed islands and sought official recognition for it. Both China and Taiwan strongly condemned the move and accused Japan of turning a blind eye to the activities of Japanese activists. As a retort, a group of activists from Hong Kong and Taiwan tried to reach the islands but the Japanese coast guard prevented a landing. During the course of the landing, activists jumped overboard to try to swim ashore resulting in the death of David Chan, triggering further protests against Japan.⁸

⁶ Pan Zhongqi, "Sino-Japanese Dispute over the Diaoyu/Senkaku Islands: The Pending Controversy from the Chinese Perspective," *Journal of Chinese Political Science* 12, no. 1 (2007). See also: Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?."

⁷ United Nations, "Law on Territorial Waters and Contiguous Zone (Prc)," <http://www.un.org/depts/los/LEGISLATIONANDTREATIES/PDFFILES/CHN_1992_Law.pdf> See also, Yasuo Nakauchi, "Issues Surrounding the Senkaku Islands and the Japan-China Relationship: A History from Japan's Territorial Incorporation to the Present Day and Contemporary Issues," in *Rule of Law Series, Japan Digital Library* (Japan Institute of Foreign Affairs, 2012).

⁸ Koo, "The Senkaku/Diaoyu Dispute and Sino-Japanese Political-Economic Relations: Cold Politics and Hot Economics?." See also, Steven Wei Su, "The Territorial Dispute over the Tiaoyu/Senkaku Islands: An Update," *Ocean Development & International Law* 36, no. 1 (2005); and Chung, *Domestic Politics, International Bargaining and China's Territorial Disputes*.

The 1996 crisis was further compounded by the pending ratification of the United Nations Convention on the Laws of the Sea, and the announcement of exclusive economic zones. In the case of China and Japan, their respective claimed zones overlapped on the East China Sea, creating another source of conflict between the two countries.

Sino-Japanese relations further cooled in the early 2000s. Japanese Prime Minister Junichiro Koizumi has greatly upset China, and other regional countries such as South Korea, with yearly visits to the controversial Yasukuni Shrine. Amidst already strained relations, problems arising from the unresolved issue of maritime delimitation proceeded to escalate tensions between the two countries. In 2003, China began the exploitation of the Chunxiao gas field. While the field is on the Chinese side of what Japan claims to be the EEZ border, its proximity to the border raised concerns over China siphoning resources from the Japanese side. Facing mounting public pressure, Japan authorized the Teikoku Oil Company to conduct exploration in waters between what China and what Japan claims to be the border of the EEZ, essentially in disputed waters (the Chunxiao field is not in disputed waters). The move was strongly condemned by China.⁹ Beijing also dispatched five PLA-N warships to ensure the safety of the Chunxiao gas field.

⁹ Xinhua News Agency, (14/04/2005) "Japan's Drilling Plan a Provocation: Fm," Accessed on 31/03/2016 http://news.xinhuanet.com/english/2005-04/14/content_2826208.htm.

Map 2.1: The Chunxiao gas field relative to the claimed maritime boundaries¹⁰



Japan, in the end, backed down from exploration. Talks were initiated between China and Japan to explore opportunities for joint development of the disputed area, however these talks yielded no tangible results.¹¹ Bilateral relations remained strained for the rest of the decade, plagued by various landing attempts from activists, a textbook controversy concerning Japan's wartime conduct and Japan defeating China in the Asia Cup finals. These incidents led to violent protests in China, damaging Japanese businesses and requiring the suspension of production in many factories for weeks at a time, significantly damaging mutual economic ties.

The year 2010 saw a rapid escalation in tension between China and Japan when a Chinese fisherman ram a JCG vessel in the waters around the Senkaku/Diaoyu Islands after the JCG ordered the vessel to leave. The fishing captain was arrested by the

¹⁰ Suk Kyoan Kim, "China and Japan Maritime Disputes in the East China Sea: A Note on Recent Developments," *Ocean Development & International Law* 43, no. 3 (2012): 298.

¹¹ Ibid.

Japanese authorities.¹² The move was strongly condemned by China, a foreign ministry spokeswoman stating that:¹³

It is a severe violation and flagrant challenge of China's territorial sovereignty for Japan to illegally detain Chinese fishermen and ships in waters off the Diaoyu Islands and insist on performing a so-called domestic judicial process involving the Chinese captain.

At the height of the dispute, the possibility arose that China has been limiting rare earth mineral exports to Japan, although Beijing denied the allegations. In the end, the fishing captain was deported back to China, after his crew was sent back earlier. In 2014, Japan sued the fishing captain.

2.1.3 The Post-2012 Era

Sino-Japanese relations were already cold and tense prior to 2012. However, since 2012, the relationship entered into a crisis, with both parties becoming openly increasingly hostile to one another. The match that ignited the situation had been Tokyo's decision to nationalize some of the disputed Senkaku/Diaoyu Islands, which China interpreted as a unilateral violation of the status quo and thus a threat to its vital interests in the region.

Tokyo was not in an enviable position in 2012. In April, Shintaro Ishihara, the right-wing governor of Tokyo, announced plans to purchase some of the disputed islands for the Tokyo Metropolitan Government.¹⁴ Fearing the consequences the

¹² Nakauchi, "Issues Surrounding the Senkaku Islands and the Japan-China Relationship: A History from Japan's Territorial Incorporation to the Present Day and Contemporary Issues," 10.

¹³ "China Again Urges Unconditional Release of Trawler Captain Illegally Held by Japan." *Xinhua News Agency*, 22 September 2010, <http://news.xinhuanet.com/english2010/china/2010-09/22/c_13525369.htm>. (accessed on 29 May 2015).

¹⁴ "Ishihara Seeking to Buy Senkaku Islands." *The Japan Times*, 18 April 2012, <<http://www.japantimes.co.jp/news/2012/04/18/national/ishihara-seeking-to-buy-senkaku-islands/#.VWfpJ8-qqkp>>. (accessed on 29 March 2016).

Japanese government decided to pre-emptively purchase the islands from their private owners. The official Japanese position on the subject is that:¹⁵

In an effort to minimize any negative impact on the bilateral relations, the Government of Japan decided to purchase the three islands (Uotsuri Island, Kitakojima Island, and Minamikojima Island) of the Senkaku Islands and transferred the ownership of the islands from a private citizen to itself under domestic civil law in September 2012.

China did not accept that explanation. The Ministry of Foreign Affairs of China responded with a statement in its signature language:¹⁶

Despite the repeated solemn representations of China, the Japanese government announced on Sept. 10 the so-called "purchase" of the Diaoyu Islands and the affiliated Nanxiao Dao and Beixiao Dao to "nationalize" them. This act is a severe infringement of Chinese territorial sovereignty, which gravely hurts the feelings of the 1.3 billion Chinese people and seriously tramples on historical facts and international laws. The Chinese government and people have expressed firm opposition and strong protest toward the act.

The statement continues to call Japan's motives into question: "In recent years, the Japanese government has continuously stirred up trouble regarding the issue of the Diaoyu Islands. Especially this year, it has placated and indulged right-wing forces as they set off the storm of "island purchase" in order to pave the way for such purchase on its own." The statement concludes with the Chinese government's position that the "Japanese government's so-called "island purchase" is illegal, invalid and cannot in the least change the historical fact of the Japanese occupation of Chinese territory, and

¹⁵ Ministry of Foreign Affairs of Japan, "Fact Sheet on the Senkaku Islands." Tokyo: Ministry of Foreign Affairs, November 2012, <http://www.mofa.go.jp/region/asia-paci/senkaku/fact_sheet.html>. (accessed on 11 April 2016).

¹⁶ "Statement of the Ministry of Foreign Affairs of the People's Republic of China." *Xinhua News Agency*, 10 September 2012, <http://news.xinhuanet.com/english/china/2012-09/10/c_123697340.htm>. (accessed on 29 May 2015).

cannot in the least change China's territorial sovereignty over the Diaoyu Islands and their affiliated islets".¹⁷

The nationalization of the islands caused significant damage to already strained relations between China and Japan. In August 2012, a group of Chinese activists landed on the islands¹⁸, followed by a group of Japanese activists a few days later.¹⁹ The announcement and later completion of the purchase of the islands in September by Tokyo²⁰ were accompanied by violent and emotional protests in the PRC. Beijing also stepped up its physical presence in disputed waters, and the presence of Chinese law enforcement vessels in waters surrounding the Senkaku/Diaoyu Islands became a frequent occurrence.

Chinese presence in disputed waters continued into 2013. By February, China and Japan got dangerously close to an armed confrontation. In that month, Tokyo accused China that its ships in disputed waters directed a fire-control radar on a JMSDF ship.²¹ The official Chinese response to the Japanese accusation was that the facts presented are not in accordance with reality.²² Such an incident carries high risks. The JMSDF vessels could have misinterpreted the act as a precursor to an attack, thus responding with force in a perceived case of self-defence. Such an incident would have most likely resulted in the escalation of tension into an armed confrontation as neither China nor Japan could have afforded to back down at that point.

¹⁷ Ibid.

¹⁸ Nakauchi, "Issues Surrounding the Senkaku Islands and the Japan-China Relationship: A History from Japan's Territorial Incorporation to the Present Day and Contemporary Issues." 11.

¹⁹ Ministry of Foreign Affairs of Japan, "Press Conference by the Assistant Press Secretary." Tokyo: Ministry of Foreign Affairs, 23 August 2012, <http://www.mofa.go.jp/announce/press/2012/8/0823_01.html>. (accessed on 11 April 2016).

²⁰ Nakauchi, "Issues Surrounding the Senkaku Islands and the Japan-China Relationship: A History from Japan's Territorial Incorporation to the Present Day and Contemporary Issues." 11.

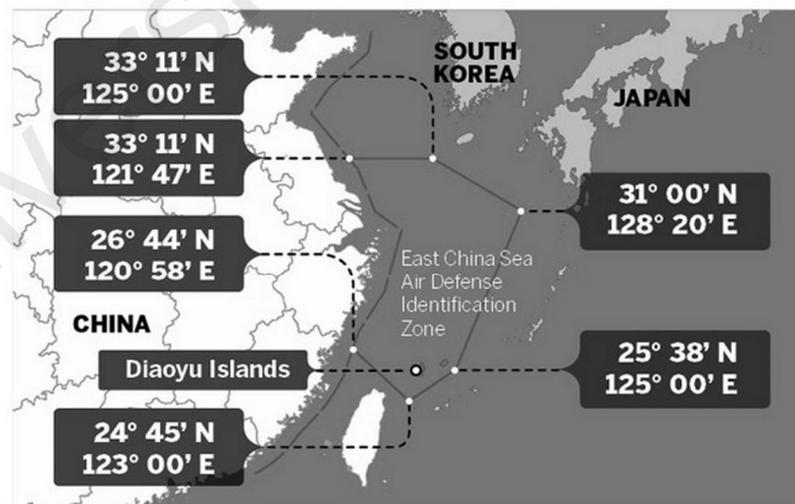
²¹ Ministry of Foreign Affairs of Japan, "Diplomatic Bluebook 2013." Tokyo: Ministry of Foreign Affairs, 2013. <<http://www.mofa.go.jp/files/000019033.pdf>> (accessed on 11 April 2016).

²² "Press Conference by Minister for Foreign Affairs Fumio Kishida." Tokyo: Ministry of Foreign Affairs, 8 February 2013, <http://www.mofa.go.jp/announce/fm_press/2013/2/0208_01.html>. (accessed on 11 April 2016).

The post-Koizumi period in Japan has seen frequent changes in prime ministers. Only after a year in office, DPJ's (Democratic Party of Japan) PM Noda, who replaced DPJ's PM Kan after his resignation, decided to call general elections. The elections resulted with the DPJ's defeat and the LPD's (Liberal Democratic Party) return with Shinzo Abe, who already occupied the PM's office in 2006 after the retirement of LPD's PM Koizumi, elected as the next prime minister of Japan. Abe is a right leaning politician and his election promises included ending timid Japanese responses to China. So far he carried out on his promise.

On 23 November, 2013, the Ministry of National Defence in China announced the establishment of a new Air Defence Identification Zone (ADIZ) over the East China Sea. The move was justified by the ministry as "a necessary measure for China to protect its state sovereignty and territorial and airspace security"²³. The zone was established to cover the following area:

Map 2.2: China's Air Defence Identification Zone (ADIZ)²⁴



Source: Ministry of National Defense

ZHANG YE / CHINA DAILY

²³ "Defense Ministry Spokesman on China's Air Defence Identification Zone." *Xinhua News Agency*, 3 December 2013, <http://news.xinhuanet.com/english/china/2013-12/03/c_132938762_2.htm>. (accessed on 29 May 2015).

²⁴ "East China Sea Air Defence Identification Zone." *Xinhua News Agency*,

Within the zone, all foreign flights are required to comply with Chinese domestic legislation and comply with a number of identification requirements (submission of the flight plan, two-way radio communication, and transponder and logo identification). The announcement also specifies that the zone is administered by the Ministry of National Defence, and states that “China's armed forces will adopt defensive emergency measures to respond to aircraft that do not cooperate in the identification or refuse to follow the instructions”²⁵.

Japan strongly condemned the creation of the zone with its Ministry of Foreign Affairs categorically stating that Japan did not recognize the validity of the zone. Furthermore, Japan expressed opposition to the inclusion of the disputed islands into the zone stating that “in addition, the “zone” set by the Chinese Ministry of National Defense seemingly describes the airspace over the Senkaku islands, an inherent part of the territory of Japan, as if it were a part of China’s “territorial airspace”. Japan cannot accept at all such description”²⁶. The United States similarly expressed concerns over the declaration and stated that it will not alter its military operating procedures in the region.²⁷ The Ministry of National Defence countered the charges arguing that the zone will not affect freedom of flight and highlighted that such a zone is not unique to China.

<http://www.xinhuanet.com/english/special/ADIZ2013/>. (accessed on 29 March 2016).

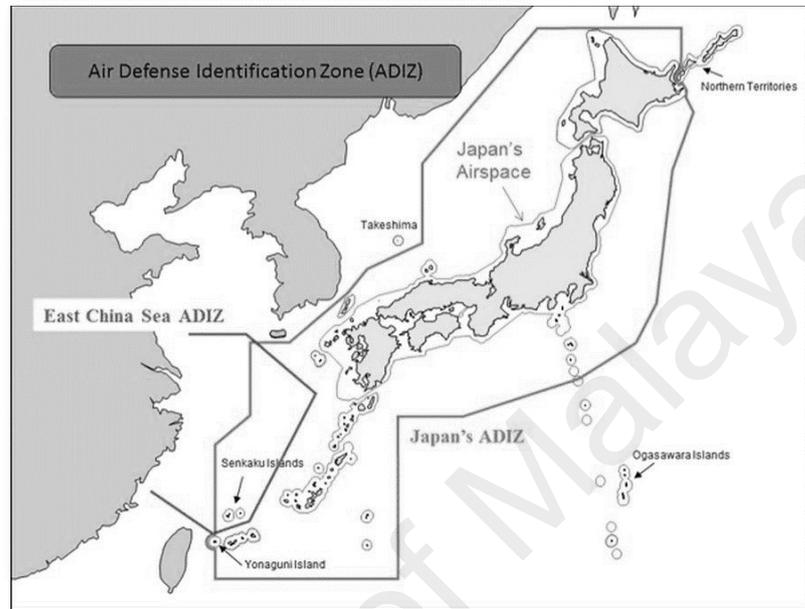
²⁵ "Announcement of the Aircraft Identification Rules for the East China Sea Air Defense Identification Zone of the P.R.C." *Xinhua News Agency*, 23 November 2013, http://news.xinhuanet.com/english/china/2013-11/23/c_132911634.htm. (accessed on 29 May 2015).

²⁶ Ministry of Foreign Affairs of Japan, "Statement by the Minister for Foreign Affairs on the Announcement on the “East China Sea Air Defense Identification Zone” by the Ministry of National Defense of the People’s Republic of China." Tokyo: Ministry of Foreign Affairs, 24 November 2013, http://www.mofa.go.jp/press/release/press4e_000098.html. (accessed on 11 April 2016). http://www.mofa.go.jp/press/release/press4e_000098.html.

²⁷ U.S. Department of Defense, "Statement by Secretary of Defense Chuck Hagel on the East China Sea Air Defense Identification Zone." Washington: U.S. Department of Defence, 2013, <http://www.defense.gov/releases/release.aspx?releaseid=16392>. (accessed on 29 May 2015).

The ministry's response stated that Japan maintains a similar zone.²⁸ Japan's own ADIZ is as follows:²⁹

Map 2.3: Japan's Air Defence Identification Zone (ADIZ)



The zone continues to be a source of tension, especially as the two nations' zones overlap, thus both nations feeling justified in conducting military activities in the area.

The Ministry of National Defence's response to the reactions of Japan and the United States also contained harsh criticism for both. The ministry provided a list of grievances suffered from Japan, ranging from denying the results of World War II to actively provoking China, escalating regional threats and playing up threat perceptions surrounding China. Based on these "China has to take necessary reactions"³⁰.

Bilateral relations were further aggravated by Prime Minister Abe's decision to break with the previous norm and to visit the controversial Yasukuni Shrine in

²⁸ "Defense Ministry Spokesman on China's Air Defense Identification Zone", *Xinhua News Agency*.

²⁹ Ministry of Defence of Japan, "China's Activities Surrounding Japan's Airspace." Tokyo: Ministry of Defence, 2015). <http://www.mod.go.jp/e/d_act/ryouku/>. (accessed on 11 April 2016)..

³⁰ "Defense Ministry Spokesman on China's Air Defense Identification Zone", *Xinhua News Agency*.

December of 2013. China, among other regional countries such as South Korea, deeply condemned the visit.³¹ The last Japanese PM to visit the shrine have been PM Koizumi, and his regular visits to it contributed significantly to cold bilateral relations between China and Japan, and worsening relations between Japan and South Korea.

In April 2014, Tokyo decided to establish a radar monitoring station on the remote Yonaguni Island, some 150 km from the Senkaku/Diaoyu Islands.³² The move signals the first expansion of Japanese military presence in decades and signifies a shift in Japanese security policy to pursue a more effective strategy against China. Furthermore, while for over the past decade the Japanese military budget experienced a below 1 percent growth, the 2014 budget involved a request for a 2.2 percent increase.³³ However, 2014 was dominated by two main events: the Abe administration's reinterpretation of the constitution and Obama administration's position on the disputed islands in the context of the Japanese-American security arrangement.

In July, the Abe administration managed to push through a controversial resolution to reinterpret the Japanese constitution so it allows collective self-defence for Japan. The key result of this change is that it allows Japan more freedom to assist other nations militarily, as the previous interpretation limited Japanese use of force to the event of an actual attack against Japanese territory. Potentially, the reinterpretation could allow JSDF forces to assist U.S. forces in a conflict against China, or to aid

³¹ "Japanese Pm Abe Visits Notorious Yasukuni Shrine Despite Opposition." *Xinhua News Agency*, 26 December 2013, <http://news.xinhuanet.com/english/world/2013-12/26/c_132997729.htm>. (accessed on 29 May 2015).

³² "GSDF to Militarize Remote Yonaguni." *The Japan Times*, 18 April 2014, <<http://www.japantimes.co.jp/news/2014/04/18/national/politics-diplomacy/gsdg-to-militarize-remote-yonaguni/#.VWgCYc-qqko>>. (accessed on 29 May 2015).

³³ Ministry of Defence of Japan, "Defense Programs and Budget of Japan - Overview of Fy2015 Budget." Tokyo: Ministry of Defence, 2014). <http://www.mod.go.jp/e/d_budget/pdf/270414.pdf> (accessed on 11 April 2016).

Southeast Asian nations would they face an armed threat. China has strongly condemned the move as the resurgence of Japanese militarism.³⁴

As part of increasing deterrence amidst growing Chinese assertiveness, the Obama administration also adopted a stronger stance on the Senkaku/Diaoyu Islands dispute. President Obama abandoned the previous U.S. policy of ambiguity on whether the islands fall under the purview of the Japanese-American security treaty. President Obama stated that:³⁵

The policy of the United States is clear – the Senkaku Islands are administered by Japan and therefore fall within the scope of Article 5 of the U.S.-Japan Treaty of Mutual Cooperation and Security. And we oppose any unilateral attempts to undermine Japan’s administration of these islands.

Overall, the post-2012 period is characterized by the deep entrenchment and securitization of the Senkaku/Diaoyu Islands dispute. Prior to 2012, the dispute was primarily treated as a political and economic dispute. However, in recent years, it is increasingly becoming a matter of national security for both China and Japan. Defence planning in both countries identify each other as potential sources of threats and an ever increasing amount of military power is poured into the theatre, raising concerns over how long escalation can be maintained without a major incident.

³⁴ "Japan's Cabinet Oks Controversial Resolution on Collective Self-Defense," *Xinhua News Agency*, 1 July 2014, <http://news.xinhuanet.com/english/world/2014-07/01/c_133452451.htm> (accessed on 29/03/2016) See also: "Japan's Defense Policy Overturn "Brings Asia Closer to War": Expert," *Xinhua News Agency*, 27 July 2015 <http://news.xinhuanet.com/english/2015-07/27/c_134452367.htm>. (accessed on 29/03/2016) and "Guarding against the Rebirth of Militarism," *Xinhua News Agency*, 26 December 2014, <http://news.xinhuanet.com/mil/2014-12/26/c_127338697.htm>. (accessed on 29/03/2016)

³⁵ Ankit Panda, "Obama: Senkakus Covered under Us-Japan Security Treaty." *The Diplomat*, 24 April 2014, <<http://thediplomat.com/2014/04/obama-senkakus-covered-under-us-japan-security-treaty/>>. (accessed on 18 December 2014).

2.2 China's Key Interests and the Senkaku/Diaoyu Islands

In a rational choice situation, it is vital to understand the deciding agent's key interests, namely what the agent wants to achieve. Understanding the interests of the agent will establish not only what will count as a benefit, but the relative value of each potential benefit compared to each other. Returning to the example of buying a coffee machine, if the agent only wants to consume basic coffee, then the function to make espresso will have little value and thus the unit cost will exert more influence on the decision. At the same time, if the agent wants a machine that can make an espresso, then such functionality will have a large perceived value, offsetting a higher unit price. This fundamentally affects how the costs and benefits of each option are perceived, and thus how they are ranked, which in turn determines the outcome of a rational decision-making process. Thus understanding what China wants and how these relate to the dispute at hand is crucial to provide a basis for measuring the performance of each option discussed in the following chapters.

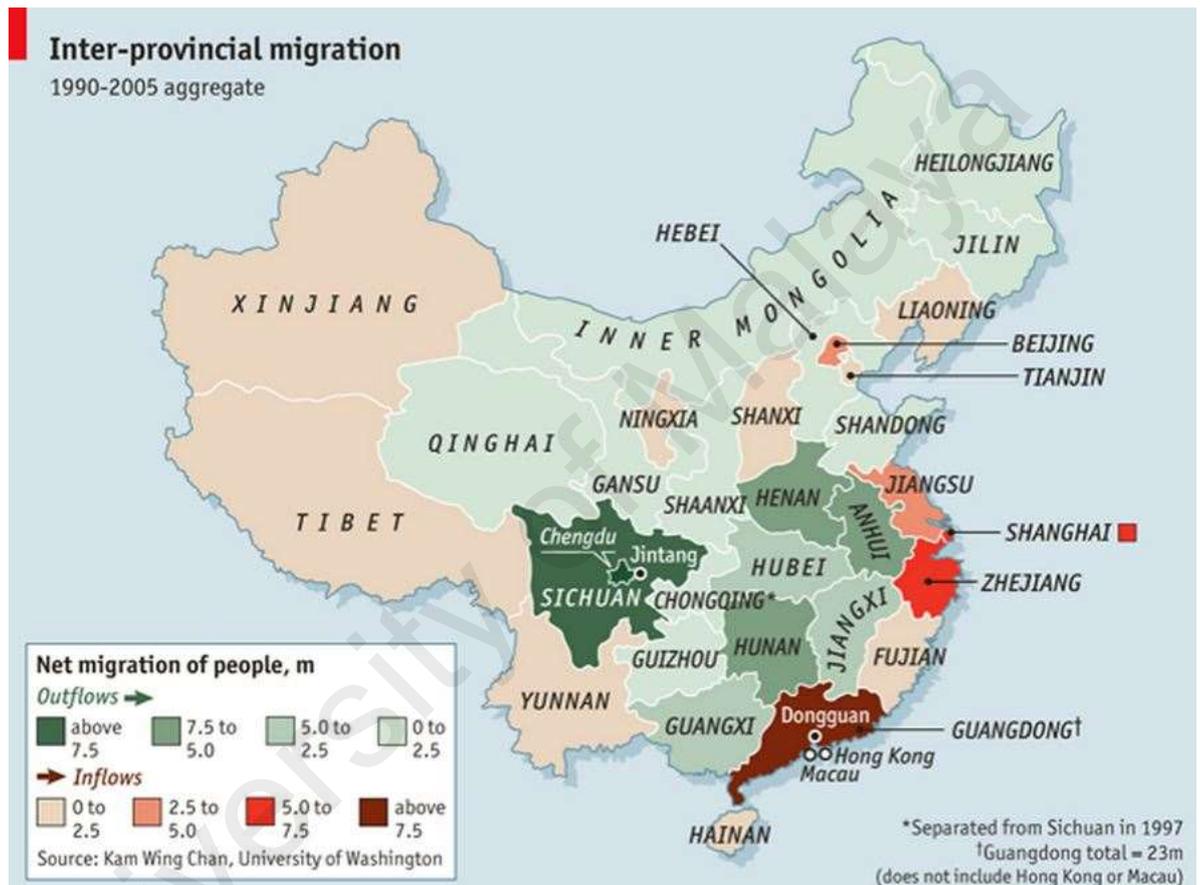
2.2.1 Territorial Security

From an offensive realist perspective, survival (namely the preservation of territorial integrity and sovereignty) is the most fundamental interest of states. To put it simply, territorial security is the desire to escape the threat of external aggression. In order to understand China's key security interests, one has to understand its insecurities. Adopting a geopolitical approach, a look at the map of China, in combination with recent changes, can reveal a lot about the insecurities faced by Beijing.

China has experienced significant economic and demographic changes since Deng's policy of economic opening began integrating China into the global economy. China's economic centre of gravity has shifted away from the interior provinces towards the coastal provinces, where the new economic zones and ports became the engine of

Chinese economic growth. At the same, as China's economy moved towards the coast, so did its people: the factories and ports required workers. This caused significant outflow from the internal provinces with people relocating to the growing coastal ones, as indicated by the map below:³⁶

Map 2.4: Inter-provincial Migration in China

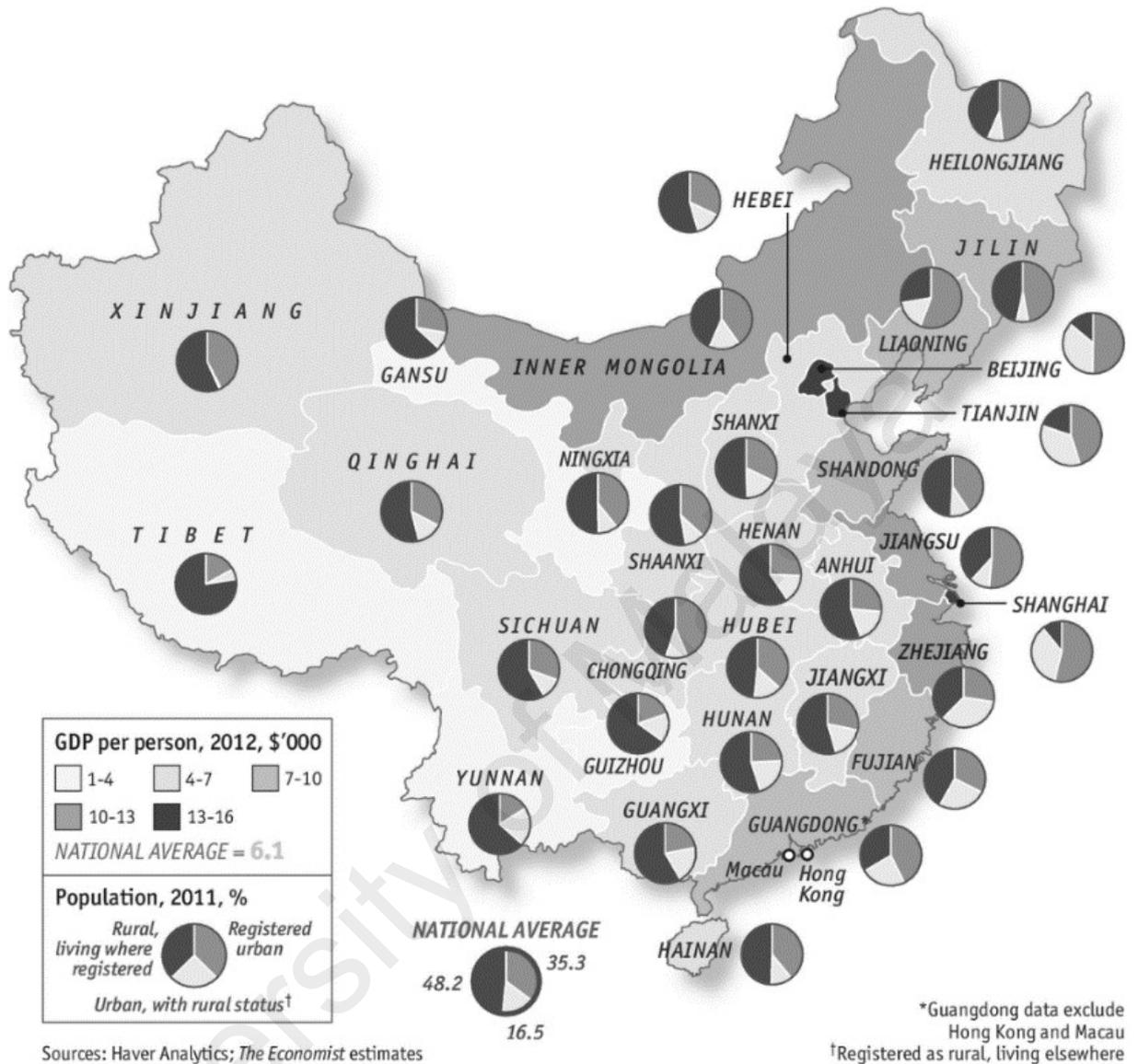


Today, the coastal provinces have some of the highest per capita GDP and highest levels of urbanization within China:³⁷

³⁶ "We Like to Move It Move It." *The Economist*, 23 February 2012, <<http://www.economist.com/node/21548277>>. (accessed on 1 June 2015).

³⁷ "A World to Turn Upside Down." *The Economist*, 31 October 2013, <<http://www.economist.com/news/briefing/21588873-economic-issues-facing-novembers-plenum-chinese-communist-party-none-looms-larger>>. (accessed on 29 March 2016).

Map 2.5: GDP/Person and Levels of Urbanization in China



It is not an overstatement to argue that the eastern coast is the heart of modern China, and would an external attack succeed against these provinces, it would have a devastating effect on the Chinese economy and the PRC in general. Thus, while these changes benefitted China greatly, they also present a strategic conundrum to Beijing.

Map 2.6: Threats to the Chinese Coast



China's coast is facing an unfriendly strategic environment as it is surrounded by unfriendly regimes and a strong U.S. military presence. The engine of the Chinese economy is separated only by a thin blue line from potential adversaries, which is a significant security threat for China. At its narrowest point in the Taiwan Strait, the Chinese coast is merely 130 km away from hostile military forces. And many of the potential adversaries faced are traditionally great naval powers, such as the United States or Japan.³⁸

This is a fairly new strategic problem for China. Traditional Chinese defence strategy emphasized in-depth defence, especially as the coastal provinces had little perceived value. The Chinese Empire has focused on riverine defence, to prevent a hostile force from accessing rivers that could lead them deep into the agriculturally

³⁸ Xuefeng Sun and Yuxing Huang, "Revisiting China's Use of Force in Asia: Dynamic, Level and Beyond," *Pacific Focus* 27, no. 3 (2012), 396. Superpower encirclement (as indicated in the map above) has been a critical factor in China resorting to the use of force in the past.

significant interior provinces. Mao's People's War recognized China's naval inferiority and, in conjunction with the general principles of the doctrine, concentrated key activities in the interior, considering the coastal provinces to be an expendable buffer zone. However, contemporary China cannot afford to follow the same principles, forcing Beijing to adopt new defensive principles as a response to the security challenge posed by the vulnerability of the coast.

In discussing modern seapower, Till considers four components of defences against amphibious assault: namely direct defence onshore, direct defence offshore, indirect forward defence, and deterrence. Direct defence onshore refers to traditional and modern coastal fortifications, such as forts or shore-based anti-ship missile batteries. Direct defence offshore is the key naval line defending the coast just off the coast, aiming to prevent an enemy force from landing by denying command of the sea to the enemy navy. Indirect forward defence refers to the offensive actions executed by the navy beyond offshore defence to intercept and destroy enemy forces, to execute attacks to hinder their progress or reduce their numbers, or to determine enemy strength, position and potential intentions. Finally, deterrence is the psychological effect of strong naval defences in discouraging an enemy from even attempting hostile action.³⁹

In defending the Chinese coast, the PRC would need to create such a layered defence structure. A focus on onshore defence characterized both Imperial and Maoist China, both erecting elaborate onshore defences against their respective naval threats. However, the high contemporary economic value of the Chinese coast makes it necessary for the PRC to push its defensive lines further out to sea, in order to keep a potential adversary further away from shore. At the current level of the PLA-N's

³⁹ Geoffrey Till, *Seapower: A Guide for the Twenty-First Century* (London: Frank Cass Publishing, 2004).

development, focus would be awarded to direct offshore defence, which is represented in contemporary Chinese military doctrine.⁴⁰

Map 2.7: China's Maritime Defence Zones



Applying the principles presented by Till, direct offshore defence would focus on the relatively narrow waters of the East China Sea and the northern South China Sea. This is the key area where the PLA would need to deny command of the sea to the enemy to prevent hostile activities against the Chinese coast, effectively creating a maritime buffer zone. Indirect forward defence would focus on the waters beyond the East and South China Seas, attempting to find and damage an approaching naval force

⁴⁰ Paul H. B. Godwin, "From Continent to Periphery: PLA Doctrine, Strategy and Capabilities Towards 2000," *The China Quarterly*, no. 146 (1996). 469.

its control over the waters leading up to the second islands chain (consisting from the Marianas Islands, Guam and Palau). Finally, further development would allow the PLA-N to break through the second island chain and achieve true blue-water presence.⁴²

The above-discussed changes to the security environment are reflected in the evolution in Chinese naval strategy in general. While in the 1950s and 1960s naval defence primarily focused on small incursions from Taiwan, relying on ground coastal defence (direct onshore defence), by the late 1980s the PRC shifted to a near-seas active defence doctrine, covering the waters reaching to the first island chain, which greatly increased the responsibilities of the PLA-N (direct offshore defence).⁴³

How do the Senkaku/Diaoyu Islands relate to all of this? Within the first island chain China would seek to deny command of the sea to the enemy, i.e. prevent the adverse utilization of the waters, through the execution of an anti-access strategy. Tangredi discusses in detail how such an anti-access campaign would be executed.⁴⁴ The early execution phase of the anti-access campaign would include:

- initial cyber-attacks against the enemy
- positioning space and earth-based anti-satellite (ASAT) weaponry
- positioning strike forces (such as submarine barriers, long-range air patrols, surface vessels)
- establishment of a blockade or maritime expulsion zone and;
- establishment of air superiority

As the conflict escalates, these steps would be followed by:

⁴² James R. Holmes and Toshi Yoshihara, *Chinese Naval Strategy in the 21st Century: A Turn to Mahan* (London, New York: Routledge, 2008). See also, Peter Howarth, *China's Rising Seapower: The PLA Navy's Submarine Challenge* (London, New York: Frank Cass Publishing, 2006).

⁴³ Nan Li, "The Evolution of China's Naval Strategy and Capabilities: From "near Coast" and "near Seas" to "Far Seas"," *Asian Security* 5, no. 2 (2009).

⁴⁴ Sam J. Tangredi, *Anti-Access Warfare: Countering A2/AD Strategies* (Annapolis: Naval Institute Press, 2013).

- increased cyber-attacks
- ASAT attacks against enemy space assets
- employment of EMP weapons
- jamming and deception of enemy C4ISR systems
- missile- and air-strikes against regional bases
- attacks against forward deployed naval forces and;
- sabotage or other local disruption at enemy points of embarkation

The key goal is to deny sufficient command of the sea to the enemy for it to be able to utilize these waters to attack one's own assets/territory. As such, an anti-access strategy is much more in the vein of Corbett, who emphasized the importance of the command of the sea and potential sea-denial, than Mahan, who emphasized the importance of seeking decisive naval battles.

The Senkaku/Diaoyu Islands could play an important role throughout a potential conflict. Prior to a conflict, the islands could be a strong position for Chinese surveillance. Establishing a radar station on the islands would extend China's detection range with more than 300 km, and would provide an optimal position to monitor activities around Okinawa, which serves as the base of U.S. marine forces. With the construction of an airfield, the islands could extend the range of Chinese surveillance aircraft, as well as the time they can spend in theatre patrolling. Similarly, naval facilities could offer logistical services to PLA-N vessels, extending the time they can spend patrolling in the area before needing to return to the mainland.

The Senkaku/Diaoyu Islands could also serve as a forward defensive position. The PLA could establish both anti-air and anti-ship missile batteries that could facilitate direct offshore defence through denial of command of the sea. An airfield could facilitate seeking air superiority as part of an anti-access strategy by offering logistical

and repair services in the absence of aircraft carriers, and to extend the time these aircraft can spend in theatre. Electronic warfare equipment could extend the range of China's ability to jam or attack enemy C4ISR capabilities. Medium range cruise missiles could target Japanese and American bases on Okinawa. Special operation forces could use the islands as a staging area for acts of sabotage against enemy points of embarkation.

Map 2.9: The Senkaku/Diaoyu Islands and China's Missile Range



Besides direct combat capabilities, having a strong Chinese forward deployed position at the doorstep of Japan would improve China's ability for deterrence. Such a position would improve the credibility of the Chinese anti-access shield, further disincentivizing enemy action in a potential Taiwan or other contingency. In a potential Taiwan contingency, the islands could also act as a staging area for an attack against the less fortified eastern coast. As a forward deployed position, they could also play an

important role in breaking through the first island chain and facilitating indirect forward defence within the waters leading up to the second islands chain. Overall, the islands occupy a position of great strategic value, and the only seeming limit on their potential for China's defences is Beijing's imagination.

Naval defence is not the only component of China's territorial security. China's nuclear deterrence plays a key role in dis-incentivizing a potential enemy attack. However, for its nuclear deterrence to be credible, China needs to possess high-survivability second-strike capabilities. At the moment Chinese nuclear deterrence is based on fixed and road-mobile land-based missiles, both of which are considered to be vulnerable to enemy attack. Currently ballistic missiles based on nuclear submarines offer the highest survivability due to their stealth and constant movement. However, SSBNs require safe patrolling areas where they are protected from enemy anti-submarine warfare efforts. Traditionally two strategies exist: During the Cold War, the United States adopted a forward deployed strategy with its SSBNs utilizing the deep oceans to hide. In contrast, the Soviet Union elected, partially due NATO ASW capabilities, to keep its own SSBNs in safe heavens protected by its own naval forces and Arctic ice.⁴⁵

China faces the problem of the island chains once again: Its own SSBNs have no direct access to the open oceans, and to reach them they would need to pass through chokepoints ideal for enemy ASW operations. Thus, it would need to follow the Soviet example of establishing safe havens for its SSBNs for the time being. Having a strong control over the East and South China Seas, under a solid anti-access shield, would allow Chinese SSBNs to patrol in relative peace, exploiting the difficulty these waters pose for ASW efforts. This would significantly improve the survivability of Chinese

⁴⁵ Till, *Seapower: A Guide for the Twenty-First Century*.

nuclear capabilities, improving the overall security of the PRC through heightened deterrence.

It is also important to consider that in the case of China the importance of territorial security goes beyond mere practicality. China's nationalist political ideology heightens the PRC's threat perception. This relates strongly to China's historical experiences. Foreign imperialism is largely blamed for the destruction of the Middle Kingdom, and the subsequent Century of Humiliation, a period of deep historical trauma for Chinese political consciousness. In turn the formation of the PRC, which is considered to be the end of the Century of Humiliation, has ushered in a sense of 'never again', a general sense of suspicion concerning foreign powers and their supposed goal of preventing the resurgence of Chinese power. The heightened threat perception of the PRC is expressed in many publications. *China's National Defense*, a Chinese publication targeting the international market, states that "a number of hostile [anti-China] forces have regularly been launching attacks on China's networks, and carrying out publicity competition, moral infiltration and cultural aggression"⁴⁶ and thus "to strengthen national defence and the armed forces is of vital importance to the long-term developments and historical destiny of the Chinese nation".⁴⁷ Similarly, Ong argues that "China firm[ly believes] that its security must never be undermined by foreign powers again."⁴⁸ Callahan refers to this phenomenon as 'pessoptimism': while China is excited and optimistic about its economic development and rise within the international community, it is also deeply anxious and pessimistic about the international system's willingness to accommodate China's rise, leading to a constant concern over foreign forces attempting to hold China down and to humiliate it once again. Callahan argues that "part of Beijing's official curriculum of "national humiliation education" that

⁴⁶ Peng Guangian, Zhao Zhiyin, and Luo Yong, *China's National Defense* (Beijing: China International Press, 2010), 18.

⁴⁷ *Ibid.*, 15.

⁴⁸ Russel Ong, *China's Security Interests in the 21st Century* (New York: Routledge, 2007), 15.

teaches students that the PRC needs to defend itself against a hostile world”⁴⁹. China’s nationalist concerns have significant implications for its security-seeking behaviour. Mearsheimer argues that fear plays a significant role in states behaviour: “a scared state will look especially hard for ways to enhance its security and it will be disposed to pursue risky policies to achieve that end”⁵⁰. The key implication of this for the rational choice calculation is that China will attach even higher value to options that would improve its security, thus lowering the negative effects of potential costs.

Territorial security is also connected to the legitimacy of the CCP. As discussed later on, regime survival, i.e. the maintenance of the one-party system dominated by the CCP, is one of the key interests of the PRC. Callahan argues that “the legitimacy of the CCP grows out of the history of its struggle against foreign imperialism and domestic corruption, rather than from democratic elections, effectiveness, or public opinion”⁵¹. Similarly, Dutta⁵² and Emmers⁵³ both argue that the CCP’s legitimacy is strongly linked with its ability to safeguard China from external threats. To put it simply, the CCP’s legitimacy is partially based on the CCP’s effort to resist foreign threats, real or imaginary. This again further increases China’s threat perception, as the CCP cannot afford to appear weak in the face of any external threats, and thus further increases the value attached to security.

⁴⁹ William A. Callahan, *China: The Pessoptimist Nation* (Oxford: Oxford University Press, 2010), 12.

⁵⁰ John J. Mearsheimer, *The Tragedy of Great Power Politics* (London: W. W. Norton & Co., 2014), 42-43.

⁵¹ Callahan, *China: The Pessoptimist Nation*, 34.

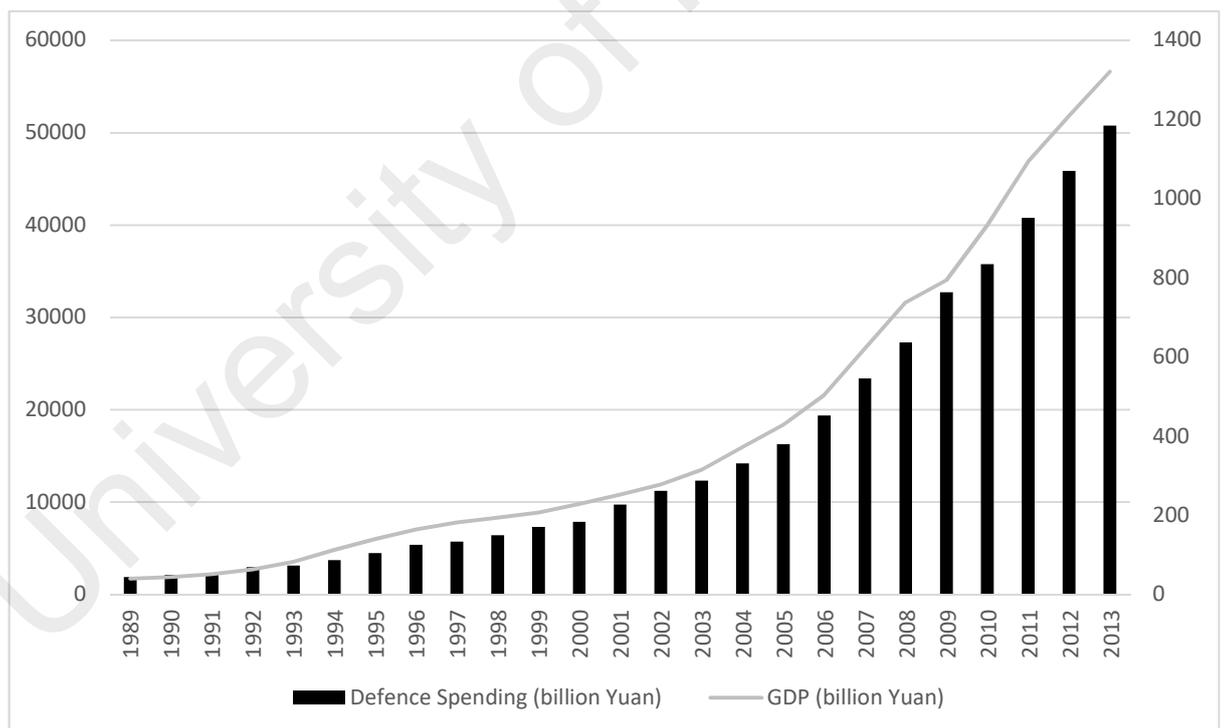
⁵² Sujit Dutta, "Securing the Sea Frontier: China’s Pursuit of Sovereignty Claims in the South China Sea," *Strategic Analysis* 29, no. 2 (2005), pg. 269-294.

⁵³ Ralf Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia* (London, New York: Routledge, 2010).

2.2.2 Economic Development

The importance of economic development is central to contemporary China. From an offensive realist perspective wealth, enabled by economic development, is a crucial indicator of how powerful a state is. Economic performance affects latent power, i.e. a state's ability to acquire military power.⁵⁴ To put it simply, the more economic might a state possesses, the larger army it can afford and the more sophisticated weapons it can develop or purchase, theoretically. Naturally, the actual military might of a country is affected by a host of other factors, but economic might underpins the military power of a country. This is illustrated well by China:⁵⁵

Figure 2.1: China's Defence Spending and GDP



⁵⁴ Mearsheimer, *The Tragedy of Great Power Politic*.

⁵⁵ Graph is a composite of National Bureau of Statistics of China. "China Statistical Yearbook, 2014)." Beijing: National Bureau of Statistics, 2015). <<http://www.stats.gov.cn/tjsj/ndsj/2014/indexeh.htm>>. (accessed on 11 April 2016). and Stockholm International Peace Research Institute, "Sipri Military Expenditure Database," 2015, <http://www.sipri.org/research/armaments/milex/milex_database> (accessed on 09/12/2014) The left axis represents GDP, while the right axis represents defence spending.

While the Chinese economy has expanded 33 fold (from 1,700 billion Yuan to 56,613 billion Yuan), Chinese defence spending followed it by expanding 27 fold (from 44 billion Yuan to 1,185 billion Yuan). China's rapid economic growth allowed Beijing to pursue an ambitious military modernization program which shifted the PLA from an ill-equipped land mass-army to a well-equipped and fairly modern military force other regional states have to take seriously. In effect economic development allowed Beijing to significantly increase China's power and to become a major military power. Thus continued economic development is vitally important to enable the PLA to continue to carry out its territorial security mission, as discussed above, making the protection of economic development a similarly key interest.

But the importance of economic development goes beyond latent power for Beijing. Continued economic development is a vital component of the CCP's legitimacy, and thus regime survival. In the absence of a democratic basis, the legitimacy of the CCP is based on a number of components, one of which (safeguarding the territorial security of the PRC) has been discussed above. Another component is the CCP's ability to lift millions of Chinese out of poverty and to provide increasing living standards to the citizens of the PRC.⁵⁶ Would China's economic development falter, and the living standards of Chinese citizens decline, then the CCP would face strong criticism and dissent would rise around existing problems, such as corruption or inequality. By providing better standards of living, the CCP can placate a significant portion of the domestic audience in order to ensure domestic stability. The Senkaku/Diaoyu Islands are connected to China's economic well-being in a number of ways, rendering them important for securing continued economic development.

⁵⁶ M. Taylor Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion," *International Studies Review* 12, no. 4 (2010) pg. 505-532. See also: Ong, *China's Security Interests in the 21st Century*.

First, the protection of sea lines of communications (SLOCs) is crucial for trading states, such as China. As by sea continues to be the most economical way to transport large volumes of cargo, these waterways are essential for economies to transport manufactured goods to overseas markets. The idea concerning the importance of protecting SLOCs to protect the state's economic well-being reaches back at least to Mahan. Mahan recognized the reciprocal relationship between economic and naval power: a strong economy can afford to field a strong navy, while a strong navy is needed to protect the state's economy (especially when it comes to trade and overseas economic interests) in case of a conflict by ensuring that the state continues to enjoy access to the sea.⁵⁷ Imperial Japan got a first-hand experience in the importance of protecting SLOCs from the navy Mahan helped to create. The U.S.'s successful submarine campaign led to the severing of Japanese SLOCs, which in turn led to the gradual collapse of Japanese industry and economy, contributing significantly to Japan's defeat. Similarly, Admiral Sergey Gorshkov of the Soviet Fleet also recognizes the importance of SLOC protection. He argued, similarly to Mahan, that the state's economic and naval powers are closely linked. In Gorshkov's view in contemporary naval warfare fleet-on-fleet engagements lost relevance to other supporting naval roles, such as protection of one's own and attacks against the opponent's SLOCs, which increasingly became one of the key roles of naval power.⁵⁸

China is the largest exporter state in the contemporary world economy, producing a total of 12 percent of global goods manufactured for export.⁵⁹ In 2013, 24 percent of the PRC's GDP came from exports.⁶⁰ Most of these goods reach their destination through maritime channels, onboard of giant container ships which are the

⁵⁷ Till, *Seapower: A Guide for the Twenty-First Century*.

⁵⁸ S. G. Groshkov, *The Sea Power of the State* (New York: Pergamon Press, 1979).

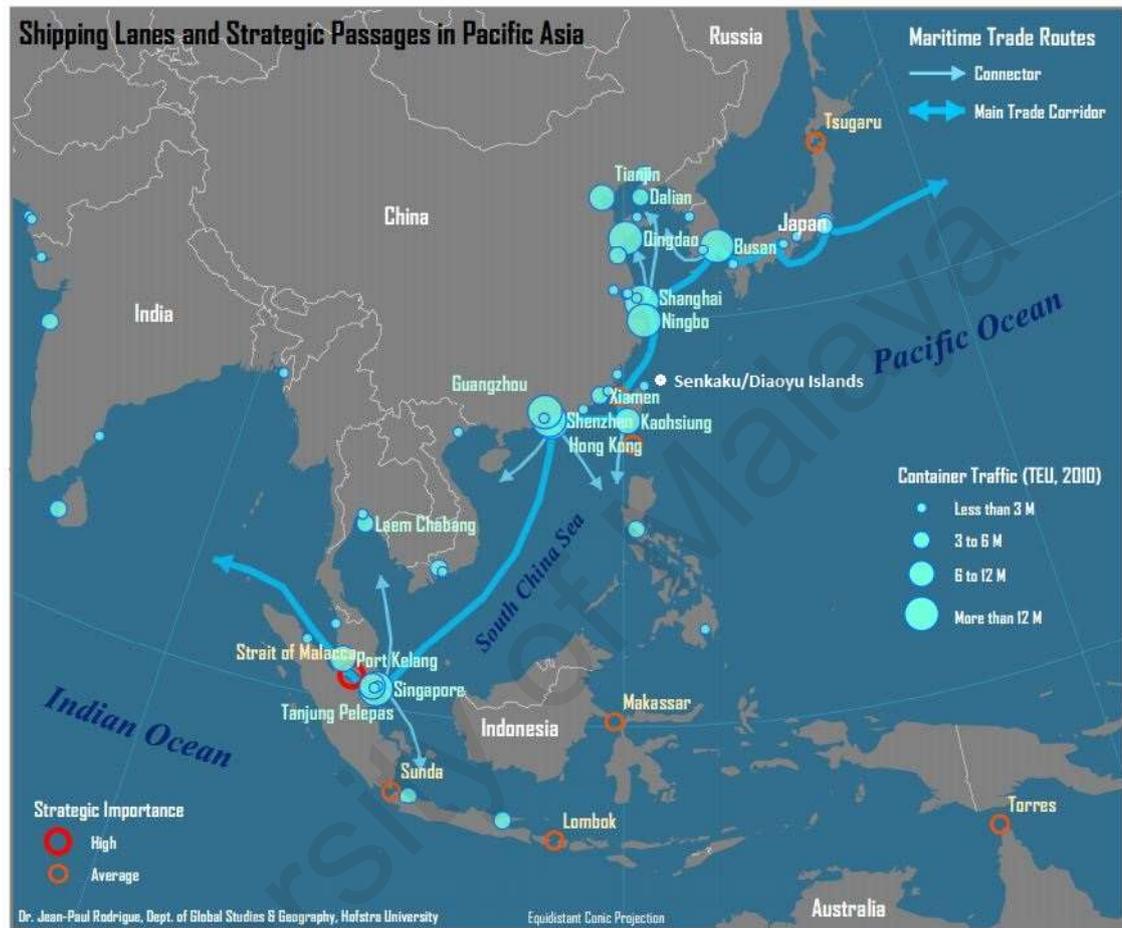
⁵⁹ World Trade Organization. "China - Trade Profile." 2014).

<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Country=CN&>. (accessed on 23 March 2015).

⁶⁰ National Bureau of Statistics of China, "China Statistical Yearbook, 2014".

standard mode of transportation within the current trade system, utilizing China's busy trade ports and various waterways of critical importance, as illustrated below:⁶¹

Map 2.10: China's Sea Lines of Communications



The protection of these trade channels from both traditional (in case of a conflict) and non-traditional (such as piracy or terrorism) threats is of vital importance for the continued well-being of the Chinese economy. Till argues that past war experience showed that convoy tactics offered the best protection to merchant shipping, however, he recognizes that technological developments, such as more lethal and hard

⁶¹ Jean-Paul Rodrigue and Theo Notteboom, "The Geography of Transport Systems - Shipping Lanes and Strategic Passages in Pacific Asia," <https://people.hofstra.edu/geotrans/eng/ch1en/appl1en/ch1a2en.html> (accessed on 29/03/2016)

to detect submarines, reduce the contemporary utility of such tactics.⁶² Rather states increasingly focus on SLOC protection, i.e. ensuring their own ability to utilize critical waterways through sufficient command of the sea, in effect creating highways for their merchant fleet at sea. This is especially so as under the current economic situations bundling ships into convoys would create significant delays to shipping. The Senkaku/Diaoyu Islands could play an important role in SLOC protection in two key ways:

One, control over the disputed islands could facilitate the direct defence of China's SLOCs crossing the East China Sea from the ports of Shanghai, Ningbo or Qingdao. The utilization of the islands would be similar to that what has been discussed under territorial security. Surveillance capabilities would allow China to better monitor both traffic on the East China Sea and the possibility of potential threats. Establishing military capabilities, such as missile batteries, airfields or naval facilities, would create a stronghold just opposite of Japanese islands and naval bases that could be used to launch attacks on Chinese SLOCs. At the moment, all Chinese defensive positions are on the western side of China's SLOCs. Establishing military positions on the Senkaku/Diaoyu Islands would allow China to have defence on the eastern side, allowing Chinese shipping to pass between Chinese defensive positions, providing better protection.

Two, control over the Senkaku/Diaoyu Islands would allow China to indirectly improve the security of its own SLOCs through deterrence. Militarizing the disputed islands would improve China's ability to threaten Japanese, South Korean, American or Taiwanese shipping, even if they shift their SLOCs further away from shore. China could rely on its ability to devastate the shipping of these states to deter potential attacks against or blockades on its own shipping on either the East China Sea or at the critical

⁶² Till, *Seapower: A Guide for the Twenty-First Century*.

chokepoints of the South China Sea, most of which are under potentially adverse possession. This was highlighted by John Lee when arguing that such a deterrence policy would allow China to compensate for existing naval weaknesses, as the ability to target SLOCs on the East China Sea would potentially prompt hostile forces to be more hesitant to target Chinese shipping in fear of retaliation.⁶³

Besides the security of its SLOCs, a state's economic might is also affected by its access to critical resources, such as fuel, minerals or food. With the development of new technologies to exploit them and the exhaustion of land-based resources, maritime resources are becoming increasingly important. The exploitation of maritime resources is governed by the United Nation Convention on the Law of the Sea (UNCLOS). Under the convention states are entitled to claim 12 nautical miles of territorial waters and 200 nautical miles of exclusive economic zones (350 nautical miles in case of the natural prolongation of the continental shelf⁶⁴) around their baseline and various outlying islands to exploit these resources.⁶⁵ Gaining access to the various resources of the East China Sea would benefit China greatly. China is the second largest oil importer in the world and is expected to overtake the United States as its economy continues to grow.⁶⁶ Having access to the potentially significant oil reserves under the East China Sea would mean that China could satisfy its energy needs locally, rather than having to seek out sources in unstable regions of the Middle East (52 percent of total imports) and Africa (23 percent of total imports)⁶⁷, and then ship them while relying on potentially

⁶³ John Lee, "Does China Have a Grand Strategy and What Does it Look Like", 2015, Seminar at University Malaya,

⁶⁴ United Nations, "United Nations Convention on the Law of the Sea - Part VI: Continental Shelf." http://www.un.org/depts/los/convention_agreements/texts/unclos/part6.htm. (accessed on 11 April 2016).

⁶⁵ Nan Li, "The Evolution of China's Naval Strategy and Capabilities: From "near Coast" and "near Seas" to "Far Seas"," *Asian Security* 5, no. 2 (2009). 162.

⁶⁶ China currently imports 60 percent of its oil consumption from abroad as per "New Suppliers Boost China Oil Imports." *Wall Street Journal*, 21 January 2014, <http://online.wsj.com/news/articles/SB10001424052702303802904579334411874909686>. (accessed on 22 April 2014).

⁶⁷ US Energy Information Administration, "China - Overview." Washington: U.S. Energy Information Administration, 2014). <http://www.eia.gov/countries/cab.cfm?fips=ch>. (accessed on 22 April 2014).

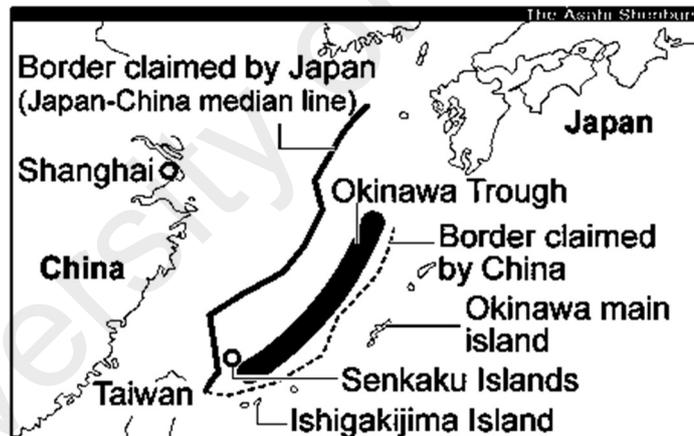
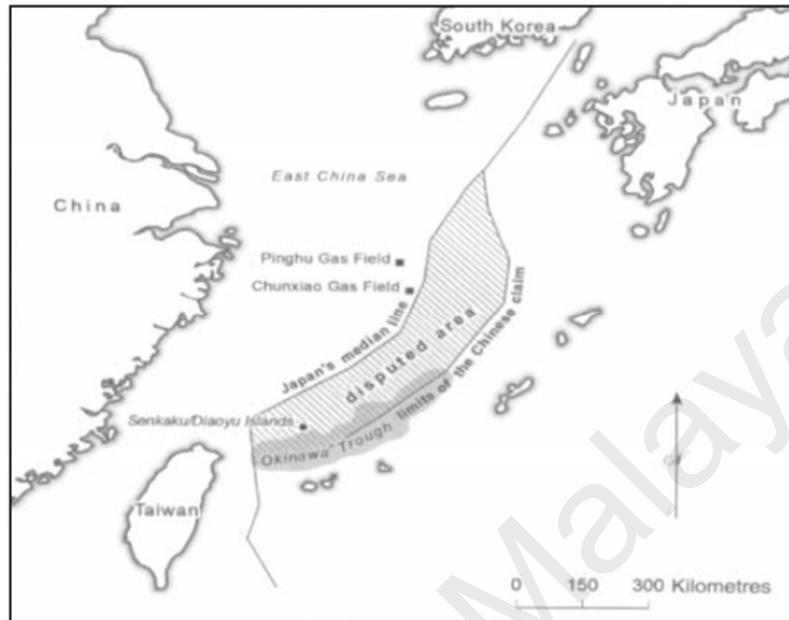
vulnerable SLOCs through the Indian Ocean and the South China Sea. Similarly, the waters of the East China Sea are rich in fish, which is an important source of food for China, especially as other fishery reserves are increasingly exhausted. Many of the day-to-day conflicts between China and Japan arise from the presence of Chinese fishing vessels in disputed waters. Control over the Senkaku/Diaoyu Islands would benefit China in two major ways:

One, control over the islands would allow China to exploit the resources directly linked to the islands. By establishing sovereign control over the islands, China could claim ownership of the resources within the territorial waters and exclusive economic zones surrounding the islands.

Two, the sovereignty of the Senkaku/Diaoyu Islands directly affects the greater delimitation of maritime zones between China and Japan, as the distance between the two countries' baseline is less than 400 nautical miles, and Japan claims the disputed islands as part of its own baseline.⁶⁸

⁶⁸ Wu Hui and Zhang Dan, "Territorial Issues on the East China Sea: A Chinese Position," *Journal of East Asia & International Law* 3, no. 1 (2010): 140.

Map 2.11: Delimitation of Maritime Zones⁶⁹



Currently, there is disagreement between China and Japan over the delimitation of maritime zones. Japan claims that the border should be an equidistant line between the two baselines while China claims the right to extend its exclusive economic zone up to the Okinawa Through as allowed by the natural prolongation provision of UNCLOS.

⁶⁹ First Map: *ibid.*

Second Map: "China's Surveys in Okinawa Trough Raises Alarm in Japan." *The Asahi Shimbun*, 2011, <http://ajw.asahi.com/article/behind_news/social_affairs/AJ2011092712274>. (accessed on 29 March 2016).

Would China gain control of the disputed islands, Japan would lose one of the forward positions of its baseline, and would increase the validity of China's claims to extend its economic zone to the Okinawa Through, decreasing Japan's access to valuable resources.

2.2.3 Internal Stability and Nationalism

The previous two sections already touched upon the issue of the CCP securing legitimacy in the absence of democratic consensus. Traditionally the legitimacy of the one-party rule of the CCP has rested on its revolutionary credentials, defeating both external aggression from Japan and internal corruption from the Kuomintang, and on a Marxist-Leninist ideology of class warfare. However, following the death of Mao and Deng's economic opening policies said legitimacy begun to weaken, culminating in the 1989 Tiananmen protests that directly challenged the CCP's continued monopoly on power. The protests highlighted that the CCP suffered from a legitimacy deficit, i.e. that people were increasingly less willing to recognize their continued right to rule China. The senior leadership understood that deploying the PLA to crack down on the protests could only be a temporary solution. Especially as Gray argues that no matter how authoritarian a state is, it cannot completely ignore popular sentiments without being eventually overthrown.⁷⁰

In order to maintain internal stability and to ensure regime survival, over which the CCP is highly concerned, a new basis for continued one-party rule had to be found. As mentioned, economic development has been a part of this: increase living standards to placate the masses. But economic development could also only provide a temporary solution. As Collier argues, while an authoritarian system acts as a stabilizing influence on low-income societies, they become a destabilizing influence on mid- to high-income

⁷⁰ Colin S. Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy* (London: Praeger Security International, 2007): 24-27.

societies.⁷¹ Economic development, and its consequences such as rising level of education, would eventually lead to the now wealthy population demanding a say in politics. The CCP needed a galvanizing ideological basis to unify the population under its continued non-democratic governance. To achieve this, the CCP introduced the patriotic education system in China to promote a new political ideology, shifting its source of legitimacy from communism to nationalism.⁷²

But, while shifting to nationalism improves the legitimacy of the CCP, it also imposes restrictions on the Chinese state: if the CCP wants to maintain its nationalist legitimacy, China has to act within the confines of its own nationalist narrative.

At the core of Chinese nationalism is the dichotomy of greatness and humiliation, pride and fear. Callahan refers to this experience as ‘pessoptimism’: While the Chinese demonstrate a great pride in their civilizational achievements, they also suffer from a sense of great humiliation due to the downfall of the Chinese Empire. Thus, reclaiming China’s rightful place under the sun is the top priority of Chinese nationalist ideology, namely by returning the country to its past prominence in world affairs and wiping away the century of humiliation. The necessity to act within the confines of this ideology has significant policy implications. Callahan argues that under the current political culture “national pride and national humiliation still work together as a guiding historical template that frames political crises in the present and the future”⁷³ thus “the PRC’s national security is closely tied to its nationalist insecurities, domestic politics and foreign policy overlap, soft and hard power produce each other,

⁷¹ Paul Collier, *Wars, Guns and Votes: Democracy in Dangerous Places* (New York: HarperCollins, 2010).

⁷² Sumit Ganguly, Andrew Scobell, and Chinyong Liow Joseph, eds., *The Routledge Handbook of Asian Security Studies* (New York: Routledge, 2010), 91. See also Masako Ikegami in Jun Tsunekawa, *The Rise of China: Responses from Southeast Asia and Japan* (Tokyo: The National Institute of Defence Studies, 2009). and Michael Heazle and Nick Knight, eds., *China-Japan Relations in the Twenty-First Century: Creating a Future Past* (Northampton: Edward Elgar Publishing, 2007), 27.

⁷³ Callahan, *China: The Pessoptimist Nation*, 15.

and elite and mass are intertwined”⁷⁴. The nationalist ideology pursued by the CCP is connected to the Senkaku/Diaoyu Islands in a number of ways:

One, Chinese political nationalism’s focus on wiping away the Century of Humiliation emphasizes the territorial sanctity of China, including the need to recover territory lost to imperialist aggression.⁷⁵ Originally this idea primarily referred to the PRC’s duty to reclaim Taiwan, however over the years, the concept was gradually expanded to increasingly incorporate China’s other maritime claims on the East and South China Seas.⁷⁶ This means that China cannot simply back away from its claims on the East China Sea. At the same time, would China be successful in gaining control over the islands, it would be a significant nationalist achievement for the CCP, boosting its legitimacy especially among the more nationalist, and thus more likely to be vocal, elements of the domestic audience. It would also allow the CCP to provide a tangible demonstration that they continue to champion the territorial sanctity and continued rise of the PRC, in harmony with nationalist principles.

Two, the Chinese nationalist discourse is highly concerned about the international status and prestige of the PRC. As Callahan argues “one of the key goals of Chinese foreign policy is to “cleanse national humiliation. International status [thus is an] overriding policy objective.”⁷⁷ The idea that China should enjoy international respect and influence commensurate to its history and position in the contemporary international system is a central theme of Chinese political discourse.⁷⁸ Securing control over the disputed islands would be a tangible recognition of China’s international status

⁷⁴ Ibid., 13.

⁷⁵ David Scott, *China Stands Up: The PRC and the International System* (London: Routledge, 2007), 12.

See also Ganguly, Scobell, and Joseph, *The Routledge Handbook of Asian Security Studies*.

⁷⁶ Dutta argues that the CCP increasingly attaches its legitimacy to its ability to safeguard its claims on the South China Sea, See Dutta, "Securing the Sea Frontier: China’s Pursuit of Sovereignty Claims in the South China Sea," 278. The same can be observed on the East China Sea as the CCP steps up its media campaign and domestic awareness over the islands rise, creating a situation where the PRC’s ability to pursue its claims is attached to the CCP’s credibility and legitimacy.

⁷⁷ Callahan, *China: The Pessimist Nation*, 11.

⁷⁸ Scott, *China Stands Up*.

and influence, symbolizing the translation of decades of economic growth and military modernization into the actual power to achieve Chinese interests. It would be a recognition that China has risen to be a major power within East Asia, and that if necessary it can pursue its interests in opposition to regional actors such as Japan or the United States. From a symbolic perspective, it would show China's return to prominence in regional affairs.

The question of status and prestige is especially critical in the case of the Senkaku/Diaoyu Islands as China faces off against Japan, the primary antagonist of the national humiliation narrative.⁷⁹ Anti-Japanese sentiments continue to be strong in Chinese nationalist discourse as Imperial Japan is deemed the most responsible for the downfall of the Chinese Empire, and the most brutal of all the occupying forces, the insult being made worse by the fact that Japan is not only a fellow Asian nation but a one-time vassal of China. Jian Yang argues that "anti-Japanese nationalism is particularly effective in generating support for the government simply because resentment against Japan can be tapped so easily".⁸⁰ Emmers argues that "in China's view Japan's failure to compromise on the question of territorial sovereignty over the Senkaku/Diaoyu islands is therefore viewed largely as a lack of remorse for its violent past".⁸¹ Thus, would China achieve control over the Senkaku/Diaoyu Islands, the victory would be made all the more significant as it was achieved over the PRC's main regional rival and a key antagonist in Chinese interpretation of history.

⁷⁹ Peter Hays Gries, "China's "New Thinking" on Japan," *The China Quarterly* 184 (2005) shows the strong anti-Japanese sentiments present in Chinese nationalism through examining the domestic political debate concerning potential rapprochement with Japan. Gries argues that "at the onset of the 21st Century, Chinese animosity towards Japan is unquestionably out of control" (pg. 897) and that Japan 'bashers' are ascendant and exhibit "a winner-takes-all, show-no-mercy style reminiscent of the Cultural Revolution" (p. 832).

⁸⁰ Heazle and Knight, *China-Japan Relations in the Twenty-First Century*, 143.

⁸¹ Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*, 24.

Three, the CCP can use the Senkaku/Diaoyu Islands dispute to distract the domestic audience from problems⁸² (such as corruption or environmental degradation) at home, pushing it into a nationalist fervour over the dispute to divert criticism against the state towards Japan.⁸³

All of these would benefit the CCP in solidifying its legitimacy and deflecting mounting domestic criticism. From the CCP's perspective, the communist regime and the Chinese state are one and the same, and domestic stability and order are paramount to the continued rise of China. The Senkaku/Diaoyu Islands offers an ideal outlet for nationalist posturing to cement communist legitimacy.

2.3 The Importance of the Senkaku/Diaoyu Islands for Japan

Understanding just how important the disputed islands are for Japan is important as this will affect the extent to which Tokyo is willing to go to both impose costs on China and suffer costs in defence of the Senkaku/Diaoyu Islands. From a rational choice perspective, the more important the islands are for Japan, the more it would be willing to sacrifice to keep them, making it more difficult for China to succeed through certain foreign policy routes, and vice versa.

As in the case of China, the first issue to consider is territorial security. Unlike China, from a geostrategic perspective, Japan occupies a much more secure position: Japan is an island nation, which makes it resistant to direct invasions, as any occupying force would need to traverse either the East China Sea and the Sea of Japan or the Pacific Ocean. However, this also means that control of the waters surrounding Japan is

⁸² Yongnian Zheng, "China in 2011: Anger, Political Consciousness, Anxiety, and Uncertainty," *Asian Survey* 52, no. 1 (2012). This work highlights the growing domestic pressure on the CCP, especially in the context of political reform. Similar concerns are also voiced in Guoguang Wu, "China in 2010," *Asian Survey* 51, no. 1 (2011): 18-32

⁸³ Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion," 521. See also, Emmers, *Geopolitics and Maritime Territorial Disputes in East Asia*.

of paramount importance for the defence of Japanese territory, especially as, unlike on land, at sea the advance of enemy forces cannot be predicted based on terrain.

The key question then is whether control over the Senkaku/Diaoyu Islands is important for Japanese command of the sea. In pragmatic strategic terms, the Senkaku/Diaoyu Islands are of little strategic importance to Japan, which is evidenced by the fact that Japan made no attempts to militarize them, despite possessing them for over a century. The Senkaku/Diaoyu Islands are distant from the Japanese main islands, and Japan possesses a number of islands within the Ryukyu Islands chain that offer better strategic value to facilitate Japanese offshore defence, such as Okinawa. Japan also possesses islands near the disputed islands, such as Ishigaki and Miyakojima that are more suited for forward defence positions. The key strategic significance for Japan is not as much possessing the islands but mainly preventing China from militarizing them. Should China be able to do so, that would bring the PLA forces uncomfortably close to Japanese territory. The PLA forces on the disputed islands could pose a direct threat to the aforementioned Miyakojima (population 56,000) and Ishigaki (population 48,000), as well as serve as a staging area for operations against the whole Ryukyu Islands chain.

Similarly, the sovereignty of the Senkaku/Diaoyu Islands would have limited effect on the security of Japan's SLOCs:

Map 2.12: Japan's Trade Routes



Even in the case of a potential conflict, Japan's SLOCs would be fairly secure. Neither trade through the Pacific Ocean would be affected by the sovereignty of the Senkaku/Diaoyu Islands, nor would be Japan's SLOCs on the Sea of Japan, which are also guarded by the Korea Strait. The Senkaku/Diaoyu Islands would only meaningfully affect Japanese SLOCs crossing the East China Sea, however, even, in that case, those routes could be shifted behind the Ryukyu Islands, which forms a natural defensive barrier, and is garrisoned by Japanese and U.S. troops. The key impact on Japanese SLOCs would be potentially causing delays and having to deal with the rougher weather conditions of open oceans. Based on this, it is unlikely that adverse possession of the

islands would significantly negatively impact Japanese trade unless the PLA can break through the Ryukyu Islands chain.

A more significant economic consequence would concern the delimitation of exclusive economic zones. As discussed above, would China gain control of the islands, Japan would lose part of its baseline, and thus potentially lose claims over a significant portion of the East China Sea. This would affect Japan's access to fishery and other natural resources. Japan is even more dependent on imported oil than China, and controlling significant local oil reserves would significantly improve Japan's energy security. Other mineral resources could provide input for Japan's high-tech industries, reducing Japan's dependence on foreign sources, such as imports from China. Having the border between China's and Japan's EEZ pushed back to the Okinawa Trough would be a significant loss for Japan.

From a Japanese perspective, the most important reason to maintain control over the disputed islands is political. There is significant international status and domestic legitimacy attached to the question of the Senkaku/Diaoyu Islands. From a domestic perspective, would China gain control over the islands, it would mean that Tokyo failed to protect Japan's territorial integrity. This would likely result in domestic criticism, especially as Tokyo made a well-publicized issue out of the dispute, and uses it (partially) as a justification for the unpopular defence reforms of the Abe administration. From an international perspective, the loss of the islands would mean a significant loss of prestige and a clear indication that influence is shifting away from Japan in favour of China. Japanese political thinking likes to view Asia as a 'flying geese pack', with Japan leading the pack. The rise of China threatens to disrupt this view, and potential loss of the islands would be a clear indication that China is surpassing Japan in terms of power in East Asia.

Overall, while the pragmatic importance of the islands for Japan is limited, the symbolic value is quite significant as it affects Japan's international status. And White emphasizes that states are often willing to fight for prestige.⁸⁴ This relates back to the core ideas of offensive realism: states continuously have to make calculations concerning their relative power under imperfect information. Prestige plays an important role in this as it affects the calculation. Appearing strong can persuade an opponent that aggression would be inadvisable while appearing weak invites aggressive behaviour. Would Japan fail to protect the disputed islands, it would provide the appearance that Japan cannot protect its territory, and thus it would negatively impact perceptions of the balance of power. In the end, while the actual strategic value of the islands is limited for Japan, Tokyo has a vested interest in preventing China from gaining control over them.

⁸⁴ Hugh White, "Caught in a Bind That Threatens an Asian War Nobody Wants." *The Sydney Morning Herald*, 25 December 2012, <<http://www.smh.com.au/federal-politics/political-opinion/caught-in-a-bind-that-threatens-an-asian-war-nobody-wants-20121225-2bv38.html>>. (accessed on 28 October 2014).

2.4 Assessment

Chapter 2 examined the background of the Senkaku/Diaoyu Islands dispute, as well as the key interests China and Japan connect to the control of the islands. The historical overview highlighted an overall downward trend when it comes to the progression of the dispute, contradicting more optimistic academic writing on the subject. Organizing the dispute in a format focusing on cycles promotes the idea that each escalation phase was eventually de-escalated. While this is true, it obfuscates the fact that de-escalation is increasingly difficult to achieve, and that the dispute gradually progressed from the political to the economic realm, and then to the military realm. With decreasing Sino-Japanese economic ties it would be negligent to simply assume that de-escalation will once again be reached, without examining the actual circumstances faced by the disputing parties.

Reviewing the interests of China and Japan highlighted that both countries have significant interests in controlling the islands. Gaining control over the Senkaku/Diaoyu Islands could potentially greatly benefit China in the strategic, economic and political realms. At the same time, while the islands are not as important strategically for Japan as they are for China, loss of the islands would be a painful sign of the decline of Japan's regional prominence, and Tokyo has strong political and economic interests to maintain control over the islands.

The following chapter will focus on potential courses of action based on military power. The focus of the next chapter is to determine their feasibility and to analyse their utility and risk factor, which will be compared and contrasted with other options later on.

CHAPTER 3

MILITARY OPTIONS

As indicated in Chapter 1, this research divides the various options from which the rational actor has to choose from into two main categories: options whose execution is predominantly tied to military power and options whose execution is inherently not based on military might. To put it simply, Chapter 3 deals with military-centric options, such as invasion or coercion, while Chapter 4 deals with more diplomatic options, such as bilateral negotiations or adjudication.

Military power has traditionally played a key role in interstate politics, and despite arguments for the transition into a post-military state of international relations, military might continue to be a key component of statecraft. As a school of thought, political realism has traditionally offered centre stage to military power in interstate relations. Defensive realism adopts a defeatist approach to the use of military power in the pursuit of state interests, as the name suggests emphasizing its role in defending against external interference. In contrast, offensive realism recognizes military power as a valid component of states' toolbox to pursue their interests and as the ultimate arbiter of interstate disputes. It is in this spirit that Mearsheimer argues that "offensive realism emphasizes that force is the *ultima ratio* of international politics"¹, namely that military might can provide a final resolution to international disputes especially when diplomacy or other attempts at resolution have failed. The same argument is recognized by Gray when arguing that, while not all problems should be solved through military means, some problems can only be resolved through the exercise of military force. However, this recognition should not be interpreted as an advocacy for mindless aggression.

¹ Mearsheimer, *The Tragedy of Great Power Politics*, 56.

Whether use of force is the rational course of action is still determined by rational choice considerations.

Schelling in *Arms and Influence* distinguishes two main potential avenues to use force. One he characterizes as “brute force” where the political objective is achieved through the unilateral use of force. The other he characterizes as coercion where, albeit military force is used, it is done so in the context of a bargaining process.² The primary purpose of this chapter is to discuss these two potential courses of actions within the context of China's strategic dilemma over the Senkaku/Diaoyu Islands. The examination within this chapter is based on the following framework for each option:

First, in order to provide a comprehensive analysis, the options are grounded in their respective strategic cultural contexts. This part of the examination begins with exploring how these particular options fit into China strategic culture and military doctrine. This is followed by an overview of their tentative execution within the specific strategic context of the Senkaku/Diaoyu Islands. This aims to provide a comprehensive understanding of what a particular course of action entails.

Second, the chapter proceeds to analyse the feasibility of these options in order to narrow down the ‘feasibility set’ upon which the rational choice decision will be based. The key focus here is to determine whether Beijing could conceivably pursue these options in light of the balance of power between China and Japan and other potential influencing factors. It is important to note that feasibility is not the equivalent of rationality. It is simply the first step in the process.

Third, the chapter examines the utility of each option surviving feasibility testing, i.e. the costs and benefits associated with the successful execution of each

² Thomas C. Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966).

potential course of action. There are three main areas to focus on within this section: One, the extent to which each option allows China to pursue its key interests discussed in Chapter 2. Two, any other potential benefits associated with a particular course of action that is unique to that option and entails benefits beyond those already discussed. And three, the potential political, economic, strategic and other costs of selecting that option. Through this, one can establish a cost/benefit ratio, which will be one of the key metrics used to compare and contrast options in Chapter 5.

Fourth, as Beijing has to undertake the rational decision under imperfect information, one must introduce the concepts of risk and failure. As discussed in Chapter 1, risk is introduced to account for negative influences beyond the control of Beijing that could doom an option to failure despite careful strategic planning. There are two key issues to consider here: the costs of failure, i.e. the list of negative outcomes China would be burdened by if it fails to execute a given option, and the chance of failure, i.e. the likelihood of external factors exerting a meaningful influence upon the execution of a potential course of action.

After one option have been discussed based on these steps, the chapter progresses to do so for the other. The conclusion of the chapter reiterates the main findings discussed previously. Overall, this chapter aims to provide a comprehensive analysis on the potential application of Chinese military power within the context of the Senkaku/Diaoyu Islands dispute. Determining feasibility, utility and risks are both essential when attempting to anticipate future Chinese behaviour and when analysing its implications for regional security. Chapter 3 is followed by a similarly organized chapter on non-military options, and the results of these two chapters are compared and contrasted in Chapter 5, as part of the final phase of the rational choice analysis.

3.1 Potential Course of Action 1: Direct Use of Force

In *Arms and Influence*, Schelling argues that when it comes to the direct use of force:³

Some things a country want it can take, and some things it has it can keep, by sheer strength, skill and ingenuity. It can do this forcibly, accommodating only to opposing strength, skill, and ingenuity and without trying to appeal to an enemy's wishes.

In practical terms, the direct use of force refers to the application of military power that seeks to achieve a specific objective and thus prevent the opponent from altering the new status quo. Essentially this application of military power sidesteps seeking to alter enemy behaviour and seeks to achieve an objective through the unilateral application of brute force, which distinguishes it from coercion through military power.

To understand China's potential for direct use of force, one has to discern how such application of military power fits into the larger context of Chinese strategic culture. While offensive realism's argument that military force is the *ultima ratio* of international politics⁴ transcends national or cultural boundaries, it would be simplistic to argue that the actual application of military power is not influenced by the nation's unique strategic traditions. From a systemic perspective, it is true that military power plays a crucial role in interstate relations. However, whether, and how, military might is employed in a particular case is influenced by the state's strategic culture, as even Mearsheimer cautions against interpreting offensive realism as a theory of mindless aggression.⁵ The question of relative power is equally important for China, the United States (U.S.), or Japan, but their respective strategic traditions dictate how they will actually employ their existing power in a particular case. As Gray highlights, policy

³ Ibid., 1.

⁴ Mearsheimer, *The Tragedy of Great Power Politics*, 56.

⁵ Ibid.

decisions concerning the application of military power, as well as actual strategic decisions, are conducted within a particular political and socio-cultural context that needs to be accounted for if a policy is expected to be effective.⁶

This is especially so in the case of China, which has a long civilizational history, accompanied by a strategic culture whose roots stretch back some 2500 years. *The Art of War* by Sun Tzu, besides the works by Clausewitz and Thucydides, is considered to be one of the key foundations for contemporary military strategy.⁷ *The Art of War* is considered to be part of the seven military classics of Ancient China, a mandatory reading for PLA officers, and thus continues to be influential over Chinese strategic culture. Thus, the first step in understanding how direct use of force fits into Chinese strategic culture would be to examine how *The Art of War* deals with the unilateral application of force.

Sun Tzu recognizes that warfare is of vital importance to the state. In *The Art of War*, he advocates a strategic school of thought that emphasizes the importance of the context of battles over the actual battles themselves, i.e. Sun Tzu highlights the importance of preparation prior to battle over heroism during battle. One of the often quoted maxims of this school of thought is that the victorious army ensures victory and then seeks battle while the defeated enemy engages in battle and then seeks victory.⁸ In Sun Tzu's view, the route to victory lies in careful preparation and manoeuvring, rather than in bravery and heroism on the battlefield.

When it comes to conducting military campaigns, Sun Tzu emphasizes three key elements: One, *The Art of War* focuses on the idea of limited warfare, where the force employed is comparable to the objective one hopes to achieve. Sun Tzu argues that

⁶ Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy*, 3-6.

⁷ *Ibid.*, 58-61.

⁸ Ralph D. Sawyer, *The Seven Military Classics of Ancient China* (Sun Tzu: The Art of War) (London: Westview Press, 1993).

prolonged warfare weakens the state and that victory is dependent on “controlling the tactical imbalance of power in accord with the gains to be realized”⁹. In some sense, *The Art of War* can be considered to be the precursor to modern limited/local war doctrines, such as the one followed by the PLA today. Two, *The Art of War* emphasizes the importance of maintaining the initiative as a force multiplier. “If I determine the enemy’s disposition of forces while I have no perceptible form, I can concentrate [my forces] while the enemy is fragmented”¹⁰. By maintaining the initiative, primarily by being pro-active and on the offensive, one can reap the benefits of being able to determine when and where to battle, while the enemy is forced to be reactionary, leading to it weakening its position as it needs to disperse its forces to defend from all directions. Three, Sun Tzu emphasizes the importance of deception and intelligence. Warfare is based on control over the enemy and oneself. To be successful one has to know the plans and disposition of the enemy while denying the same to the adversary. This facilitates having the initiative and allows one to execute strategic surprise, which can make up for material or numerical weaknesses.

The thoughts expressed by Sun Tzu found their continuation in the People’s Republic’s strategic culture. Mao’s ‘People’s War’ doctrine that dominated the PLA’s strategic thinking for most of its existence has been significantly influenced by ideas from *The Art of War*. The key goal of People’s War is to address the strategic conundrum caused by the material inferiority of the Chinese military post-1949.

People’s War deviates from the strategic teaching of Sun Tzu when it comes to the objectives of a war: *The Art of War* focuses on limited, politically driven conflicts, while People’s War focuses on the need to fight a total war, potentially involving nuclear weapons, in the defence of the PRC. However, despite this difference, in

⁹ Ibid., 158.

¹⁰ Ibid., 167.

execution the doctrine is strongly influenced by Sun Tzu. The strategic goal of People's War is defensive. However, on the tactical level it is executed in an offensive manner, putting an emphasis on controlling the flow of the conflict and maintaining the initiative, as emphasized by Sun Tzu, rather than creating fixed defensive lines and adopting a reactionary stance. People's War distinguishes three phases to a conflict: First, strategic retreat. During this phase, the enemy is drawn into the interior to take advantage of familiar terrain and to extend the opponents supply line. While People's War recognizes that material inferiority makes it impossible to resist at the border, this phase is not a mere retreat as the PLA is expected to continue to carry out tactical counter-attacks and guerrilla operations behind enemy lines to disrupt supply lines and break the enemy's momentum. Second, these activities are expected to culminate in a strategic stalemate when the enemy cannot proceed further. Third, the PLA launches a strategic counter-offensive to drive the exhausted and logistically disarrayed enemy from Chinese territory.¹¹ In this plan one can observe Sun Tzu's focus on positional warfare, taking advantage of the terrain, maintaining the initiative and being on the offensive tactically. Where it clearly deviates from Sun Tzu is in People's War's focus on total (nuclear) war and fighting a prolonged campaign of attrition, as opposed to seeking a quick decisive victory. However, this can largely be explained by the strategic realities faced by the PRC during the Cold War, most importantly its material weakness compared to potential adversaries such as the U.S. and the Soviet Union.

While People's War is a pragmatic reflection on the strategic realities of the PRC, it is very much a product of its times, and as the strategic environment surrounding China changed, so did the utility of People's War diminish. On the one hand, with the winding down of the Cold War, the threat of total nuclear war all but disappeared, giving ground to smaller-scale clashes of interests. On the other hand, as discussed

¹¹ James Lilley and David Shambaugh, eds., *China's Military Faces the Future* (Armonk: M.E. Sharpe, 1999).

earlier, Deng's economic reforms have drastically changed the defence needs of China. This rendered a strategy reliant on allowing the enemy to capture border provinces and focusing on in-depth defence unrealistic. Thus, after much tribulation, Chinese strategic thinkers moved from People's War to the contemporary *Local/Limited War under High-Tech Conditions* (L/LWUHTC) doctrine.¹² The new doctrine affects how China sees the role of military power in its foreign policy toolset, what conflicts the PLA prepares to fight and how it expects to fight those conflicts. The current official doctrine defines the mission of the PLA as follows:¹³

Safeguarding national sovereignty, security and territorial integrity, and supporting the country's peaceful development. [...]China's armed forces unswervingly implement the military strategy of active defense, guard against and resist aggression, contain separatist forces, safeguard border, coastal and territorial air security, and protect national maritime rights and interests and national security interests in outer space and cyber space.

Ng argues that doctrine fulfils an important communicative function by allowing an insight into the plans and perceptions of political and military leaders, as well as into key national interests.¹⁴ Thus, examining the doctrinal statements made by the PRC provides insight into what conflicts the PLA prepares to fight: The crucial point at hand within the context of the Senkaku/Diaoyu Islands dispute is that the doctrine specifically emphasizes the PLA's role in safeguarding maritime rights and interests. If one considers the communicative aspects of doctrine, this shows that Chinese political and military leaders consider the use of force in the context of disputes concerning maritime interests to be permissible. Accordingly, there is no solid evidence in Chinese strategic culture that would suggest that the PRC would be inherently opposed to the direct use of force within the context of a maritime dispute. On the contrary, China has

¹² Ka Po Ng, *Interpreting China's Military Power: Doctrine Makes Readiness* (London, New York: Frank Cass Publishing, 2005). See also: Lilley and Shambaugh, *China's Military Faces the Future*.

¹³ Ministry of National Defence (PRC), (2012) "I. New Situation, New Challenges and New Missions (2012 Defence Whitepaper)," http://eng.mod.gov.cn/Database/WhitePapers/2013-04/16/content_4442752.htm. Accessed on 13/03/2015

¹⁴ Ng, *Interpreting China's Military Power*.

used military power in such a manner in the past. The key question then is how China would potentially use force under its contemporary doctrine.

First, L/LWUHTC returns to Sun Tzu's focus on politically-focused, limited conflicts. In these conflicts, the aim is to secure a specific goal, namely control of a specific territory or expelling the enemy from a particular area, rather than the total defeat and unconditional surrender of the enemy. As such, these conflicts are fought without the total mobilization of a nation's military potential, and within a compressed geographical space and timeframe.¹⁵ Rather than a total nuclear war fought for national survival, the doctrine focuses on small, quick wars fought to resolve conflicts of interests.

Second, the L/LWUHTC continues Chinese strategic culture's focus on possessing the initiative and being proactive. The current doctrine is based on the principle of 'active defence'. Active defence has two components: how the PLA fights a conflict and when it employs military force. The former refers to the continuation of the ideas expressed by both Sun Tzu and People's War that, while the conflict's strategic goal might be defensive, it still requires the offensive application of force on the tactical level to control the flow of the conflict. The official PLA doctrine refers to this as "the unity of strategic defense and operational and tactical offense"¹⁶. This means that while the PLA would conduct a campaign that aims to defend China, it will do so through offensive manoeuvres, seeking out the enemy and destroying it.¹⁷ To be able to operate in this manner, the PLA needs to seize the initiative in all conflicts, especially under the conditions of modern joint operations warfare where the enemy can easily steamroll an

¹⁵ Nan Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective," *The China Quarterly*, no. 146 (1996), 447. See also: Lilley and Shambaugh, *China's Military Faces the Future*. and Ng, *Interpreting China's Military Power: Doctrine Makes Readiness*. And Godwin, "From Continent to Periphery: Pla Doctrine, Strategy and Capabilities Towards 2000."

¹⁶ Ministry of National Defence (PRC), "Defence Policy - Iii. Strategic Guideline of Active Defense," (2015).

¹⁷ Lilley and Shambaugh, *China's Military Faces the Future*.

opponent¹⁸. This puts an emphasis on achieving success during early battles¹⁹. Winning these battles is crucial to gain the initiative, and thus control the conflict. In the end, this would allow the PLA to push the enemy into a defensive and mostly reactionary position. However, this need affects how a conflict is initiated. Li argues that PLA doctrine emphasizes gaining the initiative by striking first, and thus being able to overrun the enemy and seek a quick resolution.²⁰ The traditional interpretation of this principle has been that while China will fight only defensive conflicts, it will not sit and wait to take the first hit, in other words once a conflict becomes unavoidable it will act offensively to pacify opposition. However, this raises the question of pre-emptive wars. Howarth argues that “the study of Chinese strategic culture points to the existence of certain features which could incline Chinese decision-makers towards the adoption of a surprise pre-emptive strike”²¹. Similarly, Lee argues that it is not defined what constitute an attack on China and whether it is limited to a military strike. He argued that potentially political or economic ‘attacks’ could also trigger an active defence response.²²

Third, contemporary doctrine continues Chinese strategic culture’s focus on winning conflicts under an unfavourable balance of power. This has a number of operational aspects: One, the PLA focuses on force concentration to achieve local superiority, even if it is overall inferior to the opponent, numerically or qualitatively.²³ By this, the PLA can create pockets of overwhelming force to annihilate an overall superior opponent one engagement at a time. As Mao argued:²⁴

¹⁸ Godwin, "From Continent to Periphery: PLA Doctrine, Strategy and Capabilities Towards 2000," 467.

¹⁹ Lilley and Shambaugh, *China's Military Faces the Future*.

²⁰ Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics," 452.

²¹ Howarth, *China's Rising Seapower: The PLA Navy's Submarine Challenge*, 148.

²² John Lee, "Does China Have a Grand Strategy and What Does It Look Like."

²³ Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective," 452.

²⁴ Lin Biao, ed., *Quotations from Chairman Mao Tse-Tung*, 1st Ed. (Beijing: Foreign Languages Press, 1966).

In every battle, concentrate an absolutely superior force [...], encircle the enemy forces completely, strive to wipe them out thoroughly and do not let any escape from the net. [...] In this way, although inferior as a whole (in terms of numbers), we shall be absolutely superior in every part and every specific campaign, and this ensures victory in the campaign. As time goes on, we shall become superior as a whole and eventually wipe out all the enemy.

Two, the PLA doctrine continues the traditional focus on asymmetrical warfare, unorthodox tactics and targeting specific enemy weaknesses. In the *Art of War* Sun Tzu argues that “in battle one engages with the orthodox and gains victory through the unorthodox”²⁵. This principle is enacted by the PLA when it comes to both weaponry and tactics. In recent years, the PLA frequently made headlines by the development of asymmetric capabilities in the form of supposed 'trump card' or 'assassin's mace' weapon systems²⁶, such as anti-satellite (ASAT) missiles, anti-ship ballistic missiles (ASBM) seeking to destroy aircraft carriers from a long distance and advanced cyber-warfare capabilities. The common element in all of these weapons that they specifically target what China sees as exploitable weaknesses in superior enemy's warfighting style. The ASAT missiles would target the U.S.' reliance on satellites for reconnaissance, targeting and fast data transfer. ASBMs would target the U.S. carriers, the linchpins of U.S. battle fleets and one of the most visible expressions of the U.S. military power. Cyber- and electronic-warfare capabilities would target communications, and command and control (C2) capabilities, degrade the U.S.' ability to quickly exchange information and to manage the demanding information environment associated with modern joint-operation warfare. The key logic behind this is that, since China is still catching up to the military capabilities of the developed nations, these weapons can deprive these nations of some of their more advanced systems, tilting the balance in China's favour.

²⁵ Sawyer, *The Seven Military Classics of Ancient China*, 164.

²⁶ Ng, *Interpreting China's Military Power*.

The same can be observed when it comes to the tactics of the PLA which have traditionally emphasized guerrilla tactics to overcome a superior enemy. In countering a possible U.S. or Soviet invasion, the People's War doctrine put an emphasis on military activity behind enemy lines, attacking supply lines and hindering enemy progress, in order to break the momentum of a superior invading force. In the maritime realm, the contemporary strategic orientation is that of the anti-access/area denial (A2/AD) where the goal is not to seek a decisive engagement with the enemy fleet, but to prevent it from either entering strategically important waters or to prevent it from utilizing it offensively.²⁷ This strategic orientation explains China's heavy investment into submarines, missiles, missile armed small patrol crafts and mines – all designed to keep an enemy out – rather than traditional naval assets, such as destroyers which are designed for fleet-on-fleet combat. In a sense, China is preparing to execute guerrilla warfare at sea²⁸, rather than a traditional naval strategy. The heightened U.S. concerns over these weapons and the A2/AD²⁹ capabilities of China, leading to the development of the new Air-Sea Battle concept, are a testament to the effectiveness of this approach. Besides its sheer numbers, this focus on seeking unorthodox warfighting methods is what underpins China's contemporary military threat, despite the recognition that the PLA would need years to catch up to more modern militaries.

Overall, Chinese doctrine is a product of a long strategic tradition, reaching back to Sun Tzu, and the need to accommodate often unfavourable strategic realities. The result is a pro-active military doctrine that recognizes that the PLA cannot afford complacency if it is to have any chance to win and that it needs to think outside the box to make up for its own shortcomings. Beijing is certainly not afraid to use military force

²⁷ Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, Second ed. (Annapolis: Naval Institute Press, 2010). See also, Sam J. Tangredi, *Anti-Access Warfare: Countering A2/Ad Strategies* (Annapolis: Naval Institute Press, 2013).

²⁸ Peter Howarth, *China's Rising Seapower: The PLA Navy's Submarine Challenge* (New York: Frank Cass Publishing, 2006), 142.

²⁹ Air-Sea Battle Office, "Air-Sea Battle: Service Collaboration to Address Anti-Access & Area Denial Challenges," Ed. Department of Defence (2013), 3.

if it's deemed needed, and its inventive and aggressive doctrine is best not underestimated, even by more advanced militaries such as the U.S. or Japan.

3.1.1 Executing an Amphibious Campaign

The first key issue to consider is that how China would apply military power in a manner consistent with Schelling's definition of direct use of force based on the general strategic principles and the unique characteristics described above within the context of the Senkaku/Diaoyu Islands dispute. This will provide the foundation for the following discussion on what is required for such an operation to be feasible. To analyse a potential (hypothetical) military campaign within the context of the Senkaku/Diaoyu Islands, this research will use the methodology and concepts offered in the *Joint Operations Planning* guide (Joint Publication 5-0 / JP 5-0) by the U.S. armed forces.³⁰

At the core of campaign planning is the need to find an operational approach to resolve the issue at hand. To do this JP 5-0 argues that one has to provide two foundations: One, understand the operational environment.³¹ This focuses on understanding both the current strategic situation and where one wishes to be at the end of the conflict (i.e. the desired operational environment), as well as the end goals of the opponent. Two, one has to identify the problem, i.e. what is preventing one from moving from the current operational environment to the desired one.³² Based on these two foundations one can develop the operational approach which focuses on overcoming the identified obstacles, allowing the transition between operational environments.

The issue of current and desired operational environments has been largely discussed in Chapter 2, which explored China's key interests and their connection to the Senkaku/Diaoyu Islands in detail. The current operational environment is characterized

³⁰ "Joint Operations Planning," Ed. US Joint Chiefs of Staff (2011).

³¹ Ibid, III-5.

³² Ibid, III-12.

by an insecure China vulnerable to potential threats from the maritime domain. Thus, the desired operational environment would be one with increased security in the maritime realm. The key problems faced by China in transitioning from the current to the desired operational environment are its own lack of strong maritime presence and the established presence of potential adversaries in the theatre. Hence, one has to consider how to overcome this, to which one potential solution would be to seek control over the Senkaku/Diaoyu Islands, as it would confer various benefits onto China as discussed in Chapter 2.

Thus, on the theatre level, the military end state would be Chinese forces being in control of the disputed Senkaku/Diaoyu Islands, which, in the case of direct use of force as per Schelling's definition, is dependent on the fulfilment of the theatre level objectives of seizing and holding the islands. The achievement of theatre level military end state (and objective) is then based on the achievement of operational level objectives. Based on the general principles of naval combat³³, a Senkaku/Diaoyu Islands would have three main operational objectives under this scenario: One, securing command of the sea. This is crucial to allow one's own forces to utilize the waters in question and is a pre-requisite to conducting amphibious campaigns. Two, executing an amphibious assault on the Senkaku/Diaoyu Islands in order to gain physical control over the islands. Three, transitioning into a defensive posture and prevent opposing forces to re-establish control over the disputed islands, primarily through denying command of the sea.

³³ Till, *Seapower: A Guide for the Twenty-First Century*.

Table 3.1: Campaign Planning³⁴

	Current Operational Environment	Problem	Desired Operational Environment
National Strategic Level	Insecure China	Vulnerable maritime borders/SLOCs Regime Legitimacy	More secure China
Theatre Strategic Level	Lack of control over critical waters	Weak maritime presence Adverse possession of strategically significant territory	Increased control over critical waters

	Objectives
Theatre Level	Seizing & Holding the Senkaku/Diaoyu Islands
Operational Level	Secure Command of the Sea Execute Amphibious Assault to Establish Physical Control over the Senkaku/Diaoyu Islands Deny Command of the Sea to Adversary & Maintain Control over Senkaku/Diaoyu Islands

After establishing what one wants to achieve through the potential campaign, the critical question is how to achieve that, i.e. what sequence of actions is required to fulfil the set objectives based on the operational environment.³⁵ To explain this, this research will utilize the phasing model outlined by JP 5-0. Based on this the campaign is broken down to key phases until the termination point, in this case³⁶, Chinese control over the Senkaku/Diaoyu Islands is reached. Each phase has a distinct function and is usually related to the achievement of specific end states / objectives.

Phase 0 – Shape

This is the pre-conflict phase. The primary objective of this phase is to affect the general operational environment. In the case of a potential Senkaku/Diaoyu Islands campaign, this phase would be dominated by opposing political activities. China would try to influence relevant public opinion in favour of itself while reducing support for Japan's

³⁴ Based on "Joint Operations Planning" (2011).

³⁵ "Joint Operations Planning," III-13.

³⁶ Ibid., III-41-44.

claims, all the while countering similar public relations activities from Japan. Particular examples of this behaviour would be stepping up China's media efforts to promote its own views, as seen in the case of setting up the official English/Japanese/Chinese language *Diaoyu Dao: The Inherent Territory of China* website³⁷ in 2014 or in the case of CCTV's English-language *Diaoyu Islands: China's Inherent Territory*³⁸. There are multiple goals to these activities: increase support at home, influence third-party international audiences, sow the seeds of doubt among the Japanese public and decision makers, and to counter Japanese public relations activities, such as the Ministry of Foreign Affairs of Japan's *Senkaku Islands–Japanese Territory*³⁹, *Fact Sheet on the Senkaku Islands*⁴⁰, or the online published brochure *The Senkaku Islands: Seeking Maritime Peace based on the Rule of Law, not Force or Coercion*.⁴¹ Through these publications both China and Japan seeks to establish moral superiority, and to dictate the 'correct' reading of the situation in service of their own political and strategic objectives. Furthermore, both China and Japan hopes that foreign news outlets take up the content of their media campaigns and spread it back home. The goal is simple: to shape the operational environment so one's actions are justified while the opponent's actions are not. China seeks to establish the narrative of being the victim of aggression, seeking to restore that was taken from it by force, and in the process standing up to a major military power with a past record of ruthless aggression. Japan seeks to establish the narrative that China is merely opportunistic and that it seeks territory it has no right to under a false moral superiority.

³⁷ "Diaoyu Dao: The Inherent Territory of China" Accessed on 31/03/2016
<http://www.diaoyudao.org.cn/en/>

³⁸ "Diaoyu Islands: China's Inherent Territory" (2014) Accessed on 31/03/2016
<http://english.cntv.cn/special/diaoyuchina/homepage/index.shtml>

³⁹ Ministry of Foreign Affairs of Japan (2014) Accessed on 31/03/2016
<http://www.mofa.go.jp/region/asia-paci/senkaku/>

⁴⁰ Ministry of Foreign Affairs of Japan (2012) Accessed on 31/03/2016
http://www.mofa.go.jp/region/asia-paci/senkaku/fact_sheet.html

⁴¹ Ministry of Foreign Affairs of Japan, "The Senkaku Islands: Seeking Maritime Peace Based on the Rule of Law, Not Force or Coercion," (2014).

On the diplomatic front, both China and Japan would seek to secure allies, garner support, or at the very least disincentive interference through economic and political links. One possible avenue for China is to use its economic clout to initiate large-scale projects in or negotiate economic agreements with countries that could potentially interfere in case of a conflict. In this case, these countries would be less inclined to threaten their economic links to China over a matter they have no direct interest in. Large-scale projects such as the Asia Infrastructure Investment Bank could force states that would possibly support Japan to weigh the potential benefits of the project (and the likelihood of punitive Chinese action) relative to the benefits of actively supporting Japan, imaginably leading to inaction. Similarly, large-scale investment (for example in infrastructure) could incentivize smaller regional states to at the very least maintain neutrality.

This phase would also be characterized by supporting activities for a potential conflict. Both China and Japan would use this phase to build up their military power, to survey the theatre, and to gather intelligence concerning enemy strengths and intentions. Both parties key objective would be to seek a relative advantage in the balance of power that could give its forces an edge in a coming potential combat situation.

Phase 1 – Deter

This phase is characterized by efforts to deter undesirable adversary behaviour through demonstrating one's own military capabilities and resolve to oppose the adversary's actions if necessary. This phase would see Beijing stepping up its physical presence in disputed waters to express displeasure over Japanese policies surrounding the dispute. This could potentially lead to stand-offs between opposing naval units. There is existing historical precedent for this:

The 1974 Battle of Paracel Islands was preceded by the deployment of naval assets to patrol disputed waters. On 15 January 1974, South Vietnamese forces intercepted two Chinese fishing vessels. This was followed by both parties stepping up patrolling in disputed waters, and landing troops on various islands.⁴²

The 1988 Battle of South Johnson Reef was similarly preceded by the deployment of both Chinese and Vietnamese forces to patrol the disputed waters. The close proximity of forces during this period led to a number of incidents and accusations of harassment prior to the commencement of actual combat activities.⁴³

The potential execution of Phase 1 can be already observed around the Senkaku/Diaoyu Islands with Beijing significantly stepping up patrolling in disputed waters. Chinese civilian government vessels enter Japanese-claimed waters with a monthly regularity in order to display China's resolve in pursuing its claims, and its naval capabilities to enforce said claims.

Phase 2 – Seize the Initiative

This phase is characterized by the commencement of combat activities. A number of events could act as the initiating points for a confrontation. It could be a deliberate strategic decision from Beijing, based on the perception of opportune timing, if the world in general, or Japan in particular, is distracted over some other issue. It could be that Beijing is forced to respond to internal instability, using a military campaign as a distraction to protect its legitimacy at home. It could be an unapproved engagement between opposing forces, from which their respective governments cannot back down without suffering unacceptable political costs. During the 2013 radar-locking incident the parties came dangerously close to this possibility. Would the Japanese side

⁴² John W. Garver, "China's Push through the South China Sea: The Interaction of Bureaucratic and National Interests," *The China Quarterly*, no. 132 (1992), 1003.

⁴³ Chang Pao-Min, "A New Scramble for the South China Sea Islands," *Contemporary Southeast Asia* 12, no. 1 (1990). See also, Garver, "China's Push through the South China Sea," 25.

interpreted it as an imminent attack, and responded in supposed self-defence, it could have conceivably ignited an armed confrontation between the two parties. A confrontation could be initiated by factors beyond the control of the two governments. Non-state activists' activities affect Sino-Japanese relations. Would an activist drown, as David Chan in 1996, there would be significant pressure on Beijing to respond, especially if it happened to someone with actual cultural or political significance in China. The initiation of a confrontation could be accidental. Under the current tense conditions a mid-air collision between Chinese and Japanese planes, due to conflicting ADIZ claims and close-proximity manoeuvres, would also put pressure on Beijing to escalate the situation.

Once the crisis is ignited, the focus would shift to military matters. The key objective of this phase would be to secure command of the sea, thus to allow the utilization of strategically significant waters for the PLA-N. The established way to achieve command of the sea is to seek a decisive engagement with adversary forces seeking to deny command of the sea.⁴⁴ It is important to note Corbett's emphasis on the fact that command of the sea is neither absolute nor permanent.⁴⁵ During this phase, the PLA would need to defeat the ASDF and MSDF forces defending the theatre, not achieve a decisive victory over the entirety of the JSDF.

During the 1974 Paracel Islands conflict, this phase began on 19 January, when Chinese and South Vietnamese troops encountered each other on Duncan and Palm Islands. The initial shoot-out escalated into a naval battle with the PLA-N destroying or dispersing Vietnamese opposition.⁴⁶ Similarly, during the 1988 Spratly Islands conflict,

⁴⁴ Till, *Seapower: A Guide for the Twenty-First Century*, 163-165.

⁴⁵ Julian S. Corbett, *Some Principles of Maritime Strategy* (London: Longman, Green and Co., 1911). See also: Jablonsky, *Roots of Strategy (Book 4)*.

⁴⁶ Jay H. Long, "The Paracels Incident: Implications for Chinese Policy," *Asian Affairs* 1, no. 4 (1974).

the building up of tension between China and Vietnam led to a brief naval clash. Chinese victory provided temporal command of the sea to China.

During the 1982 Falkland War, Britain declared a 200 nautical miles Maritime Exclusion Zone (later Total Exclusion Zone) surrounding the Falklands, the area where the British task force had sought to establish command of the sea. (Argentina earlier possessed an unopposed command of the sea due to lack of British naval assets in theatre.) The sinking of the Argentinean flagship General Belgrano led to the withdrawal of Argentinean surface vessels⁴⁷, offering a relative command of the sea to Britain. However, the Falkland Islands' case illustrates well that command of the sea is not an absolute have or have not concept. While surface opposition was withdrawn, and submarines proved ineffective, Britain suffered heavy casualties from the Argentinean air force and its inability (partially due to political limitations) to pacify it.⁴⁸ As such, Britain only possessed a partial command of the sea, which made the amphibious operations following both more difficult and costly.

Phase 3 – Dominate

This phase is characterized by China exploiting its command of the sea to pursue further objectives: establishing a physical presence on the islands through amphibious operations and to achieve termination of the conflict. In case of direct use of force as defined by Schelling, this phase would seek to bring Japan to its culmination point, i.e. to the point beyond which it does not possess the ability to effectively fight, primarily through the defeat mechanisms of attrition (the physical destruction of Japanese forces) and disruption (eliminating the JSDF's ability to fight as a cohesive force).

The amphibious portion of this phase would be fairly simple. The Senkaku/Diaoyu Islands possess no fortifications, and, unless Japanese forces managed

⁴⁷ Peter Calvert, *The Falkland Crisis: The Rights and the Wrongs* (London: Frances Pinter, 1982).

⁴⁸ Till, *Seapower: A Guide for the Twenty-First Century*.

to land troops during the previous phase, they are not garrisoned. PLA troops would need to merely execute an administrative landing. While the strategic significance of this manoeuvre is limited, as ground forces, especially amphibious ones, would be largely irrelevant for the predominantly naval and air battles surrounding them, their presence on the islands possesses high symbolic importance: boots on the ground express clearly the establishment of Chinese control over the disputed islands, and them remaining on the islands signifies continued Chinese control over the islands.

The more complicated component of this phase would be to bring Japan to a culmination point. JP 5-0 defines defensive culmination point as the defender losing the ability to go on a counter-offensive or to resist one's advance. In the case of the Senkaku/Diaoyu Islands culmination would be reached when the JSDF no longer possesses the ability to launch a counter-offensive, which is achieved by the PLA successfully denying command of the sea to Japan. This would prevent Japanese forces from utilizing strategically significant waterways for their own purposes, primarily to conduct a counter-amphibious operation to disperse Chinese troops from the disputed islands. In the case of direct use of force – which Schelling defines as the reliance on the unilateral application of brute force, rather than seeking to alter the enemy's behaviour – this would be a highly demanding task. The PLA would need to continue to rely on its anti-access strategies to degrade Japanese forces to the point where Japan either runs out of military forces to mobilize for a counter-offensive or Tokyo decides to stop throwing the JSDF into the meat-grinder based on a rational cost/benefit analysis. Thus, this phase would be characterized with China concentrating its military might into the theatre to persevere through sheer force.

During the 1974 Paracel Islands conflict, Chinese forces exploited the command of the sea gained through their initial victory to go on the offensive. Chinese forces quickly brought Vietnamese forces in theatre to a culmination point through air

superiority and lack of further naval resistance, and vacated all adversary forces from the Paracel Islands, gaining total control over them.⁴⁹ In contrast during the 1988 Spratly Islands conflict, while the PLA gained initial command of the sea, which it exploited to capture a number of islands, it failed to bring Vietnamese forces to culmination, and thus, it did not capture the entire group.

During the Falkland Islands war, Britain used its (sufficient but not absolute) command of the sea to land troops on the islands in order to defeat Argentinean resistance. British ground forces defeated Argentinean forces, which combined with British naval presence led to Argentina reaching culmination, and abandoning further actions.⁵⁰ This scenario saw a race between British forces seeking to bring Argentina to culmination through an amphibious assault, and Argentinean forces seeking to bring Britain to culmination through an air campaign.

On a smaller scale during the 2002 Parsley Island crisis Spanish troops executed a non-lethal amphibious assault to dislodge Moroccan troops from the Spanish-controlled but Moroccan-claimed Parsley Islands.⁵¹ As Morocco made no attempts to deny command of the sea to Spain, its forces could skip Phase 2 in favour of Phase 3. Following the initial landing Spain reinforced its troops on the islands, making a rational counter-offensive for Morocco impossible, terminating the combat phase of the conflict.

Phase 4 – Stabilize

This phase would follow the military termination of the conflict. China's key objective during this phase would be to solidify control over the Senkaku/Diaoyu Islands. On the one hand, this would have a military component. The PLA would seek to establish a permanent garrison on the islands, and begun militarizing it for defence purposes as

⁴⁹ Long, "The Paracels Incident: Implications for Chinese Policy," 230.

⁵⁰ Calvert, *The Falkland Crisis*.

⁵¹ Peter Gold, "Parsley Island and the Intervention of the United States," *Journal of Transatlantic Studies* (Routledge) 8, no. 2 (2010).

discussed in Chapter 2. On the other hand, there would also be a significant political/diplomatic component. Beijing would need to try to legitimize its territorial acquisition in the eyes of the international community. Unless this is achieved, the territory is held through mere military might and is at constant risk of Japan launching a campaign to retake it. Time would be an ally in this process. The longer China holds the islands, the higher the potential political penalty for Japan if Tokyo attempts to retake them through military force, as it is seen as an act against international peace.

While the phasing model presents a chain of sequential operations, it does not strictly mean that the beginning of one stage necessarily puts an end to the activities of the previous state. On the contrary, it is possible that certain phases overlap: The political activities discussed under Phase 1 would be carried out throughout the conflict, shaping global perceptions of the conflict. Similarly, would China lose command of the sea during Phase 3, it would need to return to Phase 2 before proceeding with the campaign.

There is one final component to consider. Designing an operational approach has to be mindful of the limitations placed on opposing forces by various conditions, such as rules of engagement. For the purposes of this research, one such limiting factor is rationality: for the use of force to be rational, it has to be proportional to the objective hoped to be achieved. Obviously a major or total war between China and Japan, involving the total mobilization of national military potential, would violate such a principle, especially as its consequences within the context of existing alliances would be devastating. While the Senkaku/Diaoyu Islands are valuable, at the moment they do not warrant such an undertaking.

Rather, it is likely that any confrontation between China and Japan would be a limited conflict. As the PLA-N Rear Admiral Yin Zhu argued:⁵²

The battle to take over the Diaoyu Islands would not be a conventional operation. For either party involved in the war, it would be very difficult to employ their full military capabilities, because there would time for them to fully unfold in the fight.

Yin Zhu continued with stating that a potential confrontation over the disputed islands “would be very short. It is very possible that the war would end in a couple of days or even in a few hours”⁵³. This interpretation of the likely nature of a possible conflict is shared on the opposing side, as Captain James Fannell, from U.S. Naval Intelligence, expects a “short, sharp war”⁵⁴.

For this section, the key impact of this would be on culmination. Either China or Japan would reach culmination before their full military potential is expended. A culmination point would be achieved once the cost of continuing the conflict would exceed the benefit of holding onto the islands / pursuing control over the islands.

3.1.2 Feasibility

The JP 5-0 argues that the successful execution of a campaign is dependent on friendly forces’ ability to target and neutralize enemy centre(s) of gravity (COG), i.e. the fundamental elements of an opponent’s ability to resist. At the same time, one has to be able to protect one’s own COG(s) in order to avoid a defeat. While JP 5-0 uses the concept as part of operational design, this research will utilize it as part of feasibility testing: this section will determine what would be the COG of a direct use of force

⁵² Kirk Spitzer, (20/02/2013) "Chinese View of Islands Conflict: “Make It Quick”," Time, Accessed on 19/09/2014 <http://nation.time.com/2013/02/20/chinese-view-of-islands-conflict-make-it-quick/>.

⁵³ Ibid.

⁵⁴ Julian Ryall, (21/02/2014) "China Training for 'Short, Sharp War' against Japan," The Telegraph, Accessed on 31/03/2016 <http://www.telegraph.co.uk/news/worldnews/asia/china/10653183/China-training-for-short-sharp-war-against-japan.html>.

campaign, as discussed above, then analyse whether China possesses the necessary capabilities to neutralize Japan's COG, while protecting its own.

A direct use of force is primarily based on opposing military powers. Schelling argues that a country can resort to direct use of force "if it has enough strength" in which case "enough is dependent on how much the opponent has"⁵⁵. The goal is to overcome the enemy through the unilateral application of sheer force, rather than utilizing force within the context of bargaining, as discussed later on. In this case, the centre of gravity for both China and Japan are their respective military forces, primarily their naval and air forces due to the specific operational environment. In a direct use of force context, the victor is the one that overcomes the opponent's military strength.

The JP 5-0 analysis breaks down COGs into further components. 'Critical capabilities' are those that are crucial to enable a COG to function. Within the context of Senkaku/Diaoyu Islands, such a critical capability would be the opposing military forces ability to secure command of the sea while denying it to the opponent. China requires command of the sea to execute an amphibious campaign and, later on, requires the ability to deny command of the sea to Japan to prevent it from retaking the territory. Japan requires the ability to deny command of the sea to prevent China from taking the islands, or if it fails in the early phase, then it is dependent on its ability to gain command of the sea to push out Chinese forces and retake the islands. There are plans such as Japan retaking the islands by paratroopers. But even if they could displace Chinese troops from the islands, without Japanese command of the sea said troops would be isolated and vulnerable to Chinese attacks from the sea. 'Critical requirements' are the conditions and resources that enable critical capabilities to function. Command of the sea is dependent on sufficient⁵⁶ naval and air superiority, the

⁵⁵ Schelling, *Arms and Influence*, 1.

⁵⁶ As previously argued, command of the sea is never absolute but temporary, and only covers specific

latter evidenced by the Falkland Islands war. The key resource to achieve this is the availability of naval and air units. Said availability is impacted by the limited nature of the conflict: as the conflict remains short of total mobilization, not the full military potential of the opposing forces is available for the conflict. Finally, '*critical vulnerabilities*' are the components of critical requirements that are open to attack. In the case of a campaign based on Schelling's interpretation of direct use of force, these would be the actual forces participating in the conflict. The feasibility of the campaign is tied to their vulnerability. Fundamentally, feasibility is dependent on whether China could successfully target and neutralize these critical vulnerabilities (the level of vulnerability will inform the question of risks later on).

To put it simply, within the current context, feasibility comes down to the question whether Chinese forces could defeat Japanese ones in direct combat under the conditions of limited war. The first problem in answering this question is how to measure military power and determine the outcome of military engagements. Predicting the outcome of battles is a surprisingly difficult feat. There have been attempts to offer models for prediction based on a quantitative positivist approach, such as Dupuy's *Numbers, Predictions and War*.⁵⁷ Dupuy offers complex statistical models to predict the outcome of land battles. The early measurements in the book are quite straightforward: number of troops, the effective range of weaponry, the rate of fire, calibre, etc. The difficulty of the issue arises when Dupuy needs to quantify the influence of terrain, or the effectiveness of close-air support. Furthermore, there are intangible factors that Dupuy outright ignores. Following a particularly American tradition, he argues that modern warfare is a primarily technical affair, where weapon systems not people are

operational areas. The total termination of hostile activity is often not possible. The goal rather is to possess an advantage that allows the friendly utilization of waterways, while denying it to the opponent.

⁵⁷ Trevor N. Dupuy, *Numbers, Predictions and War: Using History to Evaluate Combat Factors and Predict the Outcome of Battles* (London: Macdonald and Jane's, 1979).

decisive. Thus, he does not make an attempt to quantify issues such as morale. The supposedly material driven nature of modern warfare is subject to heavy criticism. Handel argues that “no modern war has been won by superior technology alone”⁵⁸ while the 27th maxim of Gray is that “there is more to war than firepower”⁵⁹. Overall, intangible assets can exert a significant influence on the outcome of battles just as factors one could collectively call chance – for example friction, change in weather, technical problems, or miscommunication –, all of which is resistant to quantification. In the end, “war simply cannot be reduced to algebra or to an exact science”⁶⁰.

This necessitates the adoption of a more flexible and permissive (and thus unfortunately less exact) framework to determine feasibility. In the case of direct use of force, this research adopts a hardware driven analysis, focusing on the hard components of military power (such as platforms and weapons systems) to determine their availability and relative effectiveness. This seeks to establish a balance of power between China and Japan and to determine whether China faces a decisive disadvantage within the military realm which would render this option unfeasible.⁶¹ This section will also examine the soft elements of military power, focusing on potential issues that could either detrimentally affect military readiness (such as low-quality training or corruption) or that would provide an edge in case of a conflict (e.g. high-quality training). A more nuanced analysis, e.g. accounting for factors such as morale in depth, is beyond the scope of this research. It remains questionable whether such an analysis could be even conducted with any reliability.

⁵⁸ Handel, *Masters of War*, 9.

⁵⁹ Gray, *Fighting Talk*, 112.

⁶⁰ Handel, *Masters of War*, xxiii.

⁶¹ It is important to remember that feasibility is not equivalent to guaranteed success, it merely states that China could rationally succeed within the conflict. The actual potential for success is discussed under risks.

Surface Warfare

In a potential direct use of force scenario over the Senkaku/Diaoyu Islands, surface warfare, fought between the warships of the opposing forces, would be the core military activity. In this case, the key fighting units would be guided missile destroyers focusing on ship-to-ship combat. Surface warfare is crucial to establish and maintain command of the sea.

The PLA-N operates six destroyer classes. The *Luhu-class (Type 052)* is a 4600 tons displacement multi-role guided missile destroyer class. The larger *Luhai-class (Type 051B)* is a single ship class of 6000 tons. Both the Luhu – and Luhai-classes were commissioned in the 1990s. The *Luzhou-class (Type 051C)* is the first destroyer class commissioned in the new millennia, and it is a dedicated AAW destroyer to improve fleet air defences, a traditional shortcoming of the PLA-N. The *Luyang I-class (Type 052B)* is a 4500 tons class focused on anti-surface warfare (ASUW). The list of native Chinese destroyer classes is ended by the newest *Luyang II-class (Type 052C)* which is the AAW focused version of the Luyang I-class. These native Chinese destroyers are complimented by *Sovremenny-class* destroyers purchased from Russia, which are 7940 tons dedicated ASUW vessels.⁶² The *Luyang III-class (Type 052D)* is China's newest destroyer class with 7500 tons of displacement. A supposed answer to the American AEGIS destroyers, it is equipped with vertical launch systems (VLS).

In contrast, the MSDF operates no less than 11 destroyer classes. The *Abakuma-class* is the smallest. At 2550 tons Jane's classifies it as a frigate⁶³, but the MSDF officially classifies it as an escort destroyer. The *Hatsuyuki-class* offers 3700 tons ships

⁶² Anthony J. Watts, *Jane's Warship Recognition Guide*, 4th ed. (London: Collins, 2006). See also: Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, 2nd Ed. (Annapolis: Naval Institute Press, 2010) and; Anthony H. Cordesman, Ashley Hess, and Nicholas S. Yarosh, "Chinese Military Modernization and Force Development: A Western Perspective," (Center for Strategic and International Studies, 2013).

⁶³ Watts, *Jane's Warship Recognition Guide*.

and it was first commissioned in the 1980s. The *Asagiri-class* was similarly commissioned in the 1980s and it is slightly smaller at 3500 tons. The *Murasame-class* is the first of the post-Cold War classes with a displacement of 4550 tons. The last of the sub-5000 ton classes is the *Takanami-class* commissioned in the early 2000s. The *Hatazake-class* has been in service since the 1980s and offers an intimidating size with a 6400 tons displacement. The *Kongou-class* (7250 tons displacement) has been in service since the 1990s and is Japan's answer to the U.S. Navy's Arleigh Burke Aegis destroyer class. The *Atago-class* (7750 tons) has been in service since 2007 and is Japan's most modern Aegis destroyer class. The 5200 tons *Shirane-class* offers helicopter destroyers. The *Akizuki-class* (5050 tons) is Japan's latest escort destroyer class. The latest class is the *Hyuga-class* (13950 tons), which is a helicopter destroyer class in service since 2009.⁶⁴

In total the PLA-N operates 15 destroyers, while the MSDF operates 51 in the following distribution (with the commissioning of new ships and retiring of older classes, the number of ships, especially within the PLA-N, is in constant fluctuation, as well as different sources use different time frames, thus a slight margin of error is to be expected):

⁶⁴ Japan Ministry of Defence, "JMSDF Escort Vessels," <http://www.mod.go.jp/msdf/formal/gallery/ships/dd/index.html>. See also: Watts, *Jane's Warship Recognition Guide*.

Table 3.2: Chinese and Japanese Destroyers⁶⁵

PLA-N Destroyers							
Luhu	Luhai	Luzhou	Luynag I	Luyang II	Sovremenny	Luyang III	Total
2	1	2	2	3	4	1	15
MSDF Destroyers							
Abakuma	Hatsuyuki	Asagiri	Murasame	Takanami	Hatakaze	Kongou	
6	8	8	9	5	2	4	
Atago	Shirane	Akizuki	Hyuga				
2	2	3	2				
							51

Japan possesses a meaningful advantage when it comes to the number of destroyers, having a 3.4 to 1 advantage against the PLA-N. This result is somewhat skewed by the classification of the Abakuma-class, which is closer to a frigate than a destroyer. Removal of the class changes the advantage to 3 to 1. However, in a limited war context the total number of ships, while significant, is less relevant as it is unlikely that Japan could/would utilize the full force of its navy against China. Comparing the average tonnage of the two fleets is more favourable for China: 6505 tons to 4271⁶⁶, even with Japan's operation of super-heavy destroyers such as the 13950 tons Hyuga-class, which is closer to being a small carrier than a destroyer. Larger hulls generally allow more weaponry and equipment to be mounted on the destroyers, providing an advantage.

The PLA-N's destroyer fleet is complemented by frigates (small coastal patrol crafts will be not discussed as they are not expected to participate in a Senkaku/Diaoyu Islands conflict). Frigates are generally smaller and less capable ships than destroyers, but as they are also armed with cruise missiles, they pose a threat in surface warfare.

⁶⁵ All tables in this section are compiled based on Watts "*Jane's Warship Recognition Guide*", **ernard D. Cole**, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, Cordesman et al. "Chinese Military Modernization and Force Development: A Western Perspective", and the Japan Ministry of Defence website (www.mod.go.jp).

⁶⁶ Based on Watts "*Jane's Warship Recognition Guide*".

Their shortcomings are generally in lower electronic, anti-submarine and anti-air capabilities. The PLA-N operates three frigate classes: *Jianghu-class* (divided into five subclasses), *Jiangwei-class* (two subclasses), and *Jiangkai-class* (two subclasses).⁶⁷

Table 3.3: PLA-N Frigates

PLA-N Frigates					
Jianghu I	Jianghu II	Jianghu III	Jianghu IV	Jianghu V	Total
8	5	3	1	5	22
Jinagwei I	Jiangwei II	Total	Jiangkai I	Jiangkai II	
4	10	14	2	13	15
Grand Total					51

The 51 frigates operated by the PLA-N change the balance to 65 to 51, or 1.27 to 1 in China's favour. Accounting for the lower capabilities of frigates, this means a roughly equal strength when it comes to weapons platforms, within the context of a potential Senkaku/Diaoyu Islands conflict.

Besides the number and type of platforms, the key issue in surface warfare is weapon systems. The main armament for both the PLA-N and MSDF are anti-ship cruise missiles (ASCMs). The PLA operates a confusing array of missiles, with alternate naming conventions, which makes it difficult to determine the exact armament of various ships. The four main types are C-801 (YJ-1/YJ-8), C-802 (YJ-2/YJ-22/Ying Ji-802), C-803 (YJ-83), and C-602 (YJ-62/C-611). The C-801 carries a 165 kg warhead and is semi-armour piercing, relying on the kinetic energy of the missile to penetrate the target. It has a range of 8-42 km (22 nm), approaches the target at minimum-altitude and possesses high anti-jamming capabilities, with a single-shot hit probability of 75 percent.⁶⁸ The C-802 is the improved version of the C-801, with the same effective

⁶⁷ Watts, "Jane's Warship Recognition Guide," Passim. See also, Cole, *The Great Wall at Sea*.

⁶⁸ Federation of American Scientists, "C-801 Yj-1 / Yj-8 (Eagle Strike)," Accessed on 31/03/2016 <http://fas.org/man/dod-101/sys/missile/row/c-801.htm>.

warhead, but a vastly increased range of 120 km (64 nm). The missile approaches at a sea-skimming altitude, has small radar reflectivity and strong anti-jamming capabilities, resulting in a single-shot hit probability of ~98 percent and a very low interception success rate. The C-802 “is considered along with the US "Harpoon" as among the best anti-ship missiles of the present-day world”⁶⁹. The C-803 is the latest of the Chinese missiles, and thus the least amount of information is available about it, due to China’s ongoing secrecy in military affairs. Improving on the C-802, the C-803 offers a range of 250 km (135 nm) and supersonic speed, further improving the lethality of the missile.⁷⁰ Finally, the C-602 carries a 300 kg warhead with a range of 280 km (150 nm), approaching the target at a sea-skimming altitude in the terminal phase of its flight.⁷¹ The imported Sovremenny-class is equipped with the Russian SS-N-22 Sunburn ASCMs. With Mach 3 flying speed it is the fastest ASCM available today, reducing the theoretical response speed from 120-150 second to a mere 25-30 seconds. With a low flight altitude, a 320 kg warhead, and a 250 km (135 nm) range⁷², it is often touted as a ‘carrier killer’.⁷³ In contrast, the MSDF operates a fair more standardized missile arsenal. The primary missile for the MSDF is the McDonald Douglass Harpoon. It has a range in excess of 110 km (60 nm), and a 200 kg warhead. It approaches the target at a sea-skimming altitude with an advanced guidance system. It is considered a high-survivability, effective ASCM.⁷⁴ Japan also operates the native Type 90 missile, which has a 150 km range and a higher speed than the Harpoon.

⁶⁹ "C-802 / Yj-2 / Ying Ji-802," Accessed on 31/03/2016 <http://fas.org/man/dod-101/sys/missile/row/c-802.htm>.

⁷⁰ "Yj-83 / C-803." *Globalsecurity.org*, <<http://www.globalsecurity.org/military/world/china/c-803.htm>>. (accessed on 22 June 2015).

⁷¹ "Yj-62/C-602." *Globalsecurity.org*, <<http://www.globalsecurity.org/military/world/china/c-602.htm>>. (accessed on 22 June 2015).

⁷² "Ss-N-22 Sunburn." *Federation of American Scientists*, <<http://fas.org/man/dod-101/sys/missile/row/moskit.htm>>. (accessed on 11 April 2016).

⁷³ On Chinese missiles also see Cole, *The Great Wall at Sea*. and Ronald O'Rourke, "China Naval Modernization.

⁷⁴ "Agm-84 Harpoon." *Federation of American Scientists*, <<http://fas.org/man/dod-101/sys/smart/agm-84.htm>>. (accessed on 11 April 2016).

Table 3.4: Chinese and Japanese Missiles

PLA-N Destroyers' & Frigates' Missiles						
Luhu	Luhai	Luzhou	Luynag I	Luyang II	Sovremenn y	Luyang III
8 x C-802	16 x C-802	8x C-803	16 x C-803	8 x C-602	8 x Sunburn	Unknown
Jinaghu I	Jinaghu II	Jinaghu III	Jianghu IV	Jianghu V	Jinagwei I	Jiangwei II
8 x C-201	8 x C-201	8 x C-801	8 x C-802/3	8 x C-802/3	8 x C-802/3	8 x C-802/3
Jiangkai I	Jiangkai II					
8 x C-802/3	8 x C-802/3					
MSDF Destroyers' Missiles						
Abakuma	Hatsuyuki	Asagiri	Murasame	Takanami	Hatakaze	Kongou
8 x Harpoon	8 x Harpoon	8 x Harpoon	8 x Harpoon	8 x Harpoon	8 x Harpoon	8 x Harpoon
Atago	Shirane	Akizuki	Hyuga			
8 x Harpoon	Helicopter Carrier	8 x Type 90	Helicopter Carrier			

The U.S. Harpoon missiles and the various Chinese ASCMs are all fairly capable missiles, with relatively similar destructive capabilities. Most of both Chinese and Japanese ships carry eight of them, meaning similar endurance at sea, before needing to return to port to reload. One potential advantage for China is that the C-803 missile has a longer theoretical maximum range and that the imported Sunburn missiles offer greater speed and range than the Harpoon. However, these missiles have limited availability for the PLA-N. Furthermore, the exploitation the maximum theoretical range is also dependent on the PLA-N's ability to detect targets at that range.

Judging the electronic and surveillance capabilities of various vessels can be rather difficult, as these have limited distinct physical features that can be recognized from images. Penetrating the secrecy often surrounding the capabilities of warships is thus fairly difficult. Following the DOD's rating system (1 to 6 indicating increasing effectiveness) to judge the electronic warfare capabilities of Chinese vessels, all of the

destroyers are located in the 4 to 5 range.⁷⁵ As the scale goes only to 6, one can expect that China would not be majorly outmatched by Japanese vessels, albeit the exact details are not available for either fleet. PLA-N frigates have a lower (3 to 4) rating.

Subsurface Warfare

While submarines are mostly unsuitable for establishing command of the sea, they would play a key supporting role in the context of any naval contingency. Submarines rely on their stealth to patrol strategic areas, hunting for vulnerable targets, rather than seeking decisive battles. This makes them ideal to deny command of the sea to the enemy. This can be observed in the role the HMS Conqueror played during the Falkland Islands war: dispatched early to the area, not to seek command for Britain, but to disrupt Argentinean command. China traditionally maintained a strong interest in submarines as they are ideal weapons for guerrilla warfare at sea and sea-denial operations, both rooted in Chinese strategic traditions. China maintains the largest submarine fleet in East Asia and it continues to be a key service arm of the PLA-N. Not counting ballistic missile submarines, the PLA-N operates five indigenous classes – *Ming-*, *Song-* and *Yuan-class* conventional attack submarines (SSK), and *Han-* and *Shang-class* nuclear attack submarines (SSN) – as well as Russian *Kilo-class* SSKs. The *Ming-class* is a relic from the Cold War and can only be equipped with torpedoes and mines. While the class has not much use in modern warfare, they can be utilized to covertly mine ports or other areas, so they retain some utility. The other four domestic classes are much more advanced, and can be equipped with the standard C-801 to C-803 missile range. With the exception of the *Han-class*, all of the classes were commissioned after the Cold War and are fairly capable. The PLA-N submarine fleet is rounded out by imported Russian *Kilo-class* submarines, which are considered rather quiet and eight of which can fire the

⁷⁵ "PLA-N Major Surface Combatants." *Federation of American Scientists*, <<http://fas.org/man/dod-101/sys/ship/row/plan/surface.xls>>. (accessed on 11 April 2016).

SS-N-27B Klub ASCM. These ASCMS have a range of 300 km (162 nm), approach the target at Mach 3 speed and carry a large warhead, making them a highly dangerous and hard to intercept weapon. With the exception of the non-import version Kilos and the *Yuan-class*, Chinese submarines are rated as fairly loud, and thus easier to detect.⁷⁶

Table 3.5: Chinese and Japanese Submarines

PLA-N Submarines						
<i>Ming-class</i>	<i>Song-class</i>	<i>Yuan-class</i>	<i>Kilo-class</i>	<i>Han-class</i>	<i>Shang-class</i>	Total
20	16	7	12	3	2	60

MSDF Submarines			
<i>Harushio-class</i>	<i>Oyashio-class</i>	<i>Souryu-class</i>	Total
3	11	4	18

The MSDF operates a significantly smaller submarine fleet. There are three main classes: *Harushio-*, *Oyashio-* and *Souryu-class*. All of these vessels entered service after the Cold War and are equipped with torpedoes and Harpoon missiles. Japanese submarines are considered to be generally good, but specific information on their capabilities was not available.

While the PLA-N has a clear 1 to 3.39 numerical advantage in submarines, its underwater warfare capabilities are limited by the relatively old technology used for most of them and by their relatively high noise levels. With the exception of potentially the most modern classes and non-import Russian Kilos, Japanese submarines outperform them. However, ASW operations continue to be very difficult, especially

⁷⁶ Cordesman, Hess, and Yarosh, "Chinese Military Modernization and Force Development: A Western Perspective," 169.

Also, on Chinese submarines see: Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*. And Office of the Secretary of Defence, "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013." And O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities - Background and Issues for Congress."

with the context of a larger naval clash, thus, while the advantage goes to the MSDF, one should not discount the PLA-N submarine fleet.

This leads us to the question of ASW capabilities, i.e. the ability to find and destroy submarines. The PLA-N continues to be weak when it comes to ASW. While submarines have been an important part of the PLA-N, it traditionally placed no emphasis on ASW capabilities. Chinese warships lack all but the most rudimentary equipment for ASW warfare while Chinese crews have no technical expertise in executing ASW operations.⁷⁷ In contrast, the MSDF is equipped with far more sophisticated equipment both to locate and destroy submarines. While the PLA-N is restricted to hull-mounted sonars, MSDF vessels are equipped with bow-mounted ones, many also carrying towed ones. And while the PLA-N primarily carries torpedoes against submarines, MSDF vessels are equipped with ASW missile systems for protection. ASW capabilities in both fleets are augmented by helicopters carried by the various vessels. The PLA-N relies on the Ka-28 or Z-9 helicopters, the former being the export version of the Russian Ka-27 Helix while the latter is the Chinese licensed version of the Eurocopter Dauphin. With the exception of the Luhui- and Luhai-classes, which carry two, all other PLA-N destroyers carry one of these helicopters. MSDF vessels carry Seahawk helicopters, with the exception of the Abakuma-class. Seahawk ASW helicopters carry advanced sensor systems to detect submarines and are usually armed to engage submarines on their own. The MSDF also employs helicopter carrier destroyers, such as the Shirane-class (3 helicopters) or the Hyuogo-class (18 helicopters) that can greatly aid fleet ASW capabilities.

Overall, despite its numerical advantage, the PLA-N is fairly outmatched in all other areas of subsurface warfare, giving somewhat of an advantage to the MSDF once

⁷⁷ Michael S. Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," (RAND National Security Division, 2015), 93.

again, due to better equipment. While both fleets pose a significant submarine threat, the MSDF could more effectively defend against potential submarine attacks while its quieter submarines would be harder for the PLA-N to defend against.

Air Warfare

The Falkland Islands war had demonstrated the devastating influence air forces can play in modern naval conflicts. While the Argentinean navy played a minimal role in the conflict, the Argentinean air force caused heavy casualties to the British Task Force. Thus, airpower plays a crucial supporting role in contemporary naval warfare, both in gathering intelligence and destroying enemy forces. Within the context of the Senkaku/Diaoyu Islands both China and Japan can rely on their shore-based aviation assets to gain control over the air, and utilize it to devastate naval assets. Air forces can be divided into three main categories for the purposes of this section: naval-attack, air-superiority, and surveillance and reconnaissance.

The PLA-N maintains a large naval aviation arm with a multi-role focus. Naval-attack missions are delegated to H-6D bombers, the Chinese version of the Russian Tu-16. These naval bombers are equipped with sea-searching radars and carry C-601 missiles⁷⁸ (90-100 km range, 70 percent single shot hit probability⁷⁹). The naval bomber force is complemented by attack jets with naval capabilities: JH-7 fighter/bomber jets with a typical weapons load of two C-801 or C-802 missiles with a range of 485 nm,⁸⁰ and J-10 multi-role fighters similarly equipped with C-801 or C-802 missiles with a 550 km combat radius⁸¹ and J-11 and Su-30 jets with unknown load out. The naval attack

⁷⁸ "H-6 [Tu-16 Badger]." *Federation of American Scientists*, <<http://fas.org/nuke/guide/china/aircraft/h-6.htm>>. (accessed on 11 April 2016).

⁷⁹ "C-601 / Yj-6." *Federation of American Scientists*, <<http://fas.org/man/dod-101/sys/missile/row/c-601.htm>>. (accessed on 11 April 2016).

⁸⁰ "Jh-7 [Jianhong Fighter-Bomber] [B-7]." *Federation of American Scientists*, <<http://fas.org/man/dod-101/sys/ac/row/jh-7.htm>>. (accessed on 11 April 2016).

⁸¹ airforce-technology.com. "J-10 (Jian 10) Vigorous Dragon Multirole Tactical Fighter, China."

category is rounded out by the PS-5s amphibious ASW aircraft, equipped with surveillance equipment, C-101 ASMs and other ASW equipment. In contrast, for naval warfare, the MSDF operates the Lockheed Martin Orion P3-Cs and the indigenous Kawasaki P-1s. Despite their age, the P3-Cs are reliable, well-tested aircraft, subjected to numerous modernizations. The Kawasaki P-1 is a new Japanese ASW aircraft and it is equipped with the latest ASW technologies.

To effectively utilize various aircraft, and deny this to the enemy, air superiority has to be achieved, a role delegated to the fighter aircraft of the two militaries. The PLA operates a wide range of fighter jets: The J-7s, the Chinese version of the MiG 21, and the domestically designed J-8s continue to dominate the Chinese air force. The J-8 is considered to be a relatively capable fighter, with electronic equipment and weapon system outperforming the F-16⁸². The PLA-AF also operates more modern J-11 fighter-bombers, the Chinese version of the Su-27, and Russian Su-27 fighter jets. “The highly manoeuvrable Su-27 is one of the most imposing fighters ever built.”⁸³ Most of the Chinese fighters have not been tested under actual battle conditions. The Air Self-Defence Force relies on battle-tested American fighters. The key fighters of the ASDF are F-15 Eagles and F-2s, an indigenously developed aircraft based on the F-16. The fleet is complemented by older F-4 Phantoms. Both China and Japan possess a capable fighter force, with China having a significant advantage in the sheer number of planes it could potentially commit to a conflict. In case of a confrontation, Japan would face a tough enemy in the air.

Finally, surveillance capability is important for both naval and air combat. The PLA-N naval aviation arm primarily relies on HZ-5 Beagles for surveillance and Y8-Js

<http://www.airforce-technology.com/projects/j-10/> (accessed on 11 April 2016).

⁸² "J-8 (Jian-8 Fighter Aircraft 8) / F-8." *Federation of American Scientists*, <http://fas.org/man/dod-101/sys/ac/row/j-8.htm>. (accessed on 11 April 2016).

⁸³ "C-801 Yj-1 / Yj-8 (Eagle Strike)." *Federation of American Scientists*.

for airborne early warning and control (AEW&C). The H-5s are old Soviet light bombers with limited effectiveness. The Y8-Js are equipped with either British or Israeli radars and are fairly modern. These planes are complemented by the PLA AF's KJ-200s and bigger K-2000 AEW&C aircraft, and Y8-T and Boeing 737-200 command and control aircraft, all of which are fairly modern. In contrast, Japanese surveillance and reconnaissance are delegated to specialized RF-4 Phantoms, fairly old aircraft, while AEW&C is done by Boeing E-767s and E-2C aircraft. There is no clear advantage to either side in this regards.

Overall, there is a rough balance when the situation is examined unit to unit, with China possessing a meaningful advantage in the sheer number of available planes. However, in a short, limited conflict, such an advantage would hardly be decisive. Neither air forces have been tested in battle. While Japanese planes have an established combat record in U.S. service, they do not outperform Chinese planes on paper.

Besides the aircraft available, an important consideration for the air component of a potential conflict is the anti-air warfare (AAW) capabilities of the ships deployed. Similarly to ASW, the PLA-N is traditionally considered to be weak when it comes to AAW, although more have been done in recent years to address it. China has two AAW focused destroyer classes: the Luzhou-class, equipped with the Russian SA-N-20/SA-N-6 system, and the Luyang II-class, equipped with the HQ-9 AAW system. The Luyang II-class is the Chinese response to US/Japanese AEGIS air defence destroyers. Other PLA-N destroyers are equipped with less impressive air defence systems: HQ-7 (Luhu and Luhai-classes), SA-N-12 (Luyang I-class) and SA-N-7 (Sovremenny-class).⁸⁴ China also employs Jiangkai II-class frigates as 'mini-Aegis' systems, but even so, fleet air

⁸⁴ For China's AAW equipment see Cole, *The Great Wall at Sea*.

defences, especially against missiles, continues to suffer limitations.⁸⁵ In contrast, the MSDF operates two dedicated AEGIS classes, the Kongou- and Atago-classes, with the Atago-class being capable of providing theatre ballistic missile defences as well. The Hatakaze-class is equipped with the SM 1 MR SAM system while the Abakuma-class has no SAM system. All other Japanese destroyers carry the US made Sea Sparrow SAM system. Once again, Japan possesses more modern and capable equipment than China. Japanese AAW capabilities are very sophisticated while China is still in the process of catching up, presenting a clear advantage for the MSDF.

Non-Tangible Factors

As discussed above actual military power is derived from the combination of hard and soft components, i.e. hardware (platforms and weapon systems) and software (training, morale). History provides numerous examples of when a technologically outmatched force defeated a superior one, or when a superior force could not capitalize on its advantages, and an inferior but better-motivated force emerged victorious. While these factors can significantly influence combat performance, it is fairly difficult to measure them, especially in the absence of actual combat demonstration. This section will focus on factors that could potentially influence combat readiness one way or another, with the disclaimer that their actual influence remains to be seen.

First, training is crucially important for contemporary warfare. Soldiers have to be able to effectively use their complex weaponry and be able to partake in demanding joint operation warfare. Traditionally the PLA had problems when it comes to training. During the Maoist period being 'red' was emphasized over being 'expert', which coupled with the PLA's engagement in economic and community projects led to

⁸⁵ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 88.

On China's efforts in improving air defences see: Office of the Secretary of Defence, "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013."

relatively low levels of training. Even the PLA admits that training continues to be insufficient.⁸⁶ The 2015 RAND assessment of PLA weaknesses, including for the PLA-N, highlights training as one of the crucial areas where the PLA continues to lag behind.⁸⁷ However, the PLA is in the process of addressing these shortcomings, through increasing training as well as creating new facilities offering virtual training systems to overcome this issue. The recognition for the importance of increasing training is shown within the latest Chinese defence policy:⁸⁸

It will constantly innovate operational and training methods, improve military training criteria and regulations, and work to build large-scale comprehensive training bases in an effort to provide real-combat environments for training. The PLA will continue to conduct live-setting training, IT-based simulated training, and face-on-face confrontation training in line with real-combat criteria, and strengthen command post training and joint and combined training.

As the JSDF is not subject to the same scrutiny as the PLA, it is hard to find comprehensive open-source assessments on training standards. In general, Japanese troops often train with the US military, and no mention of specific weaknesses in training has been found during the course of this research. The common opinion on the subject is that the JSDF offers a relatively high level of training with no obvious shortcomings. The difference in training can be illustrated by the fact that, despite the roughly equal size of the two fleets, Japan maintains eight training vessels while the PLA-N only two.

Second, both the PLA and JSDF finds it increasingly difficult to attract high-quality personnel. The Chinese economy continues to expand rapidly with an ever growing

⁸⁶ Adam Jourdan, "China Military Training Inadequate for Winning a War: Army Paper." *Reuters*, 12 October 2014, <<http://www.reuters.com/article/2014/10/12/us-china-military-idUSKCN0I108Q20141012>>. (accessed on 17 March 2015).

⁸⁷ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 48.

⁸⁸ Ministry of National Defence (PRC), "V. Preparation for Military Struggle (Defence Policy)." Beijing: Ministry of National Defence, 2015). <http://eng.mod.gov.cn/Database/WhitePapers/2015-05/26/content_4586714.htm>. (accessed on 11 April 2016).

need for highly trained workers in the private sector. This makes it difficult for the PLA to attract the same graduates to military service, which offers a generally harsher and more demanding life relative to the civilian sector. The PLA also continues to find it difficult to offer competitive pay to the civilian sector⁸⁹, and to create the facilities and organizational structure to be an attractive employer. Furthermore, lifestyle changes within China's youth, such as the growing problem of internet addiction and the effects of the one-child policy, further decreases the attractiveness of demanding military service and increasingly limits the pool of candidates that would be fit for military service to begin with.⁹⁰ The JSDF faces similar problems. Traditionally military service in the anti-militarist society of Japan has enjoyed little prestige compared to the corporate sector or the civil service. While efforts are made to raise the status of servicemen, Japanese society continues to be resistant. Similarly to the PLA, the JSDF also suffers from a lack of good quality facilities and benefits for the servicemen that further reduce the attractiveness of joining the military. And while the Chinese recruit pool shrinks due to lifestyle changes, the Japanese recruit pool shrinks due to the general ageing of Japanese society, putting even more competition on the JSDF for high-quality graduates.

Third, there is a meaningful difference in the level of civilian control and general integration into the state between the PLA and the JSDF. The PLA is an influential player in Chinese politics as the CCP continues to consider the loyalty of the military key to their continued power. The Central Military Commission (CMC) is one of the highest bodies of the CCP. The PLA essentially faces no civilian oversight: there is a single civilian in the entire PLA chain of command, Xi Jinping, and budgetary requests are rubber-stamped while the Ministry of Defence has no actual command and control

⁸⁹ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 49-50.

⁹⁰ "Chinese Youth 'Unfit for Army'." *BBC Online*, 9 March 2003, <<http://news.bbc.co.uk/2/hi/asia-pacific/2834555.stm>>. (accessed on 20 January 2015).

capabilities over the PLA.⁹¹ The PLA also pursues a high level of integration with the civilian sector, utilizing civilian capabilities to make up for material weaknesses.

Following the guiding principle of integrating military with civilian purposes and combining military efforts with civilian support, China will forge further ahead with CMI by constantly bettering the mechanisms, diversifying the forms, expanding the scope and elevating the level of the integration, so as to endeavour to bring into place an all-element, multi-domain and cost-efficient pattern of CMI.⁹²

The JSDF faces the complete opposite situation. It has limited influence in the political environment and has traditionally been subjected to occasionally crushing civilian oversight. Prior to 2007, there was no Ministry of Defence in Japan, the organization only had an agency status. Many key positions have traditionally been occupied by staff from other ministries, and the Ministry of Finance maintains a strict control over the military budget. However, steps are made to improve the effectiveness of military administration, such as the aforementioned elevation to ministry status and the creation of the National Security Council.

Fourth, corruption within the PLA is highlighted as a crucial weakness with the potential to hollow out the organization. Corruption ranges from the misappropriation and misuse of equipment to the selling of promotions and commissions.⁹³ This serves to reduce combat effectiveness and reduces morale. At the moment, no less than 14 high-ranking PLA officers are under investigation for corruption, with some others already dismissed.⁹⁴

⁹¹ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 46-47.

⁹² Ministry of National Defence (PRC), "Defence Policy - IV. Building and Development of China's Armed Forces." Beijing: Ministry of National Defence, 2015).
<http://eng.mod.gov.cn/Database/WhitePapers/2015-05/26/content_4586713.htm>. (accessed on 11 April 2016).

⁹³ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 48-49.

⁹⁴ Shannon Tiezzi, "China's PLA Crackdown Gathers Steam." *The Diplomat*, 04 March 2015, <<http://thediplomat.com/2015/03/chinas-pla-crackdown-gathers-steam/>>. (accessed on 17 March 2015).

Finally, the logistical capabilities of the opposing combatants. An effective military needs effective supporting services. Logistical support continues to be a key obstacle to effective PLA-N operations.⁹⁵ Fleet replenishment ships continue to be in a short supply, as well as effective port facilities. And while the PLA-N practiced resupplying in smaller civilian ports, the sustainability of a potentially prolonged conflict remains questionable. The PLA-N would face difficulties in maintaining a large presence under combat conditions around the Senkaku/Diaoyu Islands, especially when it comes to supplies and munitions. The JSDF similarly continues to face logistical issues, such as the availability of facilities and low munition reserves that would affect their ability to fight a sustained conflict. The issue of at-sea replenishing is especially important as the PLA-N would need to maintain a sustained presence on and around the Senkaku/Diaoyu Islands if it chooses to pursue the direct use of force.

Overall, one can observe that both the PLA and JSDF faces significant issues when it comes to the non-material side of military power. While Japan has an advantage in training, without actual verification under combat conditions it is hard to determine whether the JSDF has a significant advantage or not. Besides training, both militaries face personnel and logistical problems that affect their respective combat readiness.

Allied Forces

One final component to military power is the potential involvement of friendly forces in supporting one's own, usually within the context of an alliance or collective self-defence agreement. While China is not part of any alliance system, Japan has important security ties to the United States. Under the Japanese-American security treaty, U.S. forces could assist the JSDF in the defence of Japanese territory, including the Senkaku/Diaoyu

⁹⁵ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)," 80.

Islands.⁹⁶ For the contingency at hand, the most important of the forward deployed forces are the 7th Fleet naval vessels deployed to Japan. Two guided missile cruisers, seven guided missile destroyers and the USS *George Washington* aircraft carrier are deployed to the Yokosuka Naval Base in Japan.

The forward deployed fleet consists from the *Ticonderoga-class* Aegis cruisers and the *Arleigh Burke-class* Aegis destroyers. Both classes are in the 9000+ tons displacement category, significantly larger than most Chinese or Japanese destroyers. Their main anti-ship armament consists from eight Harpoon missiles, similar to that of MSDF destroyers. Both classes are capable, multi-role vessels, possessing strong AAW and ASW capabilities, as well as land-strike abilities through Tomahawk cruise missiles.⁹⁷ While the USS *George Washington* is an impressive piece of military hardware, it is unlikely that it would play a strong role in a Senkaku/Diaoyu Islands battle as the islands are within the range of shore-based aviation. The 7th Fleet could also utilize *Los Angeles-class* attack submarines based on Guam. The U.S. vessels outperform both Chinese and Japanese warships, and their Aegis systems make them more resilient against anti-ship missiles. If deployed, they would certainly tilt the balance of power in Japan's favour (whether they would be deployed is discussed under risks).

⁹⁶ As evidenced by the statements of the Obama Administration: "Obama Says Us Will Defend Japan in Island Dispute with China." *The Guardian*, 24 April 2014, <<http://www.theguardian.com/world/2014/apr/24/obama-in-japan-backs-status-quo-in-island-dispute-with-china>>. (accessed on 28 October 2014)., Panda, "Obama: Senkakus Covered under Us-Japan Security Treaty". And U.S. Department of Defense, "Statement by Secretary of Defense Chuck Hagel on the East China Sea Air Defense Identification Zone." Washington: U.S. Department of Defence, 2013, <<http://www.defense.gov/releases/release.aspx?releaseid=16392>>. (accessed on 29 May 2015).

⁹⁷ Watts, *Jane's Warship Recognition Guide*.

Assessment of Feasibility

As stated above, the key determinant of feasibility is whether China can successfully attack Japan's COG while defending its own. In the case of direct use of force this primarily means whether China can overcome Japanese efforts to maintain control over the Senkaku/Diaoyu Islands through sheer force. At this point it is important to remember that this assessment is tentative: the analysis focuses on whether China could conceivably achieve this. This does not provide any guarantees that it will do so in real life. As Gray argues, direct combat demonstration is the only reliable way to establish relative combat prowess.⁹⁸ Furthermore, before proceeding with the assessment it is important to remember that the conflict is expected to be a limited one, thus the total military might of opposing countries is less relevant compared to unit-against-unit performance.

Japan possesses significant naval strength due to the larger number of destroyers. At the same time, while China faces a disadvantage in the terms of total naval power, its strength is growing, potentially at a faster rate than Japan's. On a unit to unit level, the Chinese navy has achieved significant modernization. MSDF vessels are generally considered good and they are based on tested American technology. While traditionally PLA-N vessels have been less sophisticated, newer classes such as the Type 052 variants are comparable to that of Japanese vessels, equipped with effective ASCMs. In a limited war context⁹⁹, where only a small number of ships participate, China could conceivably defeat Japanese forces as there is no obvious disadvantage when it comes

⁹⁸ Gray, *Fighting Talk*, 101-04.

⁹⁹ In case of the Paracel Islands crisis only 4 ships participated on each sides. Even in the case of the Falkland Islands War only 8 destroyers and 2 carriers participated in the task force.

to unit-to-unit engagement, especially as China has improved its fleet air defences. This is reflected by Yoshihara and Holmes:¹⁰⁰

Plainly, then, thorny strategic questions lie before Tokyo. Already inferior in numbers, the SDF is losing its edge in quality over adversaries in the main theatre, East Asia [...] Japan still boasts a world class military, but its combat effectiveness is limited primarily to defending airspace and sea areas around the home islands. And the SDF arguably falls short even by such narrow standards. [...] Doubts linger today about Japan's ability to defend outlying islands independently against concerted Chinese efforts to seize them.

Thus, one could reasonably argue that China could potentially secure initial command of the sea. Whether it can maintain it, or at the very least deny it to Japan, is a different question. After establishing control over the islands, the roles would reverse, putting China into a defensive position. Maintaining a purely offensive focus at this point would be counterproductive: such an approach would require China to try to pacify Japanese opposition beyond the disputed waters that would cause escalation and likely lead to a major war between the two. A more likely scenario is that the PLA would extend its A2/AD umbrella to cover the islands. The key goal would be to deny command of the sea to Japan and to disincentivize entry into the waters surrounding the Senkaku/Diaoyu Islands.

The PLA is fairly experienced when it comes to anti-access warfare. The PLA-N possesses a significant number of submarines¹⁰¹ to establish a kill-zone in surrounding waters where these units could hunt for Japanese targets. While Japan has submarines of its own and fairly capable ASW equipment, ASW operations are always difficult, especially in littoral waters. Furthermore, China possesses a large and capable air force, with a clear numerical advantage over Japan. This makes it likely that China would

¹⁰⁰ Holmes and Yoshihara, *Chinese Naval Strategy in the 21st Century: A Turn to Mahan*, 7.

¹⁰¹ See tables above.

dominate the air, if not by technology, then by sheer numbers (Japanese planes are not that much better to be able to turn the situation into a one-sided massacre¹⁰²). This again would make Japan's efforts to regain command of the sea complicated, as air forces can play a devastating role in sea denial as seen in the case of the Falkland Islands.¹⁰³ With its current forces and A2/AD training, China could conceivably erect defences that would prevent Japan from recovering the islands within a limited war context.

Overall, based on the data above, this research argues that direct use of force meets the basic requirements of feasibility. It is important to remember that this only considers whether it can be done, not whether it should be.

3.1.3 Benefits and Costs

In analysing the attractiveness of an option, three factors have to be considered: benefits, costs and risks. Benefits refer to how a particular course of action contributes to the achievement of national objectives. Within the context of this research, benefits mean how an option contributes to China achieving the various objectives outlined in Chapter 2.

Pursuing direct use of force would allow China to establish solid *de facto* control over the Senkaku/Diaoyu Islands, effectively unilaterally. Such a control would place little to no limits on how China can utilize the islands (extreme activities such as building a nuclear base on the islands could trigger Japan to resort to the use of force, or even to seek major war, to rectify the situation). *De facto* control over the islands would allow China to pursue all of the interests discussed in Chapter 2:

¹⁰² The ASDF forces are primarily based on F-15 and F-16 (local variant) 4th generation fighter aircraft, which are comparable to China's 4th generation force. The Su-27 is a major threat to Cold War era US fighters. While Japan has been purchasing 5th generation F-35As (which have a large kill ration against 4th generation aircraft, Japan's F-35 fleet remains non-operational at the moment).

¹⁰³ Most British casualties were caused by the Argentinean Air Force.

In the strategic realm it would allow the full militarization of the islands – actually, the need to defend the islands militarily would likely necessitate it. As such, it would allow China to bolster its control over the waters of the East China Sea, creating the desired maritime buffer zone deemed necessary for the territorial security of China. Control over the islands would also allow China to bolster its control over SLOCs passing by the islands, including SLOCs reaching the eastern side of Taiwan, which could be valuable if China ever decides to impose a blockade against the breakaway island. *De facto* control over the Senkaku/Diaoyu Islands would also transform the islands into a launching pad for China to break through the first island chain.

In the economic realm, the situation is less ideal. *De facto* control is not equivalent to *de jure* sovereignty. It is likely that, even if Japan decides not to militarily contest the occupation of the islands, Tokyo would maintain that the islands belong to Japan and that China's occupation is contrary to international law. As such, it is unlikely that China could use direct use of force to settle the legal disputes of maritime delimitation based on UNCLOS.¹⁰⁴ At the same time, its physical control over the islands and surrounding waters would allow China to proceed with the exploitation of surrounding resources without the consent of Japan.

In the political realm, a military victory against Japan would be a valuable achievement as would be the capture of the Senkaku/Diaoyu Islands. Domestically it would fit well with Chinese nationalism: the recovery of lost territories is a central theme in wiping away the century of humiliation and dealing a military defeat against China's main antagonist would be welcomed by nationalists. Successful execution of a direct use of force campaign would certainly boost the legitimacy of the Chinese

¹⁰⁴ The UN Charter prohibits the use of force to settle international disputes. As such, China's occupation of the islands would be considered illegal under international law. That said, China could exploit resources by merely maintaining control over the waters in question.

Communist Party (CCP) back home and could be a valuable distraction from other domestic problems.¹⁰⁵ Internationally it would elevate China's status as a military power and as a major regional power. One, a victory against a major regional power such as Japan would enhance further Chinese attempts at coercion against smaller regional power, such as those on the South China Sea.¹⁰⁶ Two, it would be a visible milestone for the emergence of China as a major military power. A well-executed successful campaign could demonstrate the development of the PLA. Being recognized as a major military power is a significant asset when it comes to international politics. It enhances one's ability for coercion, as weaker states are more likely to seek appeasement and makes one more resistant to attempts of coercion. Three, successfully altering the territorial status quo would signal a transition of influence from the U.S. towards China over East Asia. This once again would enhance China's ability to pursue its interests.

While direct use of force could offer significant benefits, its attractiveness is hindered by simultaneously imposing significant costs. From a strategic perspective, this option is rather expensive. From a purely material perspective, fighting a modern naval war is not cheap. The acquisition cost of a Harpoon missile block is over 1.2 million USD¹⁰⁷. While there are no open source information on the cost of Chinese missiles, even if it is somewhat cheaper, it is a substantial material investment to fire at the enemy. Similarly, a Luyang I-class destroyer costs approximately USD400 million to manufacture, not to mention the time it takes to build one. Thus, both fighting and replenishing losses would cost China heavily. Furthermore, replenishing lost or repairing damaged destroyers would take a long time, during which China's weakened

¹⁰⁵ Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion." 521.

¹⁰⁶ Krista E Wiegand, "Militarized Territorial Disputes States' Attempts to Transfer Reputation for Resolve," *Journal of Peace Research* 48, no. 1 (2011), 104.: 'challenger states' attempt to transfer their reputation earned during one dispute to another one as a tool of compellence.

¹⁰⁷ "Harpoon Missile Fact File." *U.S. Navy*.
<http://www.navy.mil/navydata/fact_display.asp?cid=2200&tid=200&ct=2>. (accessed on 4 April 2016).

to control key waters. If it comes to the protracted defence of the Senkaku/Diaoyu Islands through military means, then China needs to divert assets from other missions. This commitment would mean that there are fewer forces available for other missions, including the defence of the Chinese coast.

From an economic perspective, resorting to the direct use of force would have a negative impact on the Chinese economy. First, an armed clash with Japan would obviously damage mutual economic ties. While economic ties are already in decline, in 2013 Japan was still responsible for 8.3 percent of Chinese imports and 6.7 percent of exports.¹⁰⁸ If it comes to a short, limited conflict one should not expect a total severance of economic ties. Despite hostilities, Russia continues to be one of Ukraine's biggest trading partners.¹⁰⁹ But it would certainly damage mutual economic ties, whether it is trade, investment or tourism. Besides the damage to Sino-Japanese economic ties, China might face further economic damage. The international community often expresses its displeasure with states committing belligerent acts through economic punishment. A contemporary example would be Russia: both the U.S.¹¹⁰ and the EU¹¹¹ enacted sanctions to punish Russia for its actions in Crimea and Ukraine. The sanctions restrict cooperation with Russia, freeze overseas assets and enact travel bans on selected individuals, and enact targeted economic sanctions against the Russian energy sector. China has personal experience with Western sanctions after the 1989 Tiananmen Square incident. However, how effective such sanctions can be against China is questionable. Unlike Russia, which is highly dependent on its energy sector, China is a global

¹⁰⁸ National Bureau of Statistics of China. "China Statistical Yearbook, 2014."

¹⁰⁹ Mark Adomanis, "Russia Is Still Ukraine's Largest Trading Partner." *Forbes*, 5 January 2015, <<http://www.forbes.com/sites/markadomanis/2015/01/05/russia-is-still-ukraines-largest-trading-partner/>> (accessed on 11 April 2016).

¹¹⁰ U.S. Department of State, "Ukraine and Russia Sanctions." Washington: U.S. Department of State, 2014, <<http://www.state.gov/e/eb/tfs/spi/ukrainerussia/>>. (accessed on 11 April 2016).

¹¹¹ European External Action Service, "EU Sanctions against Russia over Ukraine Crisis." <http://europa.eu/newsroom/highlights/special-coverage/eu_sanctions/index_en.htm>. (accessed on 29 March 2015)..

manufacturing hub. Enacting targeted sanctions would not only be difficult, but it would hurt Western companies that are dependent on Chinese manufacturing. Enacting sanction on defence cooperation would also have little effect: after 1989 China was forced to develop its own independent defence industry. Most of the PLA is armed with domestically manufactured or Russian imported weaponry, thus, the sanctions would have limited effect. Even if targeted sanctions could be put in place, it is questionable whether Western states would be willing to do so. Europe has been reluctant to do so in the case of Russia. And with its economic troubles, it is unlikely that the EU would be willing to get tough on a major economic partner like China. Even Washington would face significant opposition from its business lobby to do so. Regardless, some economic damage would be inevitable.

From a political perspective, China would be probably labelled as a rogue state. In the immediate regional environment, direct use of force would heighten the sense of 'China threat'. While this can lead to states seeking appeasement, it could also lead to the formation of balancing coalitions to counter China. Acting belligerently might also affect political contacts. States might choose to cancel high-level diplomatic meetings, or not to invite China to the meetings of regional groupings. Russia has been kicked out of the G8 due to its belligerent behaviour. Overall, direct use of force would undermine China's arguments of being a 'good neighbour', and would rather give credence to the various China threat theories Beijing expanded significant energies to counter.

3.1.4 Risk

Feasibility determines whether a course of action could be conceivably carried out while benefits and costs focus on the consequences of successful execution. But feasibility does not guarantee success, especially when it comes to warfare. As Gray argues:¹¹²

It is in the very nature of war for chance to rule. The fundamental reason why this has to be so is because of war's complexity. It has too many diverse, yet interacting, to be controlled reliably by the strategic gambler striving to reduce the risks. [...] Risk free warfare is not an option.

Whether a military operation is successful or not is dependent on a number of factors that are impossible to predict prior to the actual engagement, including but not limited to weather, the commanders' behaviour and potential tactical errors, equipment failure, or simple friction in execution. As JP 5-0 argues, there will be always gaps in one's understanding of the operational environment, especially when it comes to the effects of actions and enemy responses to it.¹¹³ After all, the enemy has a vote too¹¹⁴, which on its own makes predicting the outcome of military engagements difficult. This requires the incorporation of 'risk' into the analytical framework, i.e. the possibility and likelihood of failure to achieve the objectives, despite meeting the feasibility criterion.

As an analytical rule, this research argues that the higher the advantage one enjoys, the less influence chance can exert, although it will never be none. To illustrate this: If an enemy possesses an overwhelming advantage, it is more likely to win, as it can use this advantage to power through acts of chance, such as tactical mistakes or other elements of friction, such as equipment failure. This does not guarantee success but reduces the risk of failure. In contrast, if the balance of power between combatants is relatively equal, then chance plays a more prominent role, and skill and ingenuity become more important in overcoming the enemy. Similarly, if one suffers a

¹¹² Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy*, 40.

¹¹³ "Joint Operations Planning," III-22.

¹¹⁴ Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy*, 66.

disadvantage, the risk of failure is going to be even higher, albeit success is not inherently impossible. But in this situation the negative influence of chance can be devastating on one's own forces, while the enemy can power through more of such events. Thus, for the purposes of this research risk is determined based on the balance of power between the opposing parties. The balance of power, in turn, is determined within the context of the relevant COGs to reflect the different demands of the various options. In the case of direct use of force, the following factors need to be considered when determining risks: the balance of power between China and Japan in the military realm and potential friendly force behaviour which could affect said balance.

As discussed above, the balance of power between Chinese and Japanese forces within a limited war context is fairly equal. Japan has a numerical advantage in the number of destroyers and a technological advantage when it comes to ASW and AAW. At the same time, China has a total numerical advantage at sea, in the air and underwater. It has also improved AAW capabilities, thus, it is not severely outmatched in the case of a smaller task force. On this basis, the basic risks of direct use of force are moderate: acts of chance could significantly impact the success of China's campaign, and the PLA might not have the reserves to power through them. But at the same time, the JSDF faces similar conditions. At its core direct use of force would be a gamble, the result of which can go both ways as neither side is favoured.

One factor that affects the risks associated with the direct use of force is Japan's security ties to the United States. The level and nature of U.S. involvement could significantly alter the balance of power between China and Japan. Besides being the pre-eminent security guarantor in the Asia-Pacific, Japan maintains strong security ties to the United States. Before proceeding to review how potential U.S. involvement affects Chinese use of force, there are two key issues to consider: the nature of the Japanese-American alliance and the U.S. stance on the Senkaku/Diaoyu Islands dispute.

Japanese-American defence cooperation is based on the Treaty of Mutual Cooperation and Security between Japan and the United States of America (1960). Following its defeat during the Pacific War, Japan has been incorporated into the U.S.-led alliance system and become one of the key U.S. strongholds in Asia for the Cold War. The treaty has two key provisions:¹¹⁵

[Article V states that] each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes. Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations in accordance with the provisions of Article 51 of the Charter. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

[Article VI states that] for the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East, the United States of America is granted the use by its land, air and naval forces of facilities and areas in Japan. The use of these facilities and areas as well as the status of United States armed forces in Japan shall be governed by a separate agreement, replacing the Administrative Agreement under Article III of the Security Treaty between Japan and the United States of America, signed at Tokyo on February 28, 1952, as amended, and by such other arrangements as may be agreed upon.

As these articles reveal, the treaty is essentially a one-sided collective security agreement between Japan and the United States. Washington pledges to assist Japan in case of a security threat materializing against the country, and in return Tokyo agrees to allow U.S troops to be station within its borders. In language the treaty is similar to that of the treaty establishing NATO:¹¹⁶

[Article V states that] The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-

¹¹⁵ Japan Ministry of Foreign Affairs, "Treaty of Mutual Cooperation and Security between Japan and the United States of America," Accessed on 31/03/2016, <http://www.mofa.go.jp/region/n-america/us/q&a/ref/1.html>.

¹¹⁶ NATO. "The North Atlantic Treaty." 1949. http://www.nato.int/cps/en/natolive/official_texts_17120.htm. (accessed on 11 April 2016).

defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

One important point to note is that the treaty between Japan and the United States does not automatically determine the conduct of the United States in case of a security threat and allows significant room to Washington and Tokyo to determine the appropriate course of action. In other words, the mere existence of the treaty does not automatically mean that the U.S. will commit troops to directly engage in combat operations on behalf of Japan.

The extent of potential U.S. involvement is further affected by Washington's traditionally ambivalent stance towards the disputed islands. While the United States has returned the islands to Japan, it officially takes no stance on the sovereignty issue. Although Washington handed control over the islands to Japan as part of the Okinawa reversion treaty, the U.S.'s official stance has been that it merely passed on 'administrative rights' and this is in no way a statement on the sovereignty of the disputed islands.¹¹⁷ The U.S.'s neutrality stance raised questions on whether the islands are covered by the Japanese-American security treaty. However, since then the Obama Administration clarified it on multiple occasions that it considers the islands to fall under the treaty.¹¹⁸

¹¹⁷ Smith, *A Crisis Postponed*

¹¹⁸ Justin McCurry, Tania Branigan, "Obama says US will defend Japan in Island Dispute with China", *The Guardian*, 24 April 2014, <<http://www.theguardian.com/world/2014/apr/24/obama-in-japan-backs-status-quo-in-island-dispute-with-china>> (accessed on 28/10/2014); Ankit Panda, "Obama: Senkakus covered under US-Japan Security Treaty", *The Diplomat*, April 2014, <<http://thediplomat.com/2014/04/obama-senkakus-covered-under-us-japan-security-treaty/>> (accessed

In light of the U.S.'s commitment towards Japan and its traditionally neutral stance on the issue, it is important to consider how the U.S. might react to potential Chinese use of force. Being the strongest military power in the world, strong American involvement could significantly influence the odds against China if the conflict comes to a military confrontation. Not surprisingly, the U.S. has avoided to state clearly its action plan for the dispute, relying on broad appeals for calm and peace. Thus a rational choice approach once again proves useful in gaining insight into the potential plans of a military power. The key question to consider is whether the U.S. would intervene in case a military engagement between China and Japan and if so, to what extent.

On the one side, there are a number of reasons for the U.S. to militarily support Japan. Would Washington refuse to provide the assistance requested by Japan, it would undermine the long-standing relationship of the two countries. This on its own would negatively impact U.S. interests as Japan is a key regional ally and a crucial component of the United States' Asia-Pacific strategy. However, more troublingly it could start a ripple effect that could seriously hinder U.S. strategic interests on the region. First, it would negatively impact the U.S.'s image as a credible security guarantor in the region. Refusing to provide assistance to one of America's most important allies in the region would send the message to other regional states that they cannot depend on American security guarantees, especially when it comes to dealing with China. This would reduce their willingness to support U.S. interests if they conflict with China, as Washington's commitment to protect them from Beijing would no longer be credible. Second, the status of American troops in Japan is tenuous. There is significant pressure on Tokyo from its own citizens to remove U.S. troops, especially from Okinawa.¹¹⁹ Failure to heed Japanese requests for assistance would give political ammunition to the forces

on 18/12/2014)

¹¹⁹ BBC Online, "Protesters gather for Anti-US Military Rally in Okinawa", 19 June 2016, <<http://www.bbc.com/news/world-asia-36569669>> (accessed on 25/10/2016).

seeking to reduce or eliminate U.S. presence in Japan. Loss of access to Japanese bases would deprive Washington from its most important forward bastion in the region. This would significantly hinder the U.S.'s ability to project power into the region to secure U.S. interests and protect U.S. allies.

An American refusal to provide assistance to Japan, if requested by Tokyo, would also not make sense from an offensive realist theoretical perspective. As stated in Chapter 1, the theory argues that existing hegemony, such as the United States, are expected to seek to counter the rise of potential hegemony, such as China, to protect their security advantages. This is achieved by introducing a direct military threat into the emerging hegemon's home region to prevent it from achieving the level of security necessary to project power freely beyond its home region.¹²⁰ An outright U.S. refusal to provide assistance would violate the fundamental ontological assumptions presented in the theoretical framework.

On the other side, not only does the U.S. have strong incentives to encourage Japan to limit its requests for assistance, but so does Tokyo. From an American perspective the two key issues are limiting escalation and avoiding economic damage. As stated above, this research expects a potential military engagement between China and Japan to be a limited war. However, strong U.S. intervention would be a critical factor in escalation.¹²¹ U.S. troops intervening on behalf of Japan would realize some of China's worst strategic fears of containment. The conflict would likely escalate beyond a limited conflict as China's strategic calculations would shift to involve breaking U.S. containment, standing up to an external 'imperialist' power seeking to influence Asia and an even heightened sense of national pride. U.S. involvement could potentially cause more harm than good, both for Japan in particular and regional security in

¹²⁰ Mearsheimer, *The Tragedy of Great Power Politics*.

¹²¹ Interview (via email) with Tetsuo Kotani on 15 March 2015.

general. Furthermore, the U.S. has significant economic interests in China and Beijing has demonstrated in the past that it is not afraid to weaponize its economy (see 2010 fishing captain incident). And even if Beijing does not purposefully exploits its economic ties, Chinese consumers have proven to be highly nationalistic and willing to punish transgressions against their country (see attacks on Japanese businesses and Japanese manufactured cars). For example, Apple's 2015 results were significantly boosted by sales in China, and the company is considering to double its outlets within the PRC.¹²² An American intervention would hurt U.S. based companies' access to China and their bottom line in the Chinese market. With the dispute having no popular significance in the U.S., Washington would be expected to face strong pressure from various business lobbies to protect their interests in China.

At the same time, the current Abe Administration in Japan is pursuing ambitious defence reforms, seeking to turn Japan into a major player in the regional security arena. While a Chinese attack on the islands would confirm Abe's insistence that Japan needs stronger defence, a high reliance on U.S. forces would prove the legislations already in place to be ineffective and the higher defence budgets to be insufficient. Not being able to defend the country after several years of controversial reforms and significantly increased defence budgets would be a major embarrassment for the nationalist and hawkish Abe government. It would also undermine Japan's credibility as a regional leader, especially in the security realm. This would sink Abe's vision for the future of Japan outlined in the new *National Security Strategy* (2012).¹²³

Based on these factors, this research argues that the most likely scenario is that U.S. would limit its involvement to providing intelligence and logistical support, while

¹²² Tim Higgins, "Apple iPhones Sales in China Outsell the U.S. For First Time." *Bloomberg Business*, 27 April 2015, <<http://www.bloomberg.com/news/articles/2015-04-27/apple-s-iphones-sales-in-china-outsell-the-u-s-for-first-time>>. (accessed on 28 June 2015).

¹²³ The Office of the Prime Minister of Japan, *National Security Strategy*, 2012.

avoiding a direct involvement in the conflict. This would allow the U.S. to fulfil its obligations to Japan, without risking further escalation or a highly embarrassing political outcome for the Abe administration. After all, Japan possesses the military might to resist Chinese troops on fair grounds.

Would Japan suffer a critical defeat, the situation would become more delicate. The military engagement is expected to be very short by all concerned parties. Furthermore, Chinese doctrine emphasizes the quick termination of the military phase to transition into a political phase. And at this point likely there would be significant international call to terminate the conflict and seek a peaceful resolution. Within this atmosphere the U.S. is expected to try to non-militarily pressure China into giving up the islands, rather than deploying the 7th Fleet to retake it. And as time progresses the political environment would become less and less conducive to Washington resuming combat operations.

It is extremely difficult to judge U.S. reactions to a potential crisis as Washington has kept its stance purposefully vague. Opinions within the academic community are divided. Tetsuo Kotani from the Japan Institute for International Affairs stated for this research that in his view Japan would take the front-line role, with the U.S. limiting itself to provide assistance.¹²⁴ In contrast, Michael Barr from the University of Newcastle-upon-Tyne adopted a more pessimistic tone, stating that U.S. involvement would be influenced by the Washington's own political considerations.¹²⁵ Looking at contemporary American conduct on the South China Sea, Washington seems to be eager to deter China from taking actions from which there is no return from, even if such deterrence requires a more active military posture. However, Washington is by no means seeking an actual confrontation with China. Over the Senkaku/Diaoyu

¹²⁴ Interview (via email) with Tetsuo Kotani on 15 March 2015.

¹²⁵ Interview (via email) with Micheal Barr on 17 November 2014.

Islands dispute the U.S. policy seems to be ensuring that they never have to make the actual strategic decision whether to intervene on the side of Japan, by dissuading China from attempting direct use of force in the first place. Washington continues to rely on the hope that over time China will moderate its conduct and will subordinate itself to the established status quo.

Overall, the direct use of force is a fairly risky proposition. For the purposes of later analysis the risk assessment for this option is as follows:

- For seizing the Senkaku/Diaoyu Islands, the risks associated with direct use of force are moderate. The balance of power is relatively equal in a limited war context, and China has a good chance of seizing the islands, especially if it can execute strategic surprise.
- For holding the Senkaku/Diaoyu Islands the risks associated are high. The total balance of forces favour Japan at sea, and the low numbers of Chinese destroyers mean that the PLA-N could exhaust its reserves quicker than the MSDF. Potential US involvement also increases the power available to Japan to rectify the situation, leading to an overall unfavourable balance of power.

The final factor to determine is whether failure would confer any specific significant additional costs, which could further reduce the attractiveness of the option. Failure to execute direct use of force would not impact the legitimacy of China's claims, Beijing would be free to continue to pursue sovereignty over the islands. However, it would impact China's ability to do so. A military defeat would alter the perception of the balance of power as it would provide a tangible demonstration on the weaknesses of the PLA. Japan would be less likely to offer concessions if Tokyo is confident that it can demonstrably resist Chinese military power.

3.2 Potential Course of Action 2: Indirect Use of Force

As mentioned above, Schelling distinguishes two primary uses of military power: The unilateral application of military force, i.e. direct use of force, has been discussed above, where the objective is to bypass the opponent and directly seize and hold an objective. In contrast, military power can also be applied as part of the bargaining process. In this case, the point is not to bypass the opponent, but to affect its decision-making through actual and potential destruction. As Schelling argues:¹²⁶

There is something else, though, that force can do. It is less military, less heroic, less impersonal, and less unilateral; it is uglier and has received less attention in Western military strategy. [...] Military force can be used to hurt. In addition to taking and protecting things of value it can destroy value.

This is a more nuanced application of military power, more dependent on psychology than brute force. Power is not necessarily directed against the object desired, albeit it might be, but rather against the weak points of the opponent's will, targeting something it treasures. To illustrate this with a simplified example, direct use of force would be going in someone's house, punching the owner in the face, and then leaving with their valuables. Indirect use of force, or diplomacy of violence, would be taking the owner's family hostage, threatening to execute them unless he hands over the valuable desired.

The idea of such (potentially) indirect application of military force is not alien to Chinese strategic thinking. One of the central tenets of Sun Tzu's strategic philosophy is that the true pinnacle of skill is to defeat the enemy without meeting it on the battlefield,

¹²⁶ Schelling, *Arms and Influence*, 2.

through manoeuvring it into a position from which victory is impossible. *The Art of War* references the diplomacy of violence directly when Sun Tzu asks: ¹²⁷

If I dare ask, if the enemy is numerous, disciplined, and about to advance, how should we respond to them? I would say, first seize something that they love for then they will listen to you.

The core idea is that rather than pursuing one's objective directly under an unfavourable balance of power, one should direct one's power against something the enemy treasures, i.e. its psychological weak point, thus forcing the enemy to modify its behaviour, and achieving the objective indirectly.

The importance of psychological warfare is recognized by Kissinger as one of the unique characteristics of Chinese strategic philosophy. As Kissinger remarks, "Chinese thinkers developed a strategic thought that placed a premium on victory through psychological advantage and preached the avoidance of direct conflict."¹²⁸ The concept of indirect use of force is applied through threats or limited use of force to force an opponent to modify its behaviour Beijing finds strategically objectionable, i.e. to force an enemy to decide to desist, rather than to expel its forces and make it physically impossible for him to continue. Kissinger further argues that "The offensive deterrence concept involves the use of a pre-emptive strategy not so much to defeat the adversary militarily as to deal him a psychological blow to cause him to desist."¹²⁹ This behaviour could be observed during the 1953 Korean War: Chinese troops crossed the border not so much to hold Korean territory or to forcibly evict the U.S. troops, but to deal a psychological blow that would force the U.S. to withdraw from the Yalu River, and thus to cease threatening Chinese security interests. Similarly, Kissinger argues that the common pattern of many Chinese military engagements, such as 1954-58 Taiwan Strait

¹²⁷ Sawyer, *The Seven Military Classics of Ancient China*, 179.

¹²⁸ Kissinger, *On China*, 35.

¹²⁹ *Ibid.*, 217.

Crisis, the 1962 Sino-Indian border clash, the 1969-71 Sino-Soviet border clash, and the 1979 Sino-Vietnamese War, has been the PLA delivering a quick blow to the enemy militarily, followed by a political phase. Kissinger's view is shared by Ng, as he argues that the transition from People's War to L/LWUHTC is characterised by the growing importance of compellence as an objective within the limited war context. Furthermore, Ng states that Chinese strategic thinkers consider a small military clash as an opportunity to deter an opponent from fighting a larger war or escalating the situation. Thus Chinese concepts of deterrence are closer to coercion and compellence than what naval strategy would term fleet-in-being, i.e. where the mere existence of military forces is expected to act as a deterrent. The latter is more typical in Western strategic thinking where deterrence and limited confrontations are divorced, as the former meant to prevent the latter.¹³⁰

Chinese psychological warfare efforts can be observed in concrete terms within contemporary PLA doctrine. One, the publicized development of 'trump card' weapon systems serve to reduce the opponent's willingness to attack: Showcasing weapons such as DF-21D anti-ship ballistic missile aims to target the pride and critical component of U.S. military power, aircraft carriers, in order to dissuade the U.S. from their potential use in Chinese-controlled waters. From a direct use of force perspective, there would be benefits to keeping such a system secret: one the one hand, it would lower the urgency of developing countermeasures, while, on the other hand, it would contribute to strategic surprise. In an operational context, the symbolic destruction of aircraft carriers, and demonstrating the ability to further do so, would aim to persuade the U.S. to abandon the conflict.

Besides 'trump card' systems, following the traditions of Sun Tzu, Beijing devotes significant efforts to manoeuvre the enemy into a position of weakness prior to the

¹³⁰ Ng, *Interpreting China's Military Power*.

conflict through the concept of 'three warfares', an "information warfare concept aimed at preconditioning key areas of competition in its favour"¹³¹, in order to facilitate its ability to conduct psychological warfare under contemporary conditions. The concept focuses on three key areas or 'warfares':¹³²

- Psychological warfare aims to disrupt decision making through demoralizing and deceiving the opponent's military and civilian population in general.
- Legal warfare aims to utilize domestic and international laws to either legalize China's military actions or to restrict an opponent's operational freedom. Legal warfare is important to foster an advantageous political environment.
- Media warfare aims to support both psychological and legal warfare through promoting China's views in the opponent's and various neutral countries through mass media products such as movies, television programs, news reports and cultural institutions.

When carried out against an opponent the goal is to reduce its will to fight. Showcasing images of the destructive capabilities of the PLA during exercises aims to strike fear into the heart of the opponent's politicians, and, more importantly, the domestic audience, by displaying the destruction and suffering the PLA could unleash. Promoting China's narrative also aims to sow doubt within the enemy population on whether they are in the right. When carried out against a third party, these psychological efforts aim to isolate the opponent: break down alliances, increase hostile sentiments towards the opponent nation, e.g. through citing violent history, and to convert third parties to China's narrative. In the end, the goal is to strike at the enemy's will to fight, rather than its ability to do so.

¹³¹ Timothy A. Walton, "China's Three Warfares." 2012.

<<http://www.delex.com/data/files/Three%20Warfares.pdf>> (accessed on 11 April 2016).

¹³² Stefan Halper, "China: Three Warfares." edited by Office of Net Assessment (Office of the Secretary of Defence U.S.), 2013. <<https://cryptome.org/2014/06/prc-three-wars.pdf>> (accessed on 11 April 2016).

The idea of intimidation and coercion can be observed in China's strategic conduct on many occasions and some these are discussed as follows:

During the 1995 Mischief Reef incident, China captured the reef from the Philippines without a single shot fired. Filipino aerial surveillance, following reports from fishermen, revealed that China has built a number of structures on the reefs and that PLA-N warships are patrolling the area. While China claimed that the structures are a shelter for fishermen, and invited the Philippines to share them, Manila did not accept this explanation. In the end, despite the objections of Manila, the reef remains under Chinese control as the Philippines does not possess the military might to retake them, and China indirectly exercised its influence to disincentivize ASEAN from providing support, leaving no alternative but acceptance to Manila.¹³³ In 2012, the PRC repeated this over the Scarborough Shoal. Filipino efforts to confront Chinese fishing vessels led to a standoff when Chinese vessels intervened. Manila was forced to withdraw or risk a confrontation with China, effectively handing *de facto* control over the islands to China.¹³⁴

In 2009, Chinese vessels confronted the USNS Impeccable surveillance vessel 75 nautical miles off the coast of Hainan. First the ship was approached by a PLA-N warship at close proximity, which was followed up by low-altitude overflights by Chinese surveillance aircraft. The USNS Impeccable was informed that it is violating Chinese law and Chinese vessels demanded that it leaves. The next day the USNS Impeccable was approached by five Chinese vessels, closing in less than 10 meters, prompting the U.S. crew to use water cannons to discourage any further advance. As the USNS

¹³³ Ross Marlay, "China, the Philippines, and the Spratly Islands," *Asian Affairs* 23, no. 4 (1997), Passim.

¹³⁴ Renato Cruz De Castro, "The Philippines in 2013," *Southeast Asian Affairs* (2014), 252-53.

Impeccable proceeded, Chinese ships threw debris in its way, as well as stopping in its path, forcing emergency evasive manoeuvres.¹³⁵

In 1995 and 1996, the PLA conducted live-fire exercises and missile tests to intimidate Taiwanese voters and to undermine President Lee's support and to express dissatisfaction with the U.S. allowing him to visit Cornell University.

In all of these cases, Beijing's goal was to target the enemy's will: limited demonstration of force and the threat of escalation aimed to persuade the opponent that compliance is preferable to continued resistance, as that would lead to escalation and major destruction. During the Taiwan Strait Crisis, Beijing demonstrated what would happen if Taiwan would pursue independence, i.e. mass destruction, as a deterrent. In 2009 the PLA was banking on the U.S.'s desire to avoid an incident similar to the 2001 mid-air collision, and that thus it will withdraw a ship rather than suffer the consequences. In the case of the Philippines, the threat is more implicit, derived from the military superiority of China, and the knowledge that Manila cannot count on the assistance of other powers. Thus, would it risk a war with China, it would lose, potentially much more than a reef.

3.2.1 Executing a Campaign Targeting the Enemy's Will

When it comes to execution, one has to return to the principles presented in JP 5-0. The current and desired operational environments, and the national strategic objectives are the same as discussed under direct use of force. The key difference is the theatre level objective: Rather than seeking to seize and hold the disputed islands through sheer force, the goal is to either force Japan to give it to China or at the least not to contest Chinese occupation of them. This translates into different operational objectives: the focus shifts from securing command of the sea, which would allow Beijing to bypass

¹³⁵ Chris Rahman and Martin Tsamenyi, "A Strategic Perspective on Security and Naval Issues in the South China Sea," *Ocean Development & International Law* (2011), Passim.

Tokyo, to formulating a credible threat, which would force Tokyo to comply. As Schelling argues “coercion requires finding a bargain, arranging for [the opponent] to be better off doing what we want – worse off not doing what we want –when he takes the threatened penalty into account”¹³⁶. Adopting the phasing model tentative execution might look as follows:

Phase 0 – Shape

Phase 0 would be similar to that discussed under direct use of force: building up military might and influencing the political environment. All of the activities that have been discussed under direct use of force would take place, albeit the political processes aiming to influence the will of the enemy would obviously gain added importance (moving from being ‘merely’ a force modifier to the *raison d'être* of the campaign).

Phase 1 – Deter

As the initial stage of the coercive campaign, this phase would focus on communicating to the opponent what China wants and what is likely to happen in the case of non-compliance. On the government level, this would be done in various statements and communiqués. On a broader level, China would broadcast programs promoting the Chinese narrative of the desired operational environment, as well as programs demonstrating the military might of the PLA. China would also intensify military exercises, as well as make them more visible. These exercises could potentially be held near the opponent, or follow particular scenarios reflecting the crisis imagined. Potentially the government could allow exaggerated claims to spread through unofficial / semi-official channels, such as claims to the Ryukyu Islands. The goal is to affect Japanese decision makers by making mass destruction and open warfare a conceivable reality in their minds.

¹³⁶ Schelling, *Arms and Influence*, 4.

This phase would see limited actual military activity. Small scale operations would be carried out to intimidate and to raise concerns, but these would not involve actual engagements, and are likely to be carried out by China's civilian law enforcement vessels. One pragmatic example would be executing intrusions into Japanese waters and airspace in the name of patrolling.

Phase 2 – Seize the Initiative

If Tokyo resists initial intimidation, Beijing needs to escalate to maintain/improve the credibility of the threat. China would increase patrolling, as well as its deployed vessels adopting an increasingly assertive stance. Law enforcement vessels would be complimented increasingly by PLA-N warships to heighten threat perception. These vessels would aim to provoke small, non-lethal clashes, such as standoffs or close proximity manoeuvres. One example would be the 2013 radar locking incident¹³⁷, where Chinese ships threatened JCG vessels with the possibility of opening fire. The objective would be to demonstrate a commitment to the threat outlined in Phase 1 by showing that Beijing is not only not going to back down in the face of Japanese resistance, but rather it is willing to raise the stakes.

Phase 3 – Dominate

During this phase, the conflict escalates from non-lethal to lethal. Japanese resistance to coercion necessitates further demonstrative actions.¹³⁸ The objective during this phase is to demonstrate that Beijing is committed to executing its threats of violence if pushed. Demonstrative action can take many forms. It can be a hard to trace cyber-attack against critical Japanese infrastructure or other acts of sabotage. It can be a small-scale naval

¹³⁷ Japan Ministry of Foreign Affairs, (12/02/2013), "Press Conference by Minister for Foreign Affairs Fumio Kishida." Tokyo: Ministry of Foreign Affairs, 12 February 2013, <http://www.mofa.go.jp/announce/fm_press/2013/2/0212_01.html>. (accessed on 4 April 2016).

¹³⁸ Krista E Wiegand, "Militarized Territorial Disputes States' Attempts to Transfer Reputation for Resolve," 105.: "deployment of troops, mobilization of armed forces, threats of military force and limited war all act as costly signals of resolve"

clash with shots fired. It can be the interdiction of Japanese fishing and coast guard vessels in disputed waters by PLA-N warships. Similarly, it can be the positioning of military forces in striking range for example off the coast of the Ryukyu Islands. It even could be a surprise attack against the disputed islands, capturing them (this differs from direct use of force during the next phase). Overall, Beijing needs to take limited action that expresses the seriousness of the threat in question by targeting the perceived psychological weak points of Tokyo.

Phase 4 – Stabilize

This phase is characterised by giving a political way out for the opponent to avoid the execution of the threat. (Depending on the level of resistance displayed by Japan, the campaign could jump to this phase from anywhere between Phase 1 and 3.) If initial coercion has been successful, then China can proceed to occupy the islands unopposed. The situation would likely resemble the 1995 Mischief Reef Incident: while Japan is unlikely to openly accept the outcome, it could withdraw and abandon resistance due to fears of escalation. If China needed to capture the islands as a demonstrative action, the goal would be to psychologically deter Japan from taking military action to retake it. This potentially requires further demonstrative action, the extent of which is dependent on the contemporary balance of power. If China has managed to gain the upper hand, it could go as far as to threaten other remote islands, such as Yonaguni Island, to affect Japan. The psychological deterrence would also involve force concentration and erecting A2/AD defences to raise the perceived costs of any military action seeking to retake the islands.

On the political front, China would seek to openly and visibly engage Japan in demonstrating a desire to terminate the conflict. If China has captured territory beyond its immediate operational objectives or is in possession of prisoners of war or Japanese

equipment, it might offer to return it. The objective is to signal to the international community that China is willing to terminate hostilities, and thus increase the perceived political penalty for Tokyo for continuing hostilities. By diverting the conflict from the military to the political realm, China gains time to solidify control over the islands. And such a process would also constrain Japan as the international community would regard Japanese efforts to reopen a military phase unfavourably.

3.2.2 Feasibility

While both in the case of direct and indirect use of force Japan's centre of gravity is its armed forces, in the case of indirect use of force the critical capability is Tokyo's willingness to use them, rather than their physical availability as seen in the case of direct use of force. Beijing doesn't as much has to overcome the JSDF, as Japan's will to resist. To achieve this Beijing has to create a credible threat (which would act as the critical capability). Maintaining the credibility of the threat would be the critical requirement for China. Credibility in this context has a number of components: The threat has to target something that Japan values, or it will not work. The cost implied by the threat has to exceed the benefit of resistance. And the threat has to be rationally proportional to the potential benefits China hopes to gain (China could threaten total nuclear war over the dispute, but it is unlikely to be successful as Japan would be fairly certain that China would not be willing to actually carry it out).

China possesses the theoretical capability to attack a target that Japan values. A combination of naval, missile, cyber and other capabilities Beijing could conceivably attack a wide range of targets, civilian or military. China could execute cyber-attacks against Japanese corporations, the stock market or the power grid. Similarly, it could target Japanese bases with long-range missiles, or execute naval raids on remote territories. Furthermore, China possesses the theoretical capability to attack a target that is of more value to Japan than the disputed islands. As discussed in Chapter 2 the

Senkaku/Diaoyu Islands hold limited value beyond symbolic to Japan. This combined with anti-militarist and casualty averse domestic attitudes (which is a critical vulnerability for Japan) would mean that China can conceivably offer a threat where resistance would be irrational. Finally, China has the theoretical capability to issue such a threat while remaining within the confines of the rational criterion. As demonstrated in Chapter 2 the disputed islands have immense value for China, which allows significant leeway for the cost/benefit analysis.

Overall, indirect use of force meets basic feasibility requirements. It is conceivable for China to successfully pursue such a campaign. Whether it is likely to succeed will be discussed below.

3.2.3 Benefits and Costs

At its core, the benefits of indirect use of force would be the same as direct use of force: establishing *de facto* control over the islands, which would allow China to pursue all of the objectives discussed in Chapter 2. The key additional benefit of indirect use of force over direct use of force is its potentially lower costs. On a simple material investment front, indirect use of force could allow China to achieve its objective with a much lower investment, potentially without ever having to fire a shot. And if China can achieve its objective with little to no bloodshed, then the international political and economic costs would be similarly lower. Overall, China did not suffer significant costs for the Mischief Reef or the Scarborough Shoal incidents. On the other hand, Russia is suffering consequences far short of what would have occurred if it invaded Ukraine, and many countries have been reluctant to institute even the existing sanctions.

3.2.4 Risk

The key risk factor in indirect use of force is maintaining credibility. This is subject to a number of forces, many of which are beyond the control of Beijing, or are even unknowable to Beijing (for example Tokyo's own views on what would and what would not be rational for China). China would need to carefully balance demonstrative elements of using force against the potential escalation into a situation where to conflict breaks free of rationality and escalation becomes self-sustaining.

At the moment, Japan has proven to be resilient to lower-level forms of coercion. Tokyo has not been sufficiently intimidated neither by the increasing of patrolling nor by Beijing stepping up its own rhetoric and media campaign. On the contrary, these efforts increased the Japanese government's commitment to resistance, with the Abe administration pursuing significant defence reforms, both in the legal and hardware realms.¹³⁹ Assertive Chinese behaviour provided a needed political legitimacy for these steps in Japan. Thus, so far the threat posed by China has not been sufficiently credible. It is naturally a concern for Japan, but resistance remains the better alternative. This means that China would need to pursue more ambitious demonstrative actions to improve the credibility of its threat.

Ngeow makes an important point when arguing that Japan has demonstrated that it is not reluctant to respond militarily if pushed¹⁴⁰, a point shared by Tomoharu Washio.¹⁴¹ At this point, it is fairly unlikely that coercion could succeed during Phase 1

¹³⁹ Japan has seen both increases in defence budget and the introduction of new security legislation which offers more operational freedom to the JSDF. On defence budget increase see Ministry of Defence of Japan, "Defense Programs and Budget of Japan - Overview of Fy2016 Budget Request," (2015). On legislative changes see: Ministry of Foreign Affairs of Japan, "Japan's Legislation for Peace and Security: Seamless Responses for Peace and Security of Japan and the International Community " (2015), "Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect Its People," (01/07/2014), Accessed on 04/04/2016, http://www.mofa.go.jp/fp/nsp/page23e_000273.html, and The Office of the Prime Minister of Japan, "National Security Strategy (Provisional Translation)," (2013).

¹⁴⁰ Interview with Ngeow Chow Bing at University Malaya in Kuala Lumpur on 15 October, 2015.

¹⁴¹ Interview (via email) with Tomoharu Washio on 17 March, 2015.

to 2, as Japan has demonstrated a high resistance to such efforts. As Ngeow further states, the Japanese-American alliances play an important role, as Japan's defence ties to the U.S. reduces the credibility of any threat as they reduce the necessity for Tokyo to negotiate, even in the presence of mounting pressure. At this point, as has been stated by this research, it is unlikely that coercion without significant demonstrative action, i.e. based on a threat alone, could be successful. Japan just possesses too high of a resistance, which results in high risks for such a strategy to fail.

While the credibility problem could be resolved by pursuing demonstrative actions to show commitment, this would, in turn, impose high risks of escalation. Coercion is an imprecise art open to unintended consequences. Tokyo could easily interpret the demonstrative action as a sign of direct use of force, or even as the prelude to a major war, and thus overreact, which could cause uncontrollable escalation. Schelling argues that "pure violence [upon which coercion is based], like fire, can be harnessed to a purpose"¹⁴², but just like fire it can also spread beyond control and cause a wildfire that rages beyond reason. Pursuing such a strategy would be a highly risky proposition for China as the potential military consequences could go beyond that expected of direct use of force. Pursuing this course of action would be a similar to walking the tightrope blindfolded: China would need to continue to balance between escalation and restraint while having no direct information on how Japanese decision makers perceive the situation.

There is a lot that can go wrong: China could underestimate the value of something it aims to threaten. This could escalate an operation meant to be demonstrative to be perceived as a survival threat, leading to an all-out war. Worse this could potentially drag the U.S. into the conflict deeper than direct use of force would. A demonstrative action could go wrong causing more damage than intended, pushing

¹⁴² Schelling, *Arms and Influence*, 9.

Japan once again to view it as a threat to survival. Coercion is based on keeping one's own willingness to engage in the conflict opaque (after all the goal is to achieve results without having to execute the threat) while trying to perceive the ambiguous will of an opponent. This will always be a highly risky proposition that can fail at many stages and in many ways.

3.3 Assessment

Chapter 3 has discussed two potential options based on military power, namely on the direct use of force and coercion. Direct use of force focuses on seizing and holding objectives through military might, bypassing any negotiations with the enemy. Indirect use of force emphasizes the destructive power of military might, utilizing violence to psychologically affect the enemy and thus secure its compliance.

Both direct use of force and coercion have survived feasibility testing. The military balance between China and Japan is relatively equal. Within a limited war context, that is expected for direct use of force, this is sufficient for China to be conceivably able to seize and hold the islands. At the same time, China possesses sufficient capacity for destruction to potentially inflict damages on Japan in excess of what it would be worth for Tokyo to maintain control over the disputed islands, creating a sufficient threat for coercion.

When it comes to utility, direct use of force is a high cost – high reward approach. Direct use of force would establish *de facto* control over the islands, as well as increase China's prestige as a major regional military power. The key benefit of coercion would be that it could deliver the same benefits as direct use of force at significantly lower costs as potentially no actual military engagement would take place.

Both direct use of force and indirect use of force are risky propositions. While direct use could capture the islands with moderate risks, it suffers from high risks when it comes to maintaining control through force alone. At the same time, indirect use of force would have difficulty achieving its objective through threats alone, bringing it closer to direct use of force. Under the current conditions, China could not intimidate Japan without significant demonstration, potentially by taking the islands. Once sufficient demonstration is made, the odds are better due to Japan's anti-militarist, casualty-averse domestic environment, which could reduce its willingness to fight an expensive conflict any further.

University of Malaya

CHAPTER 4

NON-MILITARY OPTIONS

While Chapter 3 focused on options based on military might, Chapter 4 examines options that are not derived from the military power of a country. These options are divided into two main categories: non-binding options, including bilateral negotiations and various third-party options such as mediation, and binding options, arbitration and adjudication. The structure of the chapter purposefully mirrors that of the previous chapter to provide the best foundation for comparing and contrasting the various options available to China in Chapter 5.

From an offensive realist perspective military power is crucially important. However, one should be cautious to avoid the trap of *Maslow's hammer*, in other words the argument that for a man with the hammer everything looks like a nail. It is a common misconception to equate offensive realism's focus on military power and expansion with mindless aggression and warmongering. Mearsheimer argues that successful states need to be keenly aware of the balance of power and only resort to the use of force if it is the rational course of action.¹ Similarly, Gray argues that, while military power is a useful tool capable of solving problems no other tool can, it is not a tool to solve all problems, rather just part of a larger toolset.² From a rational choice perspective, non-military options represent an important alternative to the options discussed in Chapter 3, especially as direct use of force would impose high costs on Beijing.

¹ Mearsheimer, *The Tragedy of Great Power Politics*, Passim.

² Gray, *Fighting Talk: 40 Maxims on War, Peace and Strategy*, 32-36.

First, when discussing a particular category (binding or non-binding), the examination begins with an overview of the option's context and other relevant information as seen in Chapter 3, such as the legal claims presented by China and Japan when discussing arbitration and adjudication. The goal is to provide sufficient context for each option, especially on how they would fit into the Senkaku/Diaoyu Islands dispute. Second, the particular option in question is subjected to feasibility testing. The goal is to identify the key criteria that would determine feasibility and to analyse whether it can be conceivably carried out based on these criteria. Once again, feasibility does not automatically establish rationality, merely the feasibility set from which a rational choice has to be made. Third, options surviving feasibility testing will be subjected to cost/benefit and risk analysis. The former focuses on determining the costs and benefits of successful execution while the latter focuses on analysing the option's likelihood of success (potential for failure/risks) and the costs of failure.

4.1 Potential Course of Action 3: Non-Binding Peaceful Resolution

Options within this category represent looser diplomatic arrangements, dependent on finding mutually acceptable compromises, rather than relying on the strict legalistic framework that characterizes the binding options discussed later on. To put it simply these options rely on negotiations, either bilaterally or with the assistance of third parties, rather than an external third party making an assumedly objective decision on the situation. Traditionally two key categories are distinguished: bilateral negotiations and third-party peaceful resolution options, such as mediation or conciliation. For the purposes of this research, the two are not considered to be distinct courses of action. Rather non-binding third party options are considered to be extensions of bilateral negotiations, as the central governing principles are the same: to be successful parties have to agree on a resolution usually based on a compromise. The key importance of

third party options, for this research, is that they can potentially facilitate the proceedings in the case of a deadlock.

Next to direct use of force, bilateral negotiations comprise some of the most fundamental options in international dispute settlement. Bilateral negotiations are free to cover a wide range of topics, e.g. from economic issues to sovereignty disputes, and offer a lot of flexibility for the participants. Bilateral negotiations are a preferred method of the PRC to settle disputes, including outstanding territorial issues: Since 1949 Beijing has settled seventeen out of twenty-three territorial disputes through bilateral negotiations.³

Within the particular context of the Senkaku/Diaoyu Islands, China has a number of options to pursue bilateral negotiations: Obviously, Beijing could pursue to settle the entire sovereignty dispute through bilateral negotiations with Tokyo. At the same time, less ambitious options are also available. China could pursue negotiations with Japan over the sharing of economic resources within the disputed waters in the form of joint development ventures⁴. Similarly, the PRC could pursue negotiations concerning establishing a regional code of conduct governing the behaviour of parties within disputed waters.⁵ While these options would not resolve the greater issues at hand, they can still be useful. Achieving lower level agreements on economic or immediate crisis management issues could act as confidence building measures, offering a way to reduce tensions without having to resolve the greater issues at hand. Successful agreements on smaller issues would provide important groundwork for cooperation, potentially offering a way out from the downward spiral of competition.

³ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security* 30, no. 2 (2005), 46.

⁴ Joint development as a potential course of action has been stated by Bhubhindar Singh in an interview (email) on 03/02/2016), Li Mingjiang in an interview (email) on 11/02/2016 and Michael Barr in an interview (email) on 17/11/2014.

⁵ A code of conduct as a way forward for Sino-Japanese crisis management is raised by Tetsuo Kotani in an interview (email) on 15/03/2016 and Li Mingjiang in an interview (email) on 11/02/2016.

One key difficulty in bilateral negotiations is that even if parties have been willing to sit down to negotiate, they may lack the will or the ability to reach a mutually acceptable compromise, as neither party is neutral, leading to a deadlock and the breakdown of the proceedings. In this case, the parties can decide to involve a third party whom both parties respect to facilitate the process. One example of this has been the 1978-1984 Papal mediation between Chile and Argentina. As the head of the Church, the Pope enjoyed great respect in both predominantly Catholic nations. The Holy See played an important role in getting the parties back to the negotiating table and averting war, once bilateral talks have failed to produce results and were broken off. Similar cases are the 1966 Soviet mediation between India and Pakistan, and the 1980-1981 Algerian mediation between Iran and the United States (U.S.).⁶

The third party's involvement varies by the type of process chosen. Mediation is a fairly common example of third party options, in which case the negotiations are conducted based on the proposals offered by the mediator, allowing an active role to the third party to influence perceptions and behaviours concerning the dispute. Conciliation is a less common and more structured form of third party involvement, where, similarly to a judicial process, the third party ascertains the facts by hearing the competing arguments, and then it submits a formal suggestion for the resolution of the dispute (the key difference from legal proceedings is that the suggestion is not binding). In the case of acting as a commission of inquiry, the third party seeks to either establish the facts of the dispute or settle contentious ones. Finally, if acting as a good office, then the third party's key role is to try to get the disputing parties to the negotiating table in the first place.⁷

⁶ Ian Brownlie, "The Wang Tiewa Lecture in Public International Law the Peaceful Settlement of International Disputes," *Chinese Journal of International Law* (2009), 271.

⁷ Krista E Wiegand and Emilia Justyna Powell, "Past Experience, Quest for the Best Forum, and Peaceful Attempts to Resolve Territorial Disputes," *Journal of Conflict Resolution* (2010), Passim. See also, Brownlie, "The Wang Tiewa Lecture in Public International Law the Peaceful Settlement of

Within the specific context of the Senkaku/Diaoyu Islands dispute such measures could be fairly useful. A mutually accepted commission of inquiry could examine the historical arguments of both parties, establishing whether there is any merit behind China's historical claims of sovereignty, or whether Japan incorporated the islands in good faith in 1895. This would provide a foundation to move away from the current impasse of China and Japan simply hurling opposing readings of history at each other. A neutral state acting as a good office could be important to get China and Japan back to negotiating in order to halt continued escalation in tension. Mediation and conciliation would be more ambitious, aiming to resolve the situation through providing an objective external opinion.

4.1.1 Feasibility

In determining the feasibility of non-binding peaceful resolution options this research focuses on whether it is conceivable for both parties to partake in these methods (i.e. if China would propose such a step, would Japan entertain such a notion). Whether such proceedings are likely to succeed or not will be discussed under risks. The feasibility criterion for bilateral negotiations is simply the willingness of the two parties to engage in such proceedings. In contrast, the primary feasibility criterion for non-binding third-party options is whether there is a suitable third party both China and Japan could accept or a third party that could get China and Japan to the table even if they do not wish to negotiate. Feasibility of these options is also discussed in the context of whether they seek to settle the actual sovereignty issue, or whether they seek less ambitious confidence building measures as an outcome.

On the sovereignty level, it is obvious that the feasibility criterion for bilateral negotiations is not met. Japan displays no willingness to discuss the sovereignty of the disputed islands, going as far as refusing to recognize that a dispute even exists. During

a 2012 press conference, the Ministry of Foreign Affairs stated that “we believe that there exists no dispute of territorial sovereignty to be resolved concerning the Senkaku Islands”⁸. This stance was further reiterated by Foreign Minister Fumio Kishida in 2013:⁹

There exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands. It is absolutely not true that there has been any kind of agreement up until now about “shelving.” There is no issue of territorial sovereignty to be shelved in the first place. That is the position of Japan.

The Ministry of Foreign Affairs’ website dedicated to the Senkaku/Diaoyu Islands repeats the same stance word by word: “There exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands.”¹⁰ Furthermore, the official Japanese pamphlet on the subject states that it is “*nonsense*” to argue that there is any issue to discuss between China and Japan regarding the sovereignty of the Senkaku/Diaoyu Islands.¹¹

Japan’s stance leaves little to interpretation.¹² In Tokyo’s view, there is nothing to discuss, which can be hardly interpreted as anything other than the rejection of any negotiations concerning the sovereignty of the Senkaku/Diaoyu Islands. Contemporary Japan foreign policy is based on the firm belief that any discussion of sovereignty issues would be highly inappropriate as China has no legitimate claim to the islands. This is

⁸ Ministry of Foreign Affairs of Japan, "Press Conference by the Deputy Press Secretary." Tokyo: Ministry of Foreign Affairs, 11 October 2012,

http://www.mofa.go.jp/announce/press/2012/10/1011_01.html. (accessed on 11 April 2016).

⁹ "Press Conference by Foreign Minister Fumio Kishida." Tokyo: Ministry of Foreign Affairs, 4 June 2013, http://www.mofa.go.jp/press/kaiken/kaiken24e_000007.html. (accessed on 11 April 2016).

¹⁰ "The Senkaku Islands." Tokyo: Ministry of Foreign Affairs, 15 April 2014, <http://www.mofa.go.jp/region/asia-paci/senkaku/> (accessed on 11 April 2016).

¹¹ "The Senkaku Islands: Seeking Maritime Peace Based on the Rule of Law, Not Force or Coercion." (2014). Ministry of Foreign Affairs of Japan. "Cabinet Decision on Development of Seamless Security Legislation to Ensure Japan's Survival and Protect Its People." Tokyo: Ministry of Foreign Affairs, 1 July 2014, http://www.mofa.go.jp/fp/nsp/page23e_000273.html. (accessed on 11 April 2016).

¹² The Embassy of Japan (both in Kuala Lumpur and Budapest) has been contacted, but it declined any further clarifications. When this research’s reading of the stance was provided in writing for any correction, the embassy issued no request for correction.

reflected by recent diplomatic confrontations between Beijing and Tokyo on whether Japan has agreed to 'shelve' the dispute in the past, which would amount to Japan recognizing, at least, the existence of a dispute (as there is nothing to shelve unless there is a dispute). Originally two key events were highlighted by Beijing: The 1972 meeting between Japanese Prime Minister Tanaka and Chinese Premier Zhou Enlai, and the 1978 meeting between Japanese Foreign Minister Sonoda and Deng Xiaoping. During the 1972 meeting, Tanaka supposedly raised the issue of the Senkaku/Diaoyu Islands, upon which Zhou requested not to discuss the issue, so as not to hinder the normalization of relations. During 1978, the issue was once again raised in the context of the fishing boat incident. Both Sonoda and Deng seemed eager not to discuss the matter, with the former stating that "let us call it quits on this matter. If I keep talking about it, I would put both you and myself in trouble", while the latter stated that "but we should not touch it now. We should put off (tackling the issue) and discuss it without haste in coming years. We should not accept the argument that we cannot conclude a treaty if we fail to agree on such an issue in 10 years".¹³ China interprets both events as proof that Tokyo, at least implicitly, agreed to shelve the dispute, in favour of normalizing relations with China. According to the Chinese Foreign Ministry "this is an historical fact", thus "the Chinese side demands that the Japanese side squarely face history, respect the facts and listen to the voice of people within Japan, including former Chief Cabinet Secretary Hiromu Nonaka"¹⁴. Recently a further event was added to the list when records of a 1982 meeting between Japanese PM Kantaro Suzuki and British PM Margaret Thatcher emerged. During the meeting, Suzuki indicated that they agreed

¹³ "Normalization of Relations: China Claims It Agreed with Japan to Shelve the Dispute in 1972, Japan Denies." *The Asahi Shimbun*, 2012,

http://ajw.asahi.com/article/special/Senkaku_History/AJ201212260103. (accessed on 6 July 2015

¹⁴ "Spokesman Urges Japan to Return to Dialogue on Diaoyu Islands." *Xinhua News Agency*, 04 June 2013, http://news.xinhuanet.com/english/china/2013-06/04/c_132430742.htm. (accessed on 6 July 2015).

with Beijing to shelve the dispute for the time being.¹⁵ One could reasonably argue that in these instances Japan did not so much agreed to shelve the dispute itself, but to shelve Japan's concerns over China not recognizing sovereign Japanese territory. While this seems semantic, there is a meaningful difference: In the former case, Tokyo recognizes the potential legitimacy of China's claims but agrees that resolution should be sought later on. In the latter case, Tokyo does not recognizes the potential legitimacy of China's claims but does not formally raises a complaint as not to hinder ongoing negotiations on other issues. In the end, Tokyo decided to rather refute any allegations that it agreed to anything:¹⁶

Japan's position as stated above has been consistent and it is not true that there was an agreement with the Chinese side about "shelving" or "maintaining the status quo" regarding the Senkaku Islands. This is clearly shown in the published record of the Japan-China Summit Meeting held on the occasion of the normalization of bilateral diplomatic relations.

It is not hard to see that under the contemporary political conditions it would be utterly impossible for Japan to accept any proposals concerning bilateral negotiations on the sovereignty of the Senkaku/Diaoyu Islands.¹⁷

If the sovereignty of the Senkaku/Diaoyu Islands cannot be discussed, non-binding approaches could still be used to settle economic issues related to the dispute, such as the development of resources and delimitation of maritime zones. On the one

¹⁵ "Prime Minister Told Thatcher in 1982 That Agreement Reached with China to Shelve Senkakus Issue." *The Asahi Shimbun*, 2015, http://ajw.asahi.com/article/behind_news/politics/AJ201501020033. (accessed on 9 July 2015).

¹⁶ Ministry of Foreign Affairs of Japan, "Senkaku Islands"

¹⁷ Ngeow Chow Bing in an interview with this research (15/10/2015 at University Malaya, Kuala Lumpur) states that the Abe administration continues to pursue a hard-line stance on the issue, aiming to reduce the incentive for any compromise. Ryoko Nakano (interview via Skype) on 14/10/2015 states that it would be difficult to return to the 2008 state of affairs when negotiations were somewhat possible (see 2008 Principled Consensus). As such, the political environment is not favourable for Japan to accept bilateral negotiations as an option. Similarly, Ian Chong [interview (Skype) on 01/02/2016] states that negotiations would not be possible as Japan has no incentive to concede, nor for China to back down from its claims.

hand, this would be valuable because it could resolve an issue that provides the most day-to-day tension, such as the presence of Chinese fishing vessels in disputed waters. On the other hand, it could serve as a component of a 'broken windows' approach to crisis management: by eliminating smaller issues, one could hope that through these confidence building measures eventually relationships can improve to the point where the bigger issues can be tackled as well.

The two models for economic cooperation through bilateral negotiations would be the 2013 fisheries agreement between Japan and Taiwan concerning the waters surrounding the Senkaku/Diaoyu Islands, and the 2008 principled consensus reached between China and Japan over the development of a natural gas field in disputed waters.

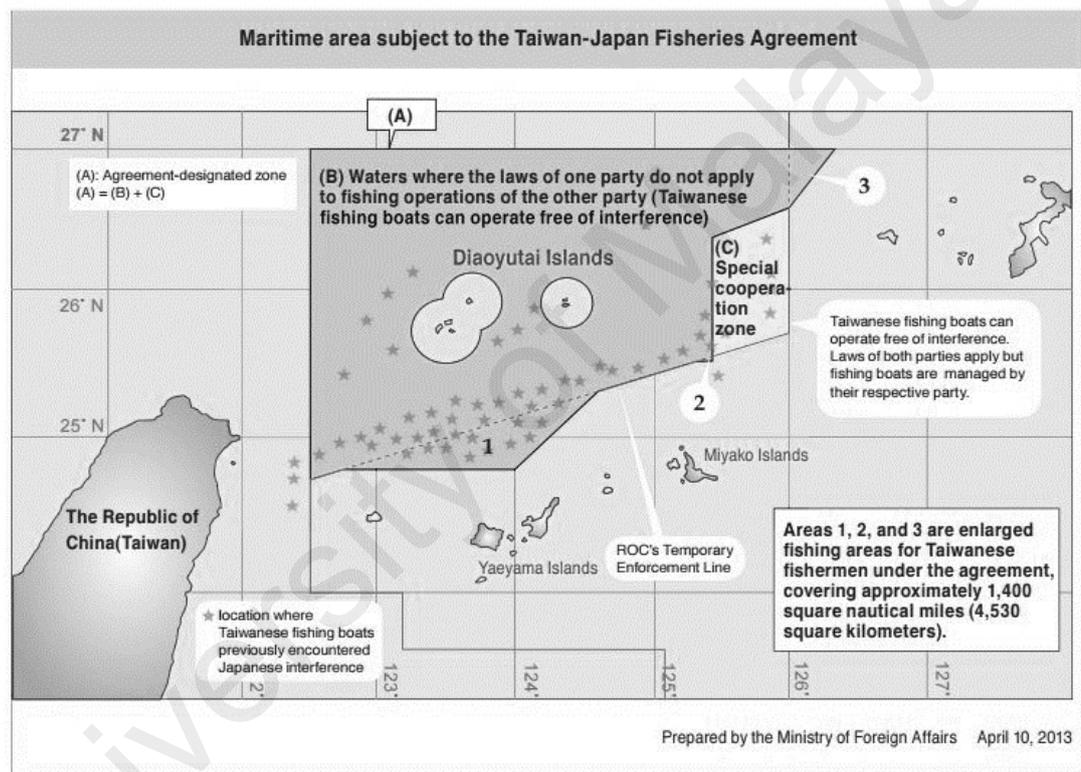
It took sixteen years, and sixteen rounds of talks but Japan and Taiwan has finally reached consensus on the sharing of fishery resources around the Senkaku/Diaoyu Islands in 2013. As part of the agreement, Japan, the party controlling the disputed waters, have made significant concessions for Taiwan. Covering a total area of 74 000 km², the deal has the following key provisions:¹⁸

- The agreement significantly extends the area in which Taiwanese fishermen can legally conduct their business. Besides opening the waters around the Senkaku/Diaoyu Islands, Japan also opened a 1 400 nm² area beyond Taiwan's Temporary Enforcement Line.
- As part of the agreement, for the majority of this area, Taiwanese vessels are only subject to Taiwanese legislation and Taiwan is responsible for enforcing regulations on its own vessels.

¹⁸ "The Taiwan-Japan Fisheries Agreement — Embodying the Ideals and Spirit of the East China Sea Peace Initiative." by Taiwanese Ministry of Foreign Affairs, 2013. <[http://www.mofa.gov.tw/Upload/WebArchive/979/The%20Taiwan-Japan%20Fisheries%20Agreement%20\(illustrated%20pamphlet\).pdf](http://www.mofa.gov.tw/Upload/WebArchive/979/The%20Taiwan-Japan%20Fisheries%20Agreement%20(illustrated%20pamphlet).pdf)> (accessed on 11 April 2016).

- In the remaining area fishing vessels are subject to both Japanese and Taiwanese regulations, but only Taiwanese enforcement.
- Japan and Taiwan agreed to set up a joint commission to oversee the implementation of the zone and to explore further options for cooperation between the two countries.

Map 4.1: 2013 Japanese-Taiwanese Fishing Agreement



As the map above highlights, the new zone covers the area where conflicts between Taiwanese and Japanese vessels have been the most frequent. Reaching the agreement was possible because Japan agreed to the Taiwanese request to remove any language from the treaty that would discuss the sovereignty of the islands. This allows

Taiwan to agree to the treaty without prejudicing its claims to disputed islands. As the official statement of Taipei states:¹⁹

The ROC government will continue to stand steadfastly by its claims and safeguard sovereignty over the Diaoyutai Islands. It has consistently taken a firm stance on defending sovereignty and protecting fishery rights, and will absolutely not compromise the former for the latter.

Following the 2005 Chunxiao gas field incident, China and Japan attempted to negotiate the joint development of disputed waters to reduce tensions. These efforts culminated in the 2008 principled consensus that states that:²⁰

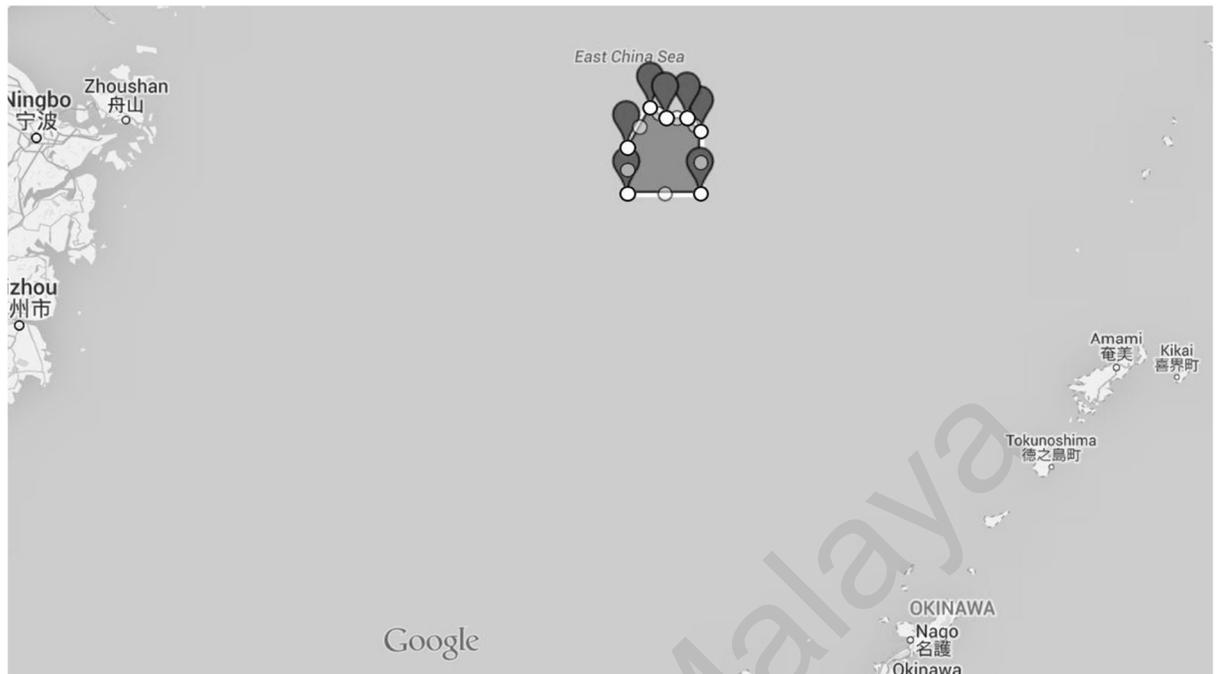
The two sides will, through joint exploration, select by mutual agreement areas for joint development in the above-mentioned block under the principle of mutual benefit. Specific matters will be decided by the two sides through consultations.

The joint development was supposed to be based on two agreements: First, China would allow the participation of Japanese firms in the development of the Chunxiao field based on Chinese domestic legislation. Second, China and Japan would jointly develop other fields on the northern part of the East China Sea. The map below illustrates the area proposed for joint development based on the coordinates specified in the principled consensus, covering an area of 2 700 km². The area is 350 km from Zhoushan and 326 km from Amami.

¹⁹ Ibid.

²⁰ "China, Japan Reach Principled Consensus on East China Sea Issue." *Xinhua News Agency*, 18 June 2008, <http://news.xinhuanet.com/english/2008-06/18/content_8394206.htm>. (accessed on 9 July 2015).

Map 4.2: 2008 Japanese-Chinese Principled Consensus²¹



As the above examples show, both China and Japan has shown a willingness to enter into negotiations concerning the economic resources in disputed waters. Thus, this option remains feasible, albeit whether such negotiations would be likely to yield any results will be discussed under risk assessment.

Besides economic cooperation, the disputing parties could negotiate on crisis management. Agreeing upon a common code of conduct could help manage the day-to-day encounters of Chinese and Japanese ships in disputed waters and reduce tension. Besides de-escalation, such an agreement could contribute to the above mentioned 'broken windows' approach by providing an avenue for confidence building. The model for this avenue would be the negotiations on a code of conduct on the South China Sea, which suffers disputes similar to that of the East China Sea.

²¹ Compiled based on Ministry of Foreign Affairs of Japan "Japan-China Joint Press Statement Cooperation between Japan and China in the East China Sea." Tokyo: Ministry of Foreign Affairs, 18 June 2008, <<http://www.mofa.go.jp/files/000091726.pdf>>. (accessed on 11 April 2016).

The South China Sea is subject to a multilateral dispute between China and the ASEAN states over remote islands and has seen similar escalation to that seen on the East China Sea. To counter further escalation, the parties in 2002 agreed upon the Declaration on Code of Conduct, a non-binding preliminary agreement to the creation of an actual binding Code of Conduct. The key points of the agreement are:²²

- #4: the parties refrain from the use of force
- #5: the parties exercise self-restraint and do not pursue any actions that could further exasperate the dispute
- #7: the parties pursue regular consultations on the creation of a code of conduct and on how to improve peaceful coexistence

An agreement between China and Japan could give a much-needed framework for their interactions at sea, and would be an important step towards de-escalation. This view is supported by Tetsuo Kotani from the Japan Institute of International Affairs (JIIA), who argued that a code of conduct would be a crucial crisis management measure on the East China Sea.²³ In 2015, China and Japan have agreed to continue to discuss potential crisis management options.²⁴ It remains to be seen whether the actual negotiations take place or yield any tangible results, or reach a deadlock.

With the difficulties faced in the case of bilateral negotiations, such as Japan's refusal to recognize the dispute, one should consider whether the involvement of a third party could exert a positive influence on the proceedings. Unfortunately, the situation is not encouraging.

²² "Declaration on the Conduct of Parties in the South China Sea ", 17 October 2012, by ASEAN, 2012. <http://www.asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2> (accessed on 11 April 2016).

²³ Tetsuo Kotani interview (15/03/2015).

²⁴ "Japan, China Agree to Continue Talks to Prevent Accidental Clashes at Sea." *The Japan Times*, 9 December 2015, <<http://www.japantimes.co.jp/news/2015/12/09/national/japan-china-agree-continue-talks-prevent-accidental-clashes-sea/#.Vm-sho9OKUI>>. (accessed on 29 March 2016).

One key issue for the feasibility of third-party options is finding a suitable third party. Within the current political climate, it would seem unlikely that China and Japan could agree upon a mutually acceptable neutral actor. When it comes to states there is no obvious candidate that could be considered neutral by both parties and would have the competence to assist in the proceedings at the same time. The United States would be an obvious candidate: Washington has significant regional influence, and it also has a vested interest in preventing an armed confrontation in the region. The U.S. has also already played this role during the Parsley Island crisis between Spain and Morocco.²⁵ However, Washington's ties to Tokyo would bring its neutrality into question. Furthermore, any attempt by the U.S. to get further involved would be seen as superpower meddling, trying to dictate regional affairs. From a Chinese perspective, knowing the current nationalist political climate, it would be unlikely that Beijing would or could accept any U.S.-brokered compromise, as the necessity of settling for less than total victory would be seen as giving in to the United States domestically. In the case of non-state actors, the situation is similarly dire. There is no obvious candidate that commands sufficient respect and authority to be able to move deadlocked negotiations further. In the previously mentioned case, the Pope could act in such a manner due to the respect commanded by the Church in the countries in question. The same unifying figure is not present in Sino-Japanese relations. The Secretary-General of the United Nations or the conciliation body under UNCLOS would be reasonable candidates. However, the PRC has deliberately exempted itself from under UNCLOS dispute settlement mechanisms when ratifying the treaty.²⁶ And there is no clear evidence that the UNSC enjoys sufficient authority to be able to convince China or Japan to negotiate.

²⁵ Peter Gold, "Parsley Island and the Intervention of the United States," (2010), *Passim*.

²⁶ "Declarations and Statements (UNCLOS)." by United Nations Division for Ocean Affairs and the Law of the Sea. <http://www.un.org/depts/los/convention_agreements/convention_declarations.htm> (accessed on 11 April 2016).

Overall, the involvement of third parties has largely been a taboo in Chinese foreign policy. This is evidenced by China's conduct on the South China Sea where Beijing insists on a strict bilateral approach. If even multilateral negotiations are not acceptable to China, it is unlikely that the involvement of unrelated third parties would be looked upon any more favourably.²⁷

4.1.2 Benefits and Costs

Based on the feasibility testing above one can see that non-binding peaceful resolution options offer limited benefits, especially relative to the various military options discussed in Chapter 3. The key problem is that bilateral negotiations are not feasible in the case of sovereignty, while non-binding third-party options are not feasible at all, constraining this approach to lower diplomatic levels. Pursuing joint development would allow China to gain access to resources contained in disputed waters, thus supporting its economic development, but bilateral negotiations would not allow Beijing to pursue most of its strategic and political interests, which would be dependent on establishing some form of control over the islands.

That said, these options are not without merit. While they are not suitable to pursue most of China's interests directly, they could indirectly benefit China. Adopting a more constructivist view, these lower level activities can be valuable to stop the current downward spiral of Sino-Japanese relations. While cooperation or negotiation on major issues, such as sovereignty, are not possible, cooperation on less controversial economic or crisis management issues can act as confidence building measures. The crucial constructivist argument is that security relationships are created through identity and reciprocal behaviour. Altering these processes reconstitutes the relationship, allowing different outcomes. This can be observed in the case of U.S.-Soviet relations

²⁷ Interviews conducted with Kotani (15/03/2015) and Tomoharu Washio (email) on 17/03/2015 expressed a negative outlook on the feasibility of non-binding third-party options.

during the Cold War.²⁸ Low level cooperation provides an initial avenue to begin the transformation of security relationships. It is also important to remember that small steps of cooperation provide the foundation for further cooperation, leading to the general improvement of the relationship. The question then is how improving the Sino-Japanese relationship would benefit China. Economically it could somewhat counter the current reduction in tourism.²⁹ Security-wise better relations could reduce threat perceptions on both sides, easing the realist security dilemma, and improving China's sense of security. Politically, better relations would take away munition from nationalist politicians in Japan, which they use to legitimize the expansion of Japan's security role in the region, and to provide legitimacy for the new security legislations. Overall, better relations would put less pressure on Japan to shift its security stance, which move has been seen as significantly threatening in China.

Furthermore, demonstrating a commitment to dialogue and pursuing negotiated solutions to disputes would improve China's status as a mature and responsible member of the international community. China is often viewed as emotional, insecure, assertive and even unreasonable.³⁰ Visibly cooperating with a supposed antagonist, such as Japan, would send a clear message that China is secure in its own rise and that it is not aiming to push against the established norms of the international system. This would undermine many of the existing 'China threat' theories, and could earn both respect and goodwill for China in the long run.

²⁸ Alexander Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics," *International Organization* 46, no. 2 (1992), 391-425.

²⁹ October 2012 (immediately after the escalation in tension between China and Japan) saw a 33.1 percent reduction in incoming Chinese tourist to Japan and 27.2 percent reduction in the number of outgoing Japanese tourists to China (year on year). Since then Chinese incoming numbers have been recovering, but Japanese outgoing numbers continue to decline. Based on "Tourism Statistics (Backnumber)." *Japan Tourism Marketing Co.* <<http://www.tourism.jp/en/statistics/backnumber/>>. (accessed on 6 April 2016).

³⁰ Susan L. Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2008), 256. See also: Hsiao Michael Hsin-Huang and Lin Cheng-Yi, *Rise of China: Beijing's Strategies and Implications for the Asia-Pacific* (London, New York: Routledge, 2009), 34.

One of the key pragmatic benefits of this approach would be low costs, especially relative to military options. There are no material costs, such as missiles or replenishing losses. Even if negotiations fail there are also no obvious economic or strategic costs, and even the potential international political costs would be mild as negotiations have a limited expectation of success. It is also possible to pursue these options without impacting China's overall claim to the Senkaku/Diaoyu Islands. Both the 2013 fisheries agreement and 2008 principled consensus incorporates language to ensure that the signing parties' claims to the disputed islands are preserved. The non-binding nature of the proceedings also means that, while a compromise is required, China is not forced to be party to anything it finds objectionable. Unlike in the case of binding resolution options, in the case of non-binding options China retains the ability to shape the results to its convenience.

The only significant drawback of this option is that of domestic political costs. By pursuing a non-binding peaceful resolution, Beijing would open itself up to criticism at home that it is abandoning its claim to the islands and that it is going soft on Japan, the key antagonist of the Chinese nationalist political narrative promoted by Beijing itself. A political culture that emphasizes standing up to foreign powers and revokes past humiliations to fuel a nationalist legitimacy would certainly interpret a negotiated resolution requiring a compromise, meaning that China would need to come away with less than 100 percent of its demands, as a sign of weakness.³¹ And Beijing has never been eager to appear weak at home, or to suffer criticism easily. The nationalist political climate Beijing built post-Tiananmen forces it to act tough within the international system and occasionally limits its ability to engage in more practical endeavours.

³¹ Alle & Huth argues that negotiated outcomes that are unpopular at home unlikely to implemented in the short term, or sustainable in the long term. Todd L. Allee and Paul K. Huth, "Legitimizing Dispute Settlement: International Legal Rulings as Domestic Political Cover," *The American Political Science Review* 100, no. 2 (2006) 222.

4.1.3 Risk

Non-binding third-party options offer a seemingly attractive option. After passing feasibility testing, the remaining key question is the likelihood of them being successfully concluded within the specific context of the Senkaku/Diaoyu Islands dispute. One would consider the conclusion of the 2013 Japan-Taiwan fisheries agreement and the 2008 principled consensus to be encouraging signs. Unfortunately, a closer examination reveals that such optimism would be misplaced.

The 2008 principled consensus was never put into practice, and by 2010, the project effectively failed as negotiations broke down between China and Japan over technical details. There were multiple reasons for the failure: Japan and China disagreed over investments into the Chunxiao field. The key point of contention has been that China has continued to operate the field, despite no Japanese investment having been made. Tokyo interpreted the agreement as that it requires China to suspend operations until Japanese investment can be made. China interpreted the treaty as an option to Japan for investment, but that it should not affect the normal operation of the field. There was also disagreement over which fields to develop within the agreed upon area. After a while the debate over the issue devolved into different interpretations of joint development and its effects on sovereignty rights, leading the Japanese Minister of Foreign Affairs Koichiro Gamba to state that “so, if China has asserted that this is a sea area to which China has jurisdiction, this is not something that we can accept”.³² In the meantime, Sino-Japanese relations continued to decline over other issues. As mutual hostility rose, so did the parties’ willingness to negotiate dissipate. Leading to a situation where during the 2011 foreign ministerial meeting “Minister Yang stated that

³² Ministry of Foreign Affairs of Japan, "Press Conference by Minister for Foreign Affairs Koichiro Gamba." Tokyo: Ministry of Foreign Affairs, 7 March 2012, <http://www.mofa.go.jp/announce/fm_press/2012/3/0307_01.html>. (accessed on 11 April 2016).

it was important to create an environment and atmosphere necessary for the two countries to resume the negotiations".³³ The key reasons for the failure of the 2008 principled consensus have been the difficulty of disentangling the economic issues from the overall sovereignty dispute and mutual hostility removing a conducive environment for a compromise. To be successful, both parties would have been needed to be willing to compromise. Hostile interstate relations reduced both China's and Japan's willingness to offer concessions to the other. This was further compounded by that both parties were worried how such an agreement would affect their relative claims – Japan fearing that it would be perceived as recognition of the Chinese claims, while China fearing that Japan would consider it as an acceptance of Japanese sovereignty over the disputed islands – leading to mutual suspicion and a hang-up on the meaning of specific terms.³⁴

Similarly, the success of the 2013 fisheries agreement's success is unlikely to be repeated, as it was largely a product of unique circumstances. Japan does not recognize Taiwan at the government level, and the agreement was concluded between NGOs managing country-to-country contacts, rather than government agencies. While the agreement was welcomed by both Tokyo and Taipei, the Japanese foreign ministry emphasized that it was reached between non-governmental entities.³⁵

This Japan-Taiwan private sector fisheries arrangement was signed April 10, and negotiations had been held between private bodies of Japan and Taiwan. [...]Although we have not changed our policy in any way regarding the treatment of Taiwan vis-à-vis China, the Japanese Government welcomed

³³ "Japan-China Foreign Ministers' Meeting." Tokyo: Ministry of Foreign Affairs, 13 May 2011, <http://www.mofa.go.jp/announce/jfpu/2011/5/0513_02.html>. (accessed on 11 April 2016).

³⁴ The failure of this initiative is further significant as past experiences affect the likelihood of states pursuing similar action in the future, see Krista E Wiegand and Emilia Justyna Powell, "Past Experience, Quest for the Best Forum, and Peaceful Attempts to Resolve Territorial Disputes," *Journal of Conflict Resolution* (2010).

³⁵ "Press Conference by Assistant Press Secretary Masaru Sato." Tokyo: Ministry of Foreign Affairs, 18 April 2013, <http://www.mofa.go.jp/press/kaiken/kaiken6e_000005.html>. (accessed on 11 April 2016).

the signing as the non-governmental working relations between Taiwan and Japan bearing fruit.

As the agreement was reached between NGOs, there was a lower likelihood that it would impact the respective governments' claims. The circumstances also allowed professional organizations to be in the driving seat³⁶, such as those managing fishery, focusing on technical details rather than complicated political sensitivities. Even with these advantages, it took sixteen rounds to conclude the agreement.³⁷ At this point, the extensive territorial claims maintained by Taiwan, including all of mainland China, is a mere formality anyway, a result of Taipei claiming to be the legal government of China. No one realistically expects that Taiwan could challenge Japanese sovereignty over the islands, even if it wished to do so. Taiwanese participation in the dispute also diminished significantly over the years, leading to the point that Taiwan barely participated in the current phase of the dispute.

The conclusion of the agreement has also been helped by changing geopolitical realities. The rise of China as a military power has become a thorny strategic question for both Tokyo and Taipei. For the former it is an unwelcome disruption of the status quo, as well as a threat to continued Japanese regional leadership. To the latter it is an existential threat. China has been successful to disrupt arms sales to Taiwan, absolutely crucial for the continued security of the island, and continue to pose a direct military threat. Not surprisingly, common concerns over China pushed Japan and Taiwan closer in recent years, both considering the other as a vital partner in countering Chinese

³⁶ Ibid.

³⁷ Ministry of Foreign Affairs of Japan "Recent Japan-Taiwan Relations and the Taiwan Situation." Tokyo: Ministry of Foreign Affairs, July 2013, <http://www.mofa.go.jp/region/asia-paci/taiwan/pdfs/japan-taiwan_relations.pdf>. (accessed on 11 April 2016).

expansionism. By offering concessions to Taiwan, Japan is seeking to improve relations and to solidify the common front against China.

Overall, it is likely that bilateral negotiations concerning the economic aspects of the Senkaku/Diaoyu Islands would have the same fate as the 2008 principled consensus. Sino-Japanese relations are even worse than in 2010, following the 2012 escalation over Japan's nationalization of the islands. China has suspended most high-level governmental contacts, and both countries' rhetoric continues to be antagonistic. The environment is simply not conducive for successful negotiations, as even if the parties would be willing to talk, they would not have the necessary will to compromise. The difficulties would be further compounded by the difficulty of disentangling the economic issues from the overall sovereignty dispute. Both governments would consider an agreement to have a negative impact on their claims, regardless of the language adopted. Thus, it is very likely that even if negotiations would commence, they would lead to a deadlock and eventual failure.

The possibility of success is similarly low for adopting a code of conduct on the East China Sea. While the 2002 Declaration on Code of Conduct offered an early promise on the South China Sea, similarly to the 2008 principled consensus it was not followed up by any meaningful action. And the failure of the initiative largely lies with China, who remains opposed to the creation of an actually binding code of conduct. The 2012 ASEAN Ministerial Meeting was derailed by the issue of adopting a binding code of conduct. Vietnam and the Philippines, the ASEAN member states suffering the brunt of China's assertiveness on the South China Sea and thus most eager to settle on a common code of conduct or at the very least a common response, were insistent on raising the issue. At the same time, other ASEAN member states with no direct interest in the dispute, such as Cambodia, were reluctant to do so, as they maintain significant

economic ties with China and feared a possible Chinese economic retaliation if the issue was allowed to progress. Thus, they refused to support the proposal or even to allow it to be raised. Statements from the Chinese Foreign Ministry clearly show that China is not interested in a timely resolution of the issue.³⁸ The reason for this is simple: It would undermine China's freedom to pursue coercive policies that yielded success in recent years. The Philippines has been especially eager to create a binding code of conduct as Chinese coercion has been highly effective, Beijing wresting control over both the Mischief Reef and Scarborough Shoal. China refuses to allow the issue to progress because it would end its ability to use the threat of force and other assertive tactics, including the creation of artificial islands, which is clearly against Chinese interests.

Similarly, it is not in China's interests to agree to any code of conduct that would be acceptable for Japan. Increasing the presence of Chinese vessels in disputed waters is deemed crucial for undermining effective Japanese control over the islands. And a binding code of conduct would remove China's ability to pursue coercion against Japan, a tactic that has become the hallmark of Chinese foreign policy concerning maritime disputes.³⁹ It essentially would require China to willingly handicap itself, which would not be rational behaviour. And as discussed above, Beijing has strong interests in escalating the conflict, seeking a tipping point after which Japan is unwilling to match Chinese efforts and resigns to appeasement to avoid a confrontation⁴⁰. Thus purposeful de-escalation would run contrary to contemporary Chinese efforts. Just as negotiations concerning the economic issues are not likely to succeed, neither are negotiations over a potential code of conduct.

³⁸ "China Warns against Rush to Set Code of Conduct in South China Sea." *Xinhua News Agency*, 5 August 2013, <http://news.xinhuanet.com/english/china/2013-08/05/c_132603785.htm>. (accessed on 18 July 2015).

³⁹ See the assertive incidents on the South China Sea (e.g. Mischief Reef, Scarborough Shoal) as well as action against foreign warships (USNS Impeccable and USNS Kitty Hawk incidents).

⁴⁰ Kissinger. "*On China*", highlights escalation as a crucial component of Chinese policy in dealing with disputes.

As the costs of negotiations have been low to begin with, the costs of failure would also be low. Bilateral negotiations fail often, or at the very least frequently encounter a deadlock and enter dormancy with extended periods of no progress, thus there is no strong international expectation for them to succeed. There are unlikely to be any negative consequences beyond mild international disapproval for the failure or breaking off of talks, especially if the negotiations concern economic issues. Domestically, neither the Chinese nor the Japanese citizenry has the expectation of successful negotiations. On the contrary, both would disapprove of a compromise. Thus, there would be little to no domestic political cost for failing to succeed during the negotiations. The biggest cost would be the time and effort wasted by the parties on the affair.

The involvement of a third party in a non-binding format could be most useful to reduce the chance of failure if the political will already exists to negotiate. The conciliation procedures under UNCLOS could be used to facilitate negotiations over economic issues. Similarly, China and Japan could involve another state or entity they both agree upon to keep negotiations on track, and to push along the procedures when it comes close to derailment. While this could improve the chance of success, it is unlikely to be pursued within the context of the Senkaku/Diaoyu Islands dispute. China has a strongly established preference for bilateral negotiations.⁴¹ Beijing has been clear on the South China Sea that it will not entertain any multilateral efforts, restricting its engagement to a country-by-country basis. Historically China has not engaged in any third-party dispute settlements and shows no willingness to involve a third party in the future. The reason behind this is simple: the bilateral format allows China to take advantage of its economic and military clout to the fullest. Overall, Kissinger argues

⁴¹ "China Insists on Bilateral Talks on Disputes on South China Sea." *Xinhua News Agency*, 30 March 2014, <http://news.xinhuanet.com/english/china/2014-03/30/c_133225289.htm>. (accessed on 6 April 2016).

that Chinese negotiators are not particularly concerned with deadlocks or drawn out negotiations, which would be a sufficient motivation to involve a third-party to facilitate the process:⁴²

[Chinese negotiators] accredit no particular significance to the process of negotiations as such; nor do they consider the opening of a particular negotiation a transformative event. [...] They have no emotional difficulty with deadlocks; they consider them the inevitable mechanism of diplomacy. [...] And they patiently take the long view against impatient interlocutors.

This approach can be observed in most of China's diplomatic dealings: China is not in a hurry to reach a conclusion, and will not accept a deal that is unfavourable for Beijing, regardless of the deadlocks encountered, or the times negotiations are suspended for. This is not a conducive attitude for non-binding third-party options, which serve to keep negotiations on track and specifically to resolve deadlocks. Thus, China's opposition does not provide space for the involvement of a third party, removing the potential benefits it could have for the chance of success for non-binding proceedings

⁴² Kissinger, *On China*, 222.

4.2 Potential Course of Action 4: Binding Third-Party Resolution

Options

Options in this category represent a more formalized approach to dispute resolution. Their primary purpose is to provide a framework for resolving disputes that have proven to be resistant to resolution through bilateral negotiations. If the domestic equivalent of bilateral negotiations was sitting down and discussing an issue, these options would be similar to taking someone to court over a dispute, where a third party hears the case and makes a decision that is binding for both parties. There are two main options when it comes to binding third-party resolutions: adjudication and arbitration.⁴³ While the two procedures are often regarded as very similar or even interchangeable, there is a fundamental difference between the two. In the case of adjudication, the third party involved is an international court, and thus, the proceedings are expected to be based dominantly on legal arguments. In contrast, arbitration involves a wider range of possible third parties, rather than being limited to international courts, and their decision has a wider leeway to take into account factors beyond purely legal arguments. That said, at their core the mechanisms of both procedures are identical: A decision on the dispute is delivered by a third-party entity accepted by both disputing parties, who also agree prior to the proceedings to accept the ruling of said entity as legally binding.

For adjudication, the International Court of Justice (ICJ) would be the most obvious choice as the dispute primarily concerns sovereignty. For example, Malaysia and Singapore sought adjudication for the Pulau Batu Puteh/Pedra Branca dispute through the ICJ. There is also International Tribunal for the Law of the Sea, the adjudication body of UNCLOS in Hamburg, however, it primarily deals with maritime issues and EEZ delimitation, and has no history of determining the sovereignty of

⁴³ Ian Ja Chong (interview via Skype on 1 February 2016) argues that third party arbitration would be the ideal resolution to the dispute. Similarly, Tohomahru Washio (interview via email on 18 March 2015) states that arbitration would be one possible avenue for resolution.

territory. It could be used to render a ruling on the EEZ delimitation between China and Japan and on whether the Senkaku/Diaoyu Islands are entitled to an EEZ in the first place, but would have no competence in settling the larger dispute at hand. For arbitration, the most obvious choice would be the Permanent Court of Arbitration. The Philippines has already submitted a challenge against China there.⁴⁴ But UNCLOS for example also recognizes the creation of *ad hoc* arbitration tribunals at the discretion of the disputing parties.⁴⁵ Historically, neither China nor Japan has participated in binding third-party dispute settlement through any of these institutions. From a historical perspective, neither China nor Japan has experience in dealing with arbitration or adjudication on territorial matters. Japan has not been involved in any case concerning its territorial disputes, while China rejected to participate in a challenge from the Philippines, as detailed below.

In 2013, the Philippines has submitted a claim against China to the Permanent Court of Arbitration, in accordance with Annex VII of UNCLOS, seeking arbitration concerning jurisdiction over the West Philippine Sea. The Philippines seeks to challenge China on a number of points: First, Manila seeks a ruling determining China's nine-dash line claim to be contrary to UNCLOS and invalid. Second, it seeks the determination of Philippine control over various features, and thus an immediate end to Chinese control over them. Third, to determine whether various features occupied by China qualify as islands, and thus are whether they entitled to maritime zones. Fourth, establishing the Philippines' right to exploit resources in the area, and recognizing that China has illegally interfered with these activities.⁴⁶

⁴⁴ Permanent Court of Arbitration. "The Republic of the Philippines V. The People's Republic of China," 2013. <http://archive.pca-cpa.org/showpage65f2.html?pag_id=1529>. (accessed on 11 April 2016).

⁴⁵ United Nations, "United Nations Convention on the Law of the Sea - Part XV: Settlement of Disputes." <http://www.un.org/depts/los/convention_agreements/texts/unclos/part6.htm>. (accessed on 11 April 2016).

⁴⁶ "Notification and Statement of Claim on West Philippine Sea (13-0211)." by Department of Foreign

Beijing has rejected the Philippines seeking arbitration stating that “it will neither accept nor participate in the arbitration thus initiated by the Philippines”⁴⁷. In rejecting the arbitration process, Beijing highlights that it has made an agreement with the Philippines concerning the resolution of disputes through negotiation, thus “the Philippines is debarred from unilaterally initiating compulsory arbitration”⁴⁸. Furthermore, in 2006, China has filed a declaration excluding itself from under the compulsory dispute settlement procedures under UNCLOS. The declaration states that under Article 298, “the Government of the People's Republic of China does not accept any of the procedures provided for in Section 2 of Part XV of the Convention with respect to all the categories of disputes referred to in paragraph 1 (a) (b) and (c) of Article 298 of the Convention”⁴⁹.

Despite the objections of China, the tribunal so far proceeded to listen to the case of the Philippines in 2015. However, no Chinese delegate was present, in line with its position that it does not recognize the jurisdiction of the tribunal. However, even if the tribunal renders a verdict, it is unlikely that China would recognize an unfavourable outcome. Thus, even if the Philippines gains a symbolic ruling, its possible enforcement remains questionable.⁵⁰

In both the case of adjudication and arbitration, the basis of the third party’s decision is the opposing claims submitted by the disputing parties. Thus, it would be prudent at this point to review the claims presented by China and Japan over the

Affairs (Republic of the Philippines), 2013

⁴⁷ Ministry of Foreign Affairs of the People's Republic of China, "Summary of the Position Paper of the Government of the People's Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines." Beijing: Ministry of Foreign Affairs, 7 December 2014, <http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1217149.shtml>. (accessed on 11 April 2016).

⁴⁸ Ibid.

⁴⁹ "Declarations and Statements (UNCLOS)." by United Nations Division for Ocean Affairs and the Law of the Sea.

⁵⁰ For further information on the Philippines, China and arbitration on the South China Sea, see: Emma Kingdon, "A Case for Arbitration: The Philippines's solution for the South China Sea Dispute," *BC Int'l & Comp. L. Rev.* 38 (2015), 129-159.

Senkaku/Diaoyu Islands. This section only focuses on the actual claims presented by China and Japan. The relative merit/strength of the claims will be discussed later on under the feasibility and utility sections.

4.2.1 China's Claim

Beijing official position on the subject of the Senkaku/Diaoyu Islands is that:⁵¹

Diaoyu Dao and its affiliated islands are an inseparable part of the Chinese territory. Diaoyu Dao is China's inherent territory in all historical, geographical and legal terms, and China enjoys indisputable sovereignty over Diaoyu Dao.

Beijing's stance on the matter is clear: China holds indisputable sovereignty over the disputed islands and thus Japan's occupation of the islands is "illegal and invalid".⁵² China's argument for sovereignty is based on three main points:

First, China claims the right of discovery over the islands. Beijing claims that the islands were first discovered and named by Chinese sailors, as well as were first exploited by Imperial China. According to Beijing, the first written mention of the islands can be found in the 1403 *Voyage with a Tail Wind*, a travel account of a Chinese imperial envoy. Connected to this source is China's argument that the islands are on the route Chinese imperial envoys would take to the Ryukyu Islands as part of their tributary missions. The records of these tributary missions between 1372 and 1866 contain numerous references to the Senkaku/Diaoyu Islands as navigational markers, referring to them by their Chinese names. Various imperial records also state that the

⁵¹ The State Council Information Office of the PRC. "Diaoyu Dao, an Inherent Territory of China." Beijing: The State Council Information Office of the PRC, 2012. <http://www.gov.cn/english/official/2012-09/25/content_2232763_3.htm> (accessed on 11 April 2016).

⁵² Ibid.

southern border of Ryukyuan territory was considered to be the Gumi Mountains by China.

Second, China claims that it has long exercised sovereignty over and exploited the islands. On the one hand, Beijing argues that “the waters surrounding Diaoyu Dao are traditionally Chinese fishing grounds”.⁵³ On the other hand, the argument is also made that the islands were incorporated into various Chinese administrative structures, thus showing exercise of sovereignty. Beijing argues that historical sources show, such as *An Illustrated Compendium on Maritime Security* (1561) and *The Complete Map of Unified Maritime Territory for Coastal Defence* (1605), that the islands were incorporated into the Ming Dynasty’s coastal defence system, fittingly aiming to counter Japanese piracy. Furthermore, the Qing Dynasty not only supposedly continued the incorporation of the islands into the coastal defence system, but placed the disputed islands under the jurisdiction of the local government of Taiwan, as evidenced by *A Tour of Duty in the Taiwan Strait* and *Volume 86 of Recompiled General Annals of Fujian*. Beijing further supports this argument by highlighting domestic and foreign maps indicating the islands as Chinese territory. Without listing all the various domestic maps highlighted, China highlights the 1785 Japanese book *Illustrated Outline of Three Countries*, which “coloured [the disputed islands] the same as the mainland of China, indicating that Diaoyu Dao was part of China's territory”.⁵⁴ China also highlights four foreign maps between 1809 and 1859 as indicating Chinese sovereignty over the islands, including a map by the British Navy.

Third, China argues that current Japanese control over the islands is the result of imperialist aggression, and thus not only it is invalid, but it is in violation of international treaties. According to Beijing, Japan aimed to “grab” the islands, despite

⁵³ Ibid.

⁵⁴ Ibid.

knowledge of Chinese sovereignty over them. The official Chinese position is that the islands were transferred to Japan under the Treaty of Shimonoseki upon the conclusion of the 1st Sino-Japanese War. As China lost the conflict, it had to transfer the Island of Taiwan, and all islands appertaining to it to Japan. Beijing argues that the treaty covers the Senkaku/Diaoyu Islands, and thus Japanese imperialist aggression is the root of current Japanese control over the islands.

Japan then forced China to sign the unequal Treaty of Shimonoseki and cede to Japan the island of Formosa (Taiwan) together with Diaoyu Dao and all other islands appertaining or belonging to the said island of Formosa.⁵⁵

Building on this, China continues with arguing that technically Japan agreed to return the islands to China following its defeat during the Pacific War. Beijing argues that according to the Potsdam Proclamation of 1945 the islands were to be returned to China, as they are part of Taiwan. However, the 1951 San Francisco Treaty placed the islands under U.S. control, later leading to Washington returning them to Japan. The PRC does not recognize the San Francisco treaty as legitimate.

⁵⁵ Ibid.

4.2.2 Japan's Claim

Not surprisingly Japan offers a contradictory account on the events. The official position of Japan is that:⁵⁶

There is no doubt that the Senkaku Islands are clearly an inherent part of the territory of Japan, in light of historical facts and based upon international law. Indeed, the Senkaku Islands are under the valid control of Japan. There exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands.

Based on the official stance, Japan is equally resolved to maintain its claim to indisputable sovereignty as China, going as far as to dismiss even the existence of a credible challenge to it. Similarly to China, Japan bases its claims on historical evidence.

First, Tokyo argues that it incorporated the islands into Japan in accordance with international law and independently from the Treaty of Shimonoseki. According to Tokyo, from 1885 it carried out a number of surveys concerning the islands, which China labels as covert activities to seize the islands. Based on their results the islands were determined to be *terra nullius*, in other words under the control of no other sovereign state.⁵⁷ Upon the determination of the islands' status as *terra nullius* Okinawa Prefecture incorporated the islands in 1895 through a cabinet decision. Concerning the timing of the events, Japan argues that the decision was made in January, prior to the signing of the Treaty of Shimonoseki.

Second, Japan argues that, after the incorporation of the islands, it proceeded with the exploitation of the territory. Japanese entrepreneurs established various economic

⁵⁶ Ministry of Foreign Affairs of Japan, "Senkaku Islands - Japanese Territory".

⁵⁷ Linus Hagström, *Japan's China Policy: A Relational Power Analysis* (London: Routledge, 2006). Japan argues that China's claim does not meet the standard of sovereignty, thus Japan could 'rediscover' them as *terra nullius*.

activities on the islands, and a number of Japanese settlers moved to the Senkaku/Diaoyu Islands, subject to Japanese administrative control. The exploitation of the islands was not challenged by China. As of documentary evidence, Japan highlights a 1920 diplomatic letter in which the ROC government referred to the islands as “Senkaku Islands, Yaeyama District, Okinawa Prefecture, Empire of Japan”.⁵⁸ Furthermore, Tokyo also notes a number of Chinese sources, such as a 1953 *People’s Daily* article and a 1958 *World Atlas Collection*, as further documentary evidence of China recognizing Japanese control over the islands.⁵⁹

Third, Japan rejects the idea that the Senkaku/Diaoyu Islands were part of the Potsdam Proclamation and rather argues that they were transferred to the U.S. under the San Francisco treaty as part of the Nansei Islands, rather than being part of Taiwan as China argues. In opposition to the Chinese claims, Japan argues that the PRC did not raise any objections to Japanese control over the Senkaku/Diaoyu Islands until 1970 when oil was discovered around the islands. Tokyo accuses both China and Taiwan that after 1970 they “changed their laws and administrative areas, the countries also altered textbooks, maps, and geographical texts to create their own claim to the sovereignty of the Senkaku Islands”⁶⁰.

⁵⁸ Japan Ministry of Foreign Affairs, "The Senkaku Islands," (2013), 13.

⁵⁹ *Ibid.*, 12.

⁶⁰ Ministry of Foreign Affairs of Japan, "The Senkaku Islands: Seeking Maritime Peace Based on the Rule of Law, Not Force or Coercion," 9.

4.2.3 Feasibility

One of the key impediments to the feasibility of the above option is Japan's policy of not recognizing China's claims, and refusing to entertain any negotiation concerning them. One possible route to overcome this would be to initiate binding legal procedures against Japan either through arbitration or adjudication. The feasibility of utilizing these procedures is primarily dependent on whether China has a sufficiently strong case to submit to an international court or tribunal. This section will focus on establishing the relative strength of the claims to determine whether China could possibly win a case against Japan. Whether China is likely to win a case will be discussed under risks below.

The key problem with Japan's claim is the shadow of not acting in good faith over it. Japan conducted surveys for 10 years prior to the incorporation of the islands, which China interprets as a sign that Japan has recognized Chinese sovereignty over the islands, thus waiting for an opportunity to incorporate them. And while Japan argues that the islands were incorporated prior to the Treaty of Shimonoseki, they were incorporated at a time when China has already suffered a decisive defeat in the First Sino-Japanese war, and thus it was unlikely that it could oppose Japanese control over the islands. According to the State Council:⁶¹

Relevant documents evidently show that the Japanese government intended to occupy Diaoyu Dao, but refrained from acting impetuously as it was fully aware of China's sovereignty over the islands.

The possibility of Japan incorporating the islands in bad faith is similarly highlighted by academic articles, primarily by Chinese authors. Lee and Fang argue for

⁶¹ The State Council Information Office of the PRC, "Diaoyu Dao, an Inherent Territory of China."

the existence of documentary evidence supposedly highlighting Japan's prior knowledge of Chinese sovereignty over the islands.⁶²

Su also highlights the possibility that Japan has not acted in good faith when incorporating the islands.⁶³ However, he focuses on the manner in which Japan incorporated the islands. The standard practice of establishing sovereignty over the islands requires a sufficiently open display of sovereignty, usually involving the planting of markers or public declarations to display sovereignty. In contrast, Japan has opted for a Cabinet decision. From a legal perspective the declaration of sovereignty has to possess sufficient public notability to offer the opportunity for potential disputant parties to respond:⁶⁴

The [ICJ] ruling [concerning the Temple Case involving Thailand] indicates that the state against which the acquiescence and estoppel is claimed must have a reasonable chance to react to such a claim. This argument would militate against Japan's position.

Similarly to the official Chinese position, Su also highlights the existence of documentary sources that call into further question in the manner which Japan incorporated the islands. There is generally a shadow over Japan that it "was attempting to be inconspicuous"⁶⁵, and there is no conceivable reason for this if Tokyo was confident that the islands were indeed *terra nullius*.

Overall, the unusual circumstances surrounding the incorporation of the islands, as well as the fact that they were incorporated during the 1st Sino-Japanese War, albeit

⁶² Ivy Lee and Fang Ming, "Deconstructing Japan's Claim of Sovereignty over the Diaoyu/Senkaku Islands," *The Asia-Pacific Journal* 10, no. 53 (2012), Passim.

⁶³ Su, "The Territorial Dispute over the Tiaoyu/Senkaku Islands: An Update," 53.

⁶⁴ *Ibid.*, 53.

⁶⁵ *Ibid.*, 54.

Japan claims independently from it, raises concerns over whether Japan incorporated the islands in good faith, and give some credence to Chinese claims of sovereignty.

At the same time, China's claim also suffers from a number of problems. These are related primarily to whether China established sovereignty over the islands in the first place, whether the islands were actually ceded through the Treaty of Shimonoseki, thus, whether they are part of Taiwan or not, and why China has not raised formal objections to Japanese control prior to 1970.

First, mere discovery is not sufficient to establish sovereignty over a territory. While China highlights documentary sources, whether they are sufficient to establish sovereignty remains questionable. The official Japanese position on them is that "none of the "ancient documents" China refers to can be considered grounds for sovereignty of the Senkaku Islands"⁶⁶. Concerns about the value of Chinese documentary sources are shared by academic sources. Su states that "the Chinese evidence is old and its strength as a link to a sovereign claim is weak and indirect"⁶⁷. Documentary sources such as the tributary mission journals show only knowledge of the islands, not actual sovereignty over them. On this point, Ozaki argues that while the records mention the islands, they do not clearly indicate ownership over them, and it would be just as likely that the Ryukyu Kingdom could have claimed sovereignty over them, as Imperial China⁶⁸, would the contemporary concept of sovereignty existed back then. Claims over their incorporation into the Chinese maritime defence systems encounter similar problems. The official Japanese position highlights that the mere representation of the islands on the *An Illustrated Compendium on Maritime Security* means little as it also shows

⁶⁶ Ministry of Foreign Affairs of Japan, "The Senkaku Islands: Seeking Maritime Peace Based on the Rule of Law, Not Force or Coercion," 13.

⁶⁷ Su, "The Territorial Dispute over the TiaoYu/Senkaku Islands," 53.

⁶⁸ Shigeyoshi Ozaki, "Territorial Issues on the East China Sea: A Japanese Position," *Journal of East Asia & International Law* 3, no. 1 (2010).

Taiwanese islands that were not under Chinese control at the time.⁶⁹ Overall, the documentary evidence presented by China is less than ideal.

Second, China also claims that the islands were ceded to Japan under the Treaty of Shimonoseki. However, the actual treaty makes no specific mention to the disputed islands. China explains this with arguing that they are included into the category 'all islands appertaining to' Taiwan. Erdem Denk provides an exhaustive discussion on the issue, specifically on what constitutes the 'islands appertaining to' Taiwan. Denk argues that from a legal perspective it would be hard to justify that the islands would be part of Taiwan, and even harder to argue that the islands were included into the 'islands appertaining to' Taiwan, as they do not form part of natural defences relevant for the treaty and islands at far shorter distance from Taiwan were specifically named.⁷⁰ Furthermore, as Japan has incorporated the islands prior, regardless whether this is connected to its impending victory during the 1st Sino-Japanese War, Tokyo would have had no reason to include the islands within the treaty, as they were already Japanese territory from its perspective.

Third, China has not mounted any significant challenge to Japanese control over the islands until the 1970s. China not only failed to openly protest the initial incorporation of the islands, but it did not offer any protest on the matter or made any attempt to establish control over the islands prior to the 1970s.⁷¹ This is problematic as the lack of response alludes to Chinese acceptance of Japanese control over the islands, thus undermining China's recent claim to them. Su argues that the unusual manner in which the islands were incorporated could have limited China's ability to protest their

⁶⁹ Ministry of Foreign Affairs of Japan, "The Senkaku Islands: Seeking Maritime Peace Based on the Rule of Law, Not Force or Coercion," 13.

⁷⁰ Erdem Denk, "Interpreting a Geographical Expression in a Nineteenth Century Cession Treaty and the Senkaku/Diaoyu Islands Dispute," *International Journal of Marine & Coastal Law* 20, no. 1 (2005), 97-116.

⁷¹ Linus Hagström, *Japan's China Policy: A Relational Power Analysis*: it is unusual that a normally vocal PRC (on territorial issues) did not raise the issue for 20 years.

incorporation.⁷² However, this logically clashes with the idea that China ceded the islands under the Treaty of Shimonoseki. One could make a reasonable argument that China did not protest their incorporation and early Japanese control over them exactly because it considered them ceded under the Treaty of Shimonoseki, and due to the prevailing balance of power in Asia.⁷³ However, this does not explain the lack of protest from the mid-1940s to the 1970s. China's lack of interest in the islands during this period could be excused by the ongoing Cold War, China's general isolation and preoccupation with Taiwan. However, the lack of notable objection to Japanese control over the islands is certainly a weakness in the Chinese claim.

Overall, both the claims presented by Japan and China suffer from weaknesses. Japan cannot dispel the suspect circumstances under which it incorporated the islands. If one would assume that Japan incorporated the islands completely in good faith, then many of its actions make little sense. At the same time, China's claim fails to establish a strong case for actual sovereignty, beyond mere knowledge and possible discovery of the islands, which is insufficient for sovereignty. The remote and inhospitable nature of the Senkaku/Diaoyu Islands is a key problem, as because of this relatively low display of sovereignty is mandated, and so is the cultural context, in which Western legal concepts of sovereignty might be alien to Asian powers, which might explain their reactions.⁷⁴

The relative strength of the claims is further affected by the fact that discovery is not the only way to establish legal sovereignty over territory. Sovereignty can also be established through prescription which is based on "a long-continued and undisturbed possession" in the case of "both a possession of which the origin is unclear or disputed,

⁷² Su, "The Territorial Dispute over the Tiaoyu/Senkaku Islands: An Update," 54.

⁷³ Linus Hagström, *Japan's China Policy: A Relational Power Analysis*: another potential explanation for the lack of response is China's unfamiliarity with international law and ideological objections to it.

⁷⁴ Ibid.

and an adverse possession, which is in origin demonstrably unlawful”.⁷⁵ This means that even if Japan would have acquired the Senkaku/Diaoyu Islands through demonstrably illegal ways, its occupation over time could become legal. This principle in the case of the Senkaku/Diaoyu Islands is obviously rejected by China:⁷⁶

No matter what unilateral steps Japan takes over Diaoyu Dao, it will not change the fact that Diaoyu Dao belongs to China.”

They [“backroom deals” between Japan and the U.S.] have not and cannot change the fact that Diaoyu Dao belong to China.

However, the fact remains that, while China cannot demonstrate strong historical sovereignty over the islands according to the contemporary principles of international law, Japan has exercised effective control over the islands, including their development and Japanese inhabitation, effectively displayed jurisdiction over them, including the removal of foreign markers, and specifically mentioned them in its dealings with the United States. Japan can present a strong case that, even if the origin of its control is unclear, it has not only exercised control over the islands to a satisfactory degree but exercised control over them to a much larger degree than China can claim to do so. This would present a strong argument for the maintenance of the current status quo, rather than reverting the islands to China.

The critical question then is how all this affects the feasibility of pursuing binding third-party options. To begin with, it makes adjudication less attractive compared to arbitration, due to the former’s stricter focus on legal principles. This is a minor consideration, and in contemporary terminology arbitration and adjudication is often

⁷⁵ Ibid., 50.

⁷⁶ The State Council Information Office of the PRC, "Diaoyu Dao, an Inherent Territory of China."

paired, only referring to different institutions conducting similar proceedings. Alle and Huth argue that:⁷⁷

In a strict sense, international courts are to be guided solely by legal considerations, whereas arbitration panels frequently have a mandate to assess rival claims on the basis of nonlegal criteria. In practice, however, courts often are provided the opportunity to consider nonlegal factors by the mandate to apply the general principle of "equity" in their deliberations. At the same time, the customary norm has evolved that arbitration panels should employ legal considerations, even if their mandate is silent on the issue.

A more substantial consideration is the relative strength of the claims. The strength of China's claims is less than ideal. Japan shows evidence to refute Chinese claims while Chinese refutation of Japanese claims is often depends on somewhat contorted logic. However, this is not sufficient to outright determine that China would possess no chance of winning if it comes to adjudication or arbitration. Overall the Chinese claim, combined with China's legal and media warfare efforts, offers a sufficient challenge to Japanese claims. Determining the ownership of the islands based on the opposing claims, discounting prescription, would be a difficult legal question, and the outcome is not immediately obvious. Thus, Japan's claim is not strong enough, primarily due to the possibility of acting in bad faith, to render a binding third-party settlement favouring China obviously unfeasible.

⁷⁷ Todd L. Allee and Paul K. Huth, "Legitimizing Dispute Settlement: International Legal Rulings as Domestic Political Cover," *The American Political Science Review* 100, no. 2 (2006): 220.

4.2.4 Benefits and Costs

The key benefit of arbitration/adjudication is that it would provide a decisive solution to the Senkaku/Diaoyu Islands dispute through non-military means. Going through this method would create a binding resolution which could award sovereignty over the disputed islands to China, depending on the decision of the tribunal. This would mean the establishment of *de jure* sovereignty over the islands, with all associated rights and benefits. Looking back at the interests discussed in Chapter 2, a successful arbitration/adjudication could allow Beijing to pursue all of them.

Establishing *de jure* sovereignty over the islands would place no limits on what China could use the islands for, as the award of sovereignty would not be dependent on any compromise with Japan, as one would expect in the case of bilateral negotiations or non-binding third-party options. Establishing *de jure* sovereignty would also allow China to fully utilize the islands for the strategic purposes discussed in Chapter 2. It would also mean that China would be legally entitled to the resources surrounding the islands, and would make a stronger case for extending its continental shelf beyond the 200 nm line. Successful arbitration/adjudication would also be a major political victory both at home and abroad. Domestically, the CCP could highlight that it successfully defended Chinese rights, garnering popular support. Internationally, China could claim a political victory over Japan, humiliating Tokyo.

Besides the pursuit of these interests, the key benefit of arbitration/adjudication would be that China could claim to be a responsible member of the international community, as it sought to settle its dispute through established non-military means, as opposed to through use of force. This would increase China's status as a mature power, as well as help reduce regional fears connected to 'China threat' theories. Overall, it

would be a vindication of China's 'good neighbour' policy and contribute to the reduction of global anxiety over China's possible conduct.

Furthermore, arbitration/adjudication would provide a conclusive end to the dispute. Establishing *de facto* sovereignty through military means would lack *de jure* recognition and continue to carry the risk of Japan attempting to reverse the situation through military means. The establishment of *de jure* sovereignty through arbitration/adjudication would leave no further room for dispute, denying any recourse to Japan. It would establish Chinese control over the islands in a manner which would guarantee international recognition for it, as well as prevent further dispute over their sovereignty. In essence, arbitration/adjudication would provide a clean and clear end to the dispute.

At the same time, arbitration/adjudication carries relatively low costs. There are naturally the material costs associated with the process itself, which are usually shared equally by the participants, but these are hardly substantial for relatively wealthy countries such as China.

From a Chinese perspective, the key political cost of the process would be its implications for other ongoing disputes. If China would agree to pursue arbitration/adjudication in this case, Beijing would be hard-pressed to justify its refusal to participate in it in other cases. The Philippines has been eager to bring its own dispute with China on the South China Sea in front of an international tribunal. Refusal to do so after initiating similar procedures against Japan would reflect badly on Beijing. As such, participating in arbitration/adjudication would provide a foundation for other countries to take China in front of international tribunals in case of dispute, which Beijing so far has categorically rejected.

4.2.5 Risk

As mentioned above, one of the key benefits of seeking arbitration or adjudication that it would conclusively settle the dispute. Once an award is rendered, there is no place for appeal and the result is legally binding. However, this finality would also be a key risk for China. Would the court decide in favour of Japan, it would deprive China of any further recourse, and, from the perspective of the international community, it would decisively settle the dispute. Thus, would China lose the arbitration, it would have no legal claim to the Senkaku/Diaoyu Islands. This would also affect any 'three warfares' efforts. Without a legal basis, China could not sustain a credible media effort to promote its claims. While the option to take the islands through military force would still be open, it would be perceived as pure aggression, and Beijing would find it very difficult to find a way to legitimize its control over the islands.

Losing arbitration or adjudication would also open up the Communist Party to domestic criticism.⁷⁸ On the one hand, Beijing would be criticised for failing to secure sacred Chinese territory. As the CCP's legitimacy is dependent on its nationalist arguments of protecting Chinese territory and ensuring the country's continued rise to great power status, this would be problematic for the maintenance of CCP rule. On the other hand, Beijing would also face criticism for agreeing to let an external force, an international court or tribunal, determine the outcome of the dispute. Beijing displays a high preference for control. Surrendering control over the Senkaku/Diaoyu Islands dispute to an entity beyond Chinese oversight would be highly uncharacteristic and would open up the Chinese leadership to criticism from both the political elite and the PLA.

⁷⁸ Interview with Tetsuo Kotani (email) on 03/15/2016/.

Besides total victory and total defeat, in the case of arbitration or adjudication, there exists a middle ground. It is likely that China would propose a number of issues in its submission as seen in the case of the Philippines. There is a possibility that China achieves a partial victory, for example the court rules in favour of Japan in sovereignty, but rules in favour of China when it comes to maritime delimitation, determining that the Senkaku/Diaoyu Islands are not entitled to exclusive economic zones. Such a decision would not be particularly better for Beijing. The Chinese leadership would face strong criticism at home in this case as well, as the domestic audience is primarily interested in the supposed restoration of Chinese sovereignty over the islands, rather than maritime delimitation between China and Japan. Furthermore, not achieving control over the islands would severely limit China's ability to pursue its interests discussed in Chapter 2. As such, a partial victory would only offer marginally better utility, and would be a failure from the overarching perspective of Chinese foreign policy.

Knowing the costs of failure, the remaining question is the likelihood of success or failure in case China decides to pursue arbitration or adjudication. This is primarily dependent on the relative strength of the claims, i.e. whether China has a good case for sovereignty or not. The opposing claims have been discussed in detail above. This research found that, based on the official claims and the existing academic analysis, while there are merits behind China's claims, Beijing fails to present a particularly compelling case. This is especially problematic as China is the revisionist party, who would seek to disrupt the existing territorial status quo through arbitration or adjudication. While China could make a strong case for the right of discovery, its claim fails to disprove that it had conceded to Japanese control over the islands after 1895 and cannot escape the shadow that Beijing is not acting in good faith resuscitating a settled issue due to the discovery of natural resources.

While China can make an adequate case for discovery, it cannot demonstrate the exercise of effective control over the islands credibly, especially during the period immediately preceding their Japanese incorporation. In the *Nicaragua v. Honduras* case the ICJ gave weight to the regulation of fisheries activities and the construction of public works as a sign of effective control over the islands. China has failed to carry out any such activities around the islands prior to 1895. In the same case the ICJ stated that:⁷⁹

Furthermore, none of the maps being part of a legal instrument in force nor more specifically part of a boundary treaty concluded between Nicaragua and Honduras, the Court concludes that the cartographic material presented by the Parties cannot of itself support their respective claims to sovereignty over islands to the north of the 15th parallel.

A similar reasoning could apply to the evidence presented by China. Many of the maps presented by Beijing are not official government publications, but private endeavours, thus offering limited weight concerning the sovereignty of the islands.

The *Malaysia v. Singapore* case concerning the island of Pulau Batu Puteh is similarly relevant. In its deliberations, the ICJ determined that Malaysia demonstrated sufficient evidence that the islands were under the Sultanate of Johor in 1844. However, in its final judgement the court argued that:⁸⁰

The Court concludes, especially by reference to the conduct of Singapore and its predecessors à titre de souverain, taken together with the conduct of Malaysia and its predecessors including their failure to respond to the

⁷⁹ "Territorial and Maritime Dispute between Nicaragua and Honduras in the Caribbean Sea (*Nicaragua V. Honduras*) Summary of the Judgment of 8 October 2007," ed. International Court of Justice (2007), 13.

⁸⁰ "Sovereignty over Pedra Branca/Pulau Batu Puteh, Middle Rocks and South Ledge (Malaysia/Singapore) Summary of the Judgment of 23 May 2008," Ed. International Court of Justice (2008), 11.

conduct of Singapore and its predecessors, that by 1980 sovereignty over Pedra Branca/Pulau Batu Puteh had passed to Singapore.

In its decision, the court determined that, despite original Malaysian sovereignty over the islands, sovereignty was transferred to Singapore through the actions of both states. While at its core the decision was based on 1953 diplomatic communications between Singapore and Malaysia, the court also gave weight to the lack of protest from Malaysia's side to Singapore's exercise of sovereignty over the islands. Once again, this is not encouraging for China. Prior to 1970, Beijing failed to raise any concern over Japanese control over the islands, despite Japan moving residents and constructing facilities on them. While some of this could be explained by the weakened political state of China, or its unfamiliarity with international legal standards, it significantly weakens its case as it suggests that China has accepted Japanese control over the islands. Similarly to the Pulau Batu Puteh case, this can effectively render discovery irrelevant.

Based on the relative strength of the claims and the legal precedents discussed above, there seems to be a low chance for a favourable verdict for China through adjudication and arbitration.⁸¹ In effect this means that there is a high likelihood that, would China pursue this option, it would not gain a favourable verdict and thus, suffer the costs discussed above. While the option remains feasible, it is a high-risk proposition due to China's inability to present a compelling case, beyond original discovery, to why established effective Japanese control over the islands should be terminated.

⁸¹ The low chance of success for binding third-party options in the case of the Senkaku/Diaoyu Islands is supported by Ryoko Nakano (Skype interview) on 14/10/2015.

4.3 Potential Course of Action 5: Delaying

The final option available to Beijing is to pursue its overarching national interests in indirect ways (from the perspective of the Senkaku/Diaoyu Islands), without pursuing a resolution over the sovereignty of the disputed islands.⁸² Delaying would be the continuation of the traditional policy approach that characterized the dispute for most of its existence since the 1970s: maintaining the rhetoric and minimal activity necessary to keep China's claims alive, i.e. to maintain the claim from a legal perspective, while (potentially implicitly) agreeing to shelve seeking any actual resolution to the sovereignty dispute. Delaying has been a common tactic on both the East and South China Seas as China sought to improve diplomatic and economic relations with its Asian neighbours. Delaying would also be compatible with the fundamental tenets of Chinese strategic culture. Deng laid the foundation of contemporary China, and his saying "keep a low profile and bide our time, while also getting something accomplished"⁸³ continues to be influential in Beijing, even as Xi Jinping seeks a more ambitious role for China in international affairs.

From a theoretical perspective, delaying would not violate the basic ontological assumptions of offensive realism. Mearsheimer highlights that offensive realism should not be equated with the mindless pursuit of expansion. States have to be aware of the relative balance of power and wait for opportunities to take revisionist actions under the right conditions. If the circumstances are not favourable, then states are expected to rationally choose balancing and focusing on building up their own power internally to shift the balance of power in favourable directions. As such, the delaying focusing on

⁸² M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security* 30, no. 2 (2005), 46-83.: highlights delaying as one of the 3 potential strategies for territorial disputes (besides escalation and cooperation), describing it as a period of inactivity while maintaining one's claims through public declarations.

⁸³ "Should China Continue to Keep a Low-Profile Attitude?" *People's Daily Online*, 13 December 2012, <<http://en.people.cn/90883/8057776.html>>. (accessed on 5 January 2016).

consolidating one's power, as outlined by Deng, is an acceptable course of action under an offensive realist framework as a potential rational choice.

4.3.1 Feasibility

In discussing the feasibility of delaying, one has to consider whether China could potentially pursue its key strategic, economic and political aims through alternate ways, or whether the achievements of these interest is critically urgent in the short run, e.g. due to the existence of a tangible threat. If China can pursue its national level interests through different means, i.e. not through seeking control over the Senkaku/Diaoyu Islands, or if securing these interests is not critical in the short run, then delaying with the aim of further building up China's power and seeking a resolution later is a feasible strategy. If China faces an immediate threat that needs to be countered, or if the pursuing of critical national level objectives cannot be pursued in alternate ways, then delaying is not feasible.

The first issue to consider is external security. China faces no immediate threat that would meaningfully undermine the PRC's territorial security. While the vulnerabilities discussed are a concern for strategic planning, no direct tangible threat exists at the moment. While China has unfriendly or cool relations with several major powers, such as the United States or Japan, none of these powers are currently posing a realistic threat to China's territorial security, i.e. it is very unlikely that either Washington or Tokyo would contemplate military strikes against the Chinese mainland. The most tangible threat to Chinese security is the Air-Sea Battle concept prepared by the U.S., which envisions in-depth strikes against A2/AD defences. This would mean strikes against the Chinese mainland in case of a conflict. However, the ASB concept is a tentative operational plan that describes the future direction of U.S. military power. While it is important for China to prepare its defences to ensure that it maintains its own operational and policy freedom, the ASB concept does not pose a short-term tangible

threat that needs to be immediately countered. Under the contemporary conditions, China remains fairly secure, although increasing security from potential maritime threats is crucial if China continues to rise as a great power, which entails the potential adoption of policies that are in conflict with the U.S.' or Japanese interests.

At the same time, it is also possible for China to improve its security through alternate means, though to a lesser degree. The Soviet Union has faced similar difficulties: establishing maritime defences with limited naval forces. Their solution was based on the New/Soviet School: creating a zone of destruction in littoral waters through small attack crafts, submarines, shore-based aviation and artillery.⁸⁴ This has been the precursor of modern A2/AD tactics.

China could continue to fortify A2/AD defences without gaining control over the Senkaku/Diaoyu Islands. China already possesses a formidable fleet of *Type-022* small attack crafts. While these ships are not suitable for combat outside coastal waters, equipped with C-80X missiles and deployed in large numbers (China has over eighty of them) they could cause significant damage to any approaching force, relying on their speed and small size. If one includes older *Type-037* corvettes and other small patrol crafts, the PLA has over 200 coastal combatants.⁸⁵ Combined with shore-based aviation and ASCMs, the PLA can create a zone of destruction that would make any attempts to land a hostile force an expensive proposition. The reliance on these assets is based on Chinese strategic culture's traditional preference for guerrilla or asymmetrical tactics.

These assets offer an alternative to seeking control over the Senkaku/Diaoyu Islands at the moment. The key importance of the Senkaku/Diaoyu Islands is that they would offer China a forward operating position to expand control over the East China Sea further away from the vulnerable but valuable coast. In the short-term China could

⁸⁴ Till, *Seapower: A Guide for the Twenty-First Century*, 63-65.

⁸⁵ Cordesman, Hess, and Yarosh, "Chinese Military Modernization and Force Development: A Western Perspective," 159.

focus on fortifying the existing coastal defences (including small attack crafts) to improve its own security, while delaying expansion (which would be necessary to control the area for direct naval defence – see Chapter 2) to a time when the balance of power or the political environment is more favourable.

Furthermore, China could attempt to extend its maritime buffer zone without seeking forward operating bases by investing into creating a large fleet, and importantly into underway logistical capabilities, such as oilers and resupply ships. These combined would allow Chinese ships to operate in the area in larger numbers and for longer times, establishing better control without seeking control over land features. The U.S. has proposed plans to reduce its reliance on foreign bases through establishing logistical bases at sea.⁸⁶

The key difficulty with this is that such solutions would be less optimal than establishing a forward operating base that could serve as both observation point and logistical centre. Such a proposition would be expensive to both create and maintain. At sea supply depots would be vulnerable and more subject to the weather. And such at-sea operations would need to operate in close proximity to potentially hostile forces, further increasing their vulnerability. With higher investment required China would get a less effective solution.

Second, gaining access to the natural resource reserves, oil and natural gas, is not an immediate necessity for China. Natural gas is only used in limited quantity in China⁸⁷ and Beijing has access to substantial sources on the Chinese side of the median line on the East China Sea, i.e. in undisputed waters. Natural gas is also available on the

⁸⁶ Sam J. Tangredi, "Sea Basing: Concept, Issues, and Recommendations," *Naval War College Review* 64, no. 4 (2011), 28-41.

⁸⁷ U.S. Energy Information Administration. "China." Washington: U.S. Energy Information Administration, 2015). http://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf. (accessed on 6 April 2016).

global markets for reasonable prices. Similarly, China has built extensive relations abroad to source oil, and with the current collapse of the oil prices due to oversupply it can be sourced at reasonable prices.⁸⁸ The only questionable resource is fish, however, China could secure fishing rights through bilateral negotiations without seeking control over the islands, as seen in the case of the 2013 Japanese-Taiwanese fishery agreement.

The key question this raises is the protection of SLOCs. As discussed in Chapter 2 control over the Senkaku/Diaoyu Islands could improve the security of China's SLOCs through a combination of direct protection on the East China Sea and deterrence beyond (protection from traditional threats in the case of interstate conflict, not the non-traditional security threat of piracy or other criminal activity). At the moment, there is no immediate, tangible threat to China's SLOCs from another state that would make delaying unfeasible. At this time China could improve the security of its SLOCs through the combination of increased patrolling, increasing the endurance of its ships at sea, and securing access to critical ports in foreign countries.

Once again the key problem with these options is that they are less optimal in the long run. Relying on foreign sources of natural resources opens up China to a number of contingencies, for example political instability in oil producing countries can disrupt the supply of oil. Chinese personnel stationed above, such as construction personnel, is a target for foreign extremists with the threats reaching from terror attacks to kidnappings. The natural resources need to be transported through long SLOCs, far beyond China's control, that expose them to interdiction or piracy. Prices depend on the global market beyond China's control. These are all vulnerabilities against which a stable domestic supply would provide some measure of protection.

⁸⁸ Between 2011 and 2016 crude oil prices have fallen from 110+ USD to <40 USD. "Crude Oil (5 Years)." *NASDAQ*, 2016, <<http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=5y>>. (accessed on 6 April 2016).

Third, while the dispute is gaining nationalist traction every day, it is not strong enough that in the absence of immediate resolution it would be detrimental to the legitimacy of the CCP. Beijing continues to walk the tightrope of using the dispute to fuel nationalism while trying to control it so it does not severely restricts Chinese foreign policy. Currently, the dispute offers value by being ongoing: a resolution would improve nationalist support, but would wane over time in the face of other issues. By keeping the dispute active, the CCP can garner nationalist support while maintaining the option to wage diversionary war when it becomes necessary.

Overall, there is no factor that suggests that immediate action has to be taken over the Senkaku/Diaoyu Islands. The dispute has been effectively subject to delaying since the 1970s with Beijing taking the necessary actions to keep its claim alive, but not seeking an actual resolution. There are alternate options available to pursue key Chinese interests in the meanwhile, albeit these offer less optimal, and often more costly, solutions in the long-run compared to pursuing sovereignty over the disputed islands. Thus, delaying is certainly a feasible policy course for Beijing.

4.3.2 Benefits and Costs

The key benefit of delaying is self-evident: China does not need to seek a potentially costly and risky resolution to the dispute under the current balance of power, but rather it is free to bide its time and build up its strength. As discussed under the previous options, seeking a resolution under the contemporary conditions is a difficult proposition. Military options are highly expensive while diplomatic options are fairly ineffective or offer a low chance of success. But with careful planning and consolidation of power risks can be managed, the political environment can be affected, and the opponent can be manoeuvred into a position of weakness. Delaying would allow China to take the necessary time, without abandoning its claims.

At the same time, delaying would have limited direct costs. On the one hand, China would need to continue to maintain its claim, for example through diplomatic and limited demonstrative action, but this would have limited costs. Most importantly it would continue to contribute to tense relations between China and Japan, which can contribute to reduced tourism and trade.⁸⁹ On the other hand, the CCP would face growing domestic pressure to act in order to translate the labour of the Chinese people into actual influence and power, opening up another avenue – inaction on sacred territorial claims – of criticism against the Communist Party.

Indirectly the costs would be the burden placed on China by pursuing alternate courses of actions, which can be significant as these options are less optimal. The investment required for the distant sourcing of raw materials, the protection of long SLOCs and building a fleet that can extend control without supporting bases could be substantial.

4.3.3 Risk

The key risk of delaying is that it would require China to maintain a tense environment with potentially unforeseen consequences. The current operational environment is characterized by a significant increase in Chinese physical presence in disputed waters in an attempt to challenge effective Japanese control over the Senkaku/Diaoyu Islands. However, this increase in patrolling, both in the air and at sea, has also increased the risks of accidental engagements between opposing forces.

In the past decade or so there have been numerous examples of these risks: the 2013 radar-locking incident, the 2010 fishing captain incident, the 2009 USNS Impeccable incident, or the 2001 mid-air collision between a Chinese fighter jet and a

⁸⁹ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," 53.: "Although delaying is usually the least costly strategy for leaders to adopt, maintaining a claim to another's land still carries a price. By fostering uncertainty about the security of vital interests and mistrust of intentions more broadly, a territorial claim creates poor diplomatic relations with the opposing state.

U.S. surveillance aircraft. Would such an incident occur once again between Chinese and Japanese forces, it would likely result in a political crisis, the extent of which is dependent on the severity of the incident. Operating in such a tense environment also allows a chance to exert a significant negative influence. Miscommunication between command and units in the field, the initiative of a nationalist commander or crew independent of higher approval, accidental firing, or equipment malfunction can all ignite a crisis from which both China and Japan would find it difficult to back away from without suffering significant political costs. It is not unthinkable that such an incident can spark a chain reaction of both Tokyo and Beijing counting on the other backing down first that leads to a military confrontation nobody wanted through continued escalation. That such an incident would lead to a confrontation is not preordained⁹⁰, but it would be a difficult challenge to manage.

From a strategic perspective, this could mean that China is forced into a military engagement that it needs to fight under less than optimal conditions. Chinese strategic culture prizes careful preparation and planning, but an unexpected encounter would force Beijing to potentially improvise. It could also mean that Beijing might be forced by circumstances to fight under a less than ideal balance of power, which would negatively impact its chances for success. Such an incident could force Beijing into a position where it is reacting to events, rather than controlling them through taking the initiative, a position neither the CCP nor the PLA is comfortable with.

Overall, while delaying is a possible course of action, such a strategy would open up China to the unknowable influence of chance and friction. On the one hand, the influence could be positive. Time could allow attitudes in Japan to change, opening up diplomatic negotiations as a potential course of action. Japan could also weaken

⁹⁰ Ngeow Chow Bing (interview on 15/10/2015 at University Malaya, Kuala Lumpur) stated that in case of a crisis like this both China and Japan would seek opportunities to back down gracefully.

economically or militarily, tilting the balance of power in China's favour. The U.S. could become once again preoccupied with military action in another theatre, increasing its desire for stability in others, even at the expense of concessions for China. On the other hand, Japan could execute ambitious defence reforms, which could tilt the balance of power in Tokyo's favour. China could suffer economic or political turbulence that prevents China from pursuing an ambitious foreign policy. The U.S. could successfully execute the pivot and refocus its attention to Asia. Delaying is a gamble on that conditions tomorrow will be better than they are today, but as the future is largely unknowable, there are no guarantees that it is not going to be worse. One thing that is inevitable is that the longer China and Japan maintain the current tense situation over the Senkaku/Diaoyu Islands, the more the likelihood of an accidental engagement becomes a statistical certainty. While territorial disputes can lay dormant for hundreds of years, this requires, at least, a largely neutral security relationship. In a competitive security environment, such as the one observed in Northeast Asia, such issues need to be resolved, or they will continue to act as the match held over the tinderbox.

CHAPTER 5

RATIONAL CHOICE

The previous two chapters have taken a detailed look at the various foreign policy options available to China over the Senkaku/Diaoyu Islands, dividing them into military (Chapter 3) and non-military (Chapter 4) options. The examination in these chapters focused on the feasibility and effective utility (benefit/cost/risk ratio) of the various options. The final phase of the rational choice decision-making process is to compare and contrast the various options to identify which offers the best utility for Beijing, thus which is expected to be pursued by a rational agent (from a normative standpoint).

After analysing the rational choice facing China the chapter proceeds to analyse the implications of this choice for three main actors: China, Japan and the United States. Beijing's choice will not occur in a vacuum, and the Senkaku/Diaoyu Islands dispute is a multi-stage 'game' even if this research focuses on a single 'turn' within it. The rational choice facing China will have significant implications not only for its own policy planning but those of other interested parties who will aim to influence China's choice based on their own interests.

5.1 Rational Choice

As discussed in Chapter 1, the key analytical model employed by this research is a rational choice model. The previous two chapters examined the various foreign policy options available to China in detail focusing on their benefits, costs and risk (i.e. the probability of China being successful in their execution).

At its core, the rational choice model is based on establishing the relative attractiveness of each option based on their benefit/cost/risk ratio. The rational choice is selecting the one which offers the best utility to the agent based on said ratio. For the sake of clarity, this section will use a simple coding system to represent this ratio based on the in-depth qualitative analysis presented in the previous two chapters. Each of the three key components (benefits, costs and risk) will be coded into three potential values:

Table 5.1: Rational Choice Coding

	BENEFITS	COSTS	RISK
LOW	The option only allows the pursuit of a few to none of the interests discussed in Chapter 2.	The option entails few to none negative consequences if pursued.	The option is likely to succeed based on the existing balance of power between the parties. Chance could exert little influence on the outcome.
MODERATE	The option allows the pursuit of some of the interests discussed in Chapter 2.	The option entails some negative consequences if pursued.	The option is a gamble as the balance of power between the parties is relatively equal. Chance exerts a significant influence on the outcome.
HIGH	The option allows the pursuit of most to all interests discussed in Chapter 2.	The option entails significant negative consequences if pursued.	The option is unlikely to succeed based on the balance of power between the parties. Favourable acts of chance would be necessary to succeed.

For illustrative purposes each of these categories is assigned a symbolic numerical value:

	BENEFITS	COSTS	RISK
LOW	1	-1	-1
MODERATE	5	-5	-5
HIGH	10	-10	-10

Benefits are coded as positive numbers as this represents that this rating increases the attractiveness of an option while costs and risk are coded as negative numbers as these are factors that decrease the attractiveness of an option.

5.1.1 Symbolic Coding

Direct Use of Force

Benefits	Costs	Risk
High	High	Moderate

Direct use of force offers high benefits for China as it allows Beijing to establish *de facto* sovereignty over the islands. This, in turn, would allow China to pursue most to all key interests discussed in Chapter 2. From a strategic perspective, *de facto* control would allow China to expand its control over critical waters through the militarization of the disputed islands. From an economic perspective, *de facto* control would allow China to exploit nearby resources, as well as to utilize the islands in order to protect China's SLOCs. From a political perspective, *de facto* control would please domestic audiences and would improve the nationalist credentials of the CCP.¹

¹ M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," 46: states are more prone to use force in disputes over land with high strategic, economic and political importance.

At the same time, direct use of force suffers from high costs.² Besides the immediate material costs associated with waging a limited war, Beijing would need to brace itself to deal with significant political and economic fallout from the conflict. Direct use of force would be a violation of established international norms concerning dispute settlement and it is likely to earn the ire of the international community. While China's important role within the global economy, and its promise as a market, is expected to soften the blow, it is unlikely that the international community would simply overlook such a transgression, especially as Japan is a well-respected and fairly influential member of the community. Besides the punitive actions faced, such a course of action could further contribute to the formation of a balancing coalition against China in East Asia, which could grow to become a significant threat to Chinese political, economic and strategic interests, especially as it would likely centre around and be led by the United States and Japan.

The risk of failure for direct use of force is moderate. The current balance of power between China and Japan in the military realm is relatively equal. While the PLA suffers from disadvantages in the number of destroyers and the sophistication of ASW and AAW capabilities, it makes up for it by having a total numerical advantage (if frigates are included) in all domains (air, sea, underwater). Within a limited war context, where less than the total military might of the combatants is mobilized, China has a reasonable chance to be successful against Japan. One crucial risk factor is the potential involvement of the United States, as it would tilt the balance of power further in the favour of Japan. However, the U.S. faces strong arguments both for and against active participation, and the exact role it would play remains questionable.³

² That direct use of force is a high cost proposition is supported by Muthiah Alagappa. Interview at University Malaya, Kuala Lumpur on 24 February 2016.

³ There is a disagreement between various interview participants on the subject. Tetsuo Kotani (interview on 15/03/2015) expressed a strong belief of potential US involvement if necessary, while Michael Barr (interview on 17/11/2014) argues that US domestic politics would play a significant role in

Indirect Use of Force

Benefits	Costs	Risk
High	Moderate to High	High

Similarly to direct use of force, indirect use of force, i.e. diplomacy of violence or coercion, would seek to establish *de facto* control over the disputed islands. Thus, this option offers very much the same benefits as direct use of force would.

The key advantage of indirect use of force, i.e. attacking the opponent's will, over direct use of force, attacking the objective, is its potentially lower costs. Indirect use of force relies on threats of violence, and is successful if the threat does not have to be carried out and the opponent is persuaded to comply through limited demonstrative action. As only a smaller scale of military action would be necessary to pursue this strategy, it would only trigger a relatively smaller fallout, proportional to the significance of China's transgression against international norms. To put it simply, a potentially reluctant international community would impose smaller penalties for essentially bullying Japan into compliance through threats and limited demonstrative action than it would for a direct limited campaign.

The key disadvantage of indirect use of force is its high-risk factor. Despite prevailing anti-militarist attitudes in Japan, which would open it up to coercion, Tokyo under the Abe administration has demonstrated a significant will to resist China. It is unlikely that threats or demonstrative actions short of the actual capture of the islands, which would increase the costs of this action to the level of direct use of force, could persuade the hard-line conservative political elite in Japan to surrender control over the disputed islands. At the moment China simply cannot pose a credible and rational threat that would reach the magnitude necessary to persuade Tokyo to give up the

determining the level of US involvement.

Senkaku/Diaoyu Islands, and if Beijing would pursue such a course of action it would either fail or escalate the dispute into a major war as Japan could overestimate the extent of which China is willing to inflict destruction on Japan, triggering a strong survival response.

Non-Binding Peaceful Resolution Options

Benefits	Costs	Risk
Low	Low	High

As discussed in Chapter 4, NBPROs have been determined not to be a feasible option when seeking to settle the sovereignty aspects of the Senkaku/Diaoyu Islands dispute. Thus, NBPROs are only available to pursue a few of China’s key interests (the joint development of natural resources) or to serve as confidence building measures for a social constructivist strategy. As such, from a rational choice ranking perspective NBPROs only offer low benefits for China.

One key reason why NBPROs could be attractive is their low costs, especially relative to other options. There are no immediate material costs or negative international political consequences, as the option remains within the bounds of established international norms. Any potential costs arise from the fact that the successful pursuit of NBPROs would require China and Japan to reach a compromise, which could impose domestic political costs on Beijing due to the appearance of going soft on Japan and not pursuing China’s supposed historical rights to the fullest. However, considering Beijing’s grip on domestic politics, and the fact that NBPROs would be restricted to the lower economic or crisis management realms, it is unlikely that the CCP would suffer a significant domestic blowback from pursuing NBPROs.

Besides low benefits, a crucial problem with NBPROs is their high associated risk. China and Japan have attempted to pursue joint development through bilateral negotiations in 2008, but the process has been unsuccessful due to disagreements on the actual execution of such an agreement. Since 2008 Sino-Japanese relations only became cooler and it is unlikely that the current political environment would be conducive to reaching a mutually acceptable compromise, especially as Japan continues to formally refuse to acknowledge the existence of a dispute. This results in NBPRO options being classified as high risk due to low chance of success.⁴

Binding Peaceful Resolution Options

Benefits	Costs	Risk
High	Low	High

In contrast to NBPROs, BPROs would offer much higher benefits. Pursuing arbitration or adjudication could potentially result in China establishing *de jure* sovereignty over the Senkaku/Diaoyu Islands. As this would mean a legally recognized transfer of sovereignty, China would be allowed to pursue all of its interests associated with the disputed islands (as discussed in Chapter 2). *De jure* sovereignty would be preferable to *de facto* sovereignty as it would be recognized by the international community, and thus, it would not require the constant maintenance of control through military force, as it would be in the case of *de facto* sovereignty.

At the same time, BPROs offer would only entail low costs. There are no material costs or negative consequences from the international community. On the contrary, selecting such an option could earn China praise for acting as a mature member of the international community. Costs are even potentially lower compared to NBPROs as adjudication or arbitration does not require a compromise, but rather

⁴ The low feasibility/high risks of NBPRO options is further affected by the entrenchment of the Senkaku/Diaoyu Islands dispute, which further removes the possibility of a compromise. See: Ron E Hassner, "The Path to Intractability: Time and the Entrenchment of Territorial Disputes," *International Security* 31, no. 3 (2007), 107-138.

decides in the favour of one party or another, eliminating the domestic costs of an unpopular compromise.

While so far BPROs appear to be ideal, their attractiveness is hindered by a high-risk rating. While China can make a sufficient case for discovery, it has difficulty proving continued exercise of effective control over the islands. This means that China's case is critically weaker than Japan's as Tokyo can demonstrate a century-long history of effective control and economic utilization of the islands. This means that it is unlikely that a court or similar body would rule in favour of China, especially as Beijing acts as the revisionist party seeking to disturb the established order. Furthermore, the high-risk rating is further compounded by the fact that would China lose its court case, it would also lose all potential legal rights to the islands as the international community would consider the dispute to be settled. This would significantly affect any further Chinese attempts to pursue control over the islands: On the one hand, it would close any and all potential diplomatic avenues as Japan would have no reason to further negotiate. On the other hand, it would undermine China's ability to manipulate the political perceptions surrounding a potential use of force, as China would clearly be in the wrong to act upon an already settled dispute.

Delaying

Benefits	Costs	Risk
Low	Low	Low to Moderate

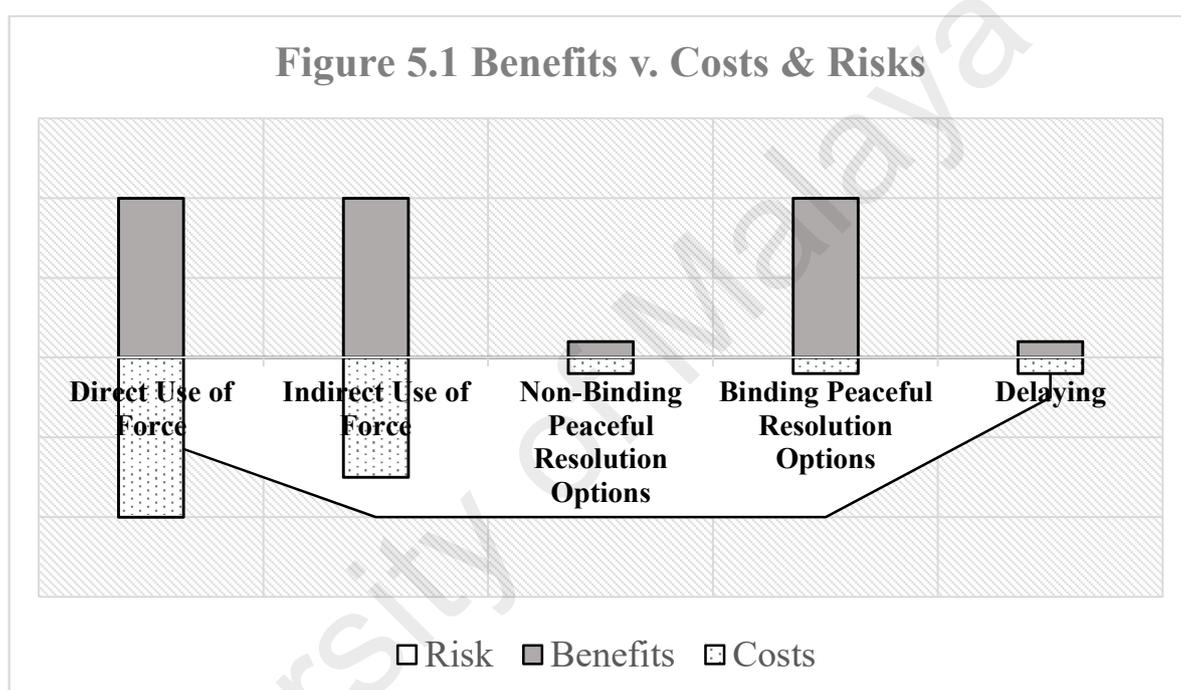
Finally, delaying would have a low benefits rating. Pursuing delaying would not directly benefit China, as it would not contribute to the pursuit of any of Beijing's key interests. It is possible for Beijing to pursue its key interests through alternate means (as discussed in Chapter 4). However, that would be separate of delaying as a course of action, and thus is not considered to affect its benefit ratings within the current rational choice analysis.

Similarly, delaying would only suffer from low costs as by definition this option is based on not doing anything. China would need to continue to pursue limited political and demonstrative actions to keep its claims alive, but the cost of these activities is negligible, especially relative to the other options discussed within this research. Again, as discussed in Chapter 4, alternate options allowed by delaying could have substantial costs, but that does not affect the immediate rational choice analysis.

The risk rating of delaying is low to moderate. Delaying would require China to maintain a tense environment over the Senkaku/Diaoyu Islands. Continued Chinese physical presence in disputed waters, especially at the current level, poses the risk of accidental or otherwise unintended engagement between Chinese and Japanese forces. Such an incident could pose a difficult challenge as both Beijing and Tokyo would find it difficult to back away without suffering domestic political costs. That said, the risk rating remains low to moderate as various non-violent avenues are likely to be available to the opposing parties to deal with such an incident (if sufficient political will exists to avoid bloodshed), and thus an armed clash is not a forgone conclusion even if such an incident would occur. The low to moderate risk rating is further supported by the expectation that over time China and Japan would settle into the new normal of more active Chinese presence in disputed waters, further reducing the risk of accidental or unintended engagement between opposing naval or air forces.

5.1.2 Rational Choice Ranking

The findings of this research concerning the various options available to Beijing over the Senkaku/Diaoyu Islands have been coded according to a three categories ranking system discussed at the beginning of the section above. The coded data can be represented on a chart as such:



The columns represent costs and benefits while the area under each option represents the option's risk rating. From a rational choice perspective, an ideal option would have a tall column expanding upward (benefits) while a short column extending downward (costs) and a small corresponding area (risk). As the above graph shows, no such option exists.

Based on a pure cost/benefit analysis BPROs would be the top contenders, due to high benefits and low costs. However, a pure utility analysis would be a reductionist approach as it ignores the crucial dimension of risk, in other words the chance of failure.

An option can offer great utility, but if it is not likely to succeed its attractiveness will be severely affected.

If the risk factor is considered strongly, as rational actors are expected to be reasonably risk averse (not totally risk averse, but aiming to minimize risks relative to costs and benefits), one can come to the conclusion that only delaying and direct use of force have somewhat favourable risk ratings, while all other options are unlikely to succeed, even if they meet the fundamental feasibility criterion. This means that based on the basic principles of this research, direct use of force and delaying emerge as the top contenders for rational choice.⁵

5.1.3 Direct Use of Force v. Delaying

The final remaining issue is to compare and contrast the two emerging top contenders (direct use of force and delaying) to determine which would benefit China more under the current circumstances. The option emerging as the ‘victor’ would be the rational choice for Beijing.

The key argument for direct use of force is its high benefit rating, while the key argument against delaying is its low benefit rating. Seizing and holding the disputed islands would allow China to pursue a number of key interests, including security ones, while delaying would not. At first look, this would clearly favour direct use of force. However, one has to remember that the interests discussed in Chapter 2 are not subject to an immediate urgency. There are no tangible existing threats to the territorial or SLOC security of China. Pursuing security interests through the islands is important to improve China’s resilience against threats that could materialize in the future, as part of realist security-seeking behaviour. To illustrate this simply, the key issue is not that one

⁵ The potential for NBPRO options is further reduced by the fact that politicians have an incentive to maintain a hard-line stance as domestic audiences generally possess more hawkish preferences due to domestic nationalism and the entrenchment of the dispute. See Allee and Huth, "Legitimizing Dispute Settlement," 222.

is getting strangled, but that one could potentially be strangled. If the opponent's hands are already on one's neck, it is usually too late to meaningfully improve the situation. Similarly, while access to resources would benefit China, at the moment Beijing can secure critical resources through the international markets at reasonable prices. Natural gas continues to be relatively cheap, while oil prices continue to fall, especially as alternate sources in the form of shale oil gains prominence. China has been investing significantly into domestic production, improving the PRC's energy security. In the political realm, the situation is similar. The CCP enjoys a fairly stable legitimacy at the moment and has been able to handle most domestic criticism. Seeking an immediate boost to legitimacy is not a strongly pressing concern.

At the same time, while the costs of military action might not be sufficient to deter China from pursuing direct use of force⁶, it is significant enough to disincentivize China from rushing into it. Direct use of force would cost China a lot both economically and politically, especially as the political environment right now is questionably conducive to such a course of action (for example no major international distraction, such as the Iraq and Afghanistan wars, exists).

Finally, the balance of power does not clearly favour China, making direct use of force a gamble⁷, more so than delaying. While China possesses the military might to potentially persevere, chance and friction could exert a significant influence and snatch victory from China. While delaying has its associated risks, those are much more manageable than they are in the case of direct use of force.

Thus, it is this research's view that under the current conditions the rational course of action for China would be to pursue a delaying strategy over the

⁶ Interview with Michael Barr (via email) on 17 November 2014.

⁷ Muthiah Alagappa states that the balance of power is unfavourable for China against Japan, making the likelihood of success negligible. Interview at the University of Malaya, Kuala Lumpur on 24 February 2016.

Senkaku/Diaoyu Islands⁸, as seeking the potential benefits of control is not an immediate priority and delaying offers more favourable costs and risk rating than direct use of force. As Cheng argues “patience and self-restraint are [...] essential.”⁹

5.2 Implications for China

So far this research has focused on deciphering China’s potential course of action through a rational choice analysis. The remainder of this paper will explore what that rational choice means for the key players within the dispute, starting with China. This is essential as reaching a rational choice decision is hardly the end of the political process: the rational choice has to be translated into policy that can be executed by the state. These implication sections will focus on two major areas: On the one hand, how the findings of the rational choice decision process affect policy formulation. And on the other hand, how various policy options could influence the rational choice process in favour of other courses of action.

There is one critical implication of the rational choice discussed above (which underlines all other implications discussed below): although delaying emerged as the rational course of action for Beijing, delaying cannot be maintained indefinitely.¹⁰ Delaying is not a solution to the Senkaku/Diaoyu Islands dispute as it does not resolve anything between China and Japan. Rather it is an opportunity for China to delay seeking a solution to a time when the environment more favours China.

⁸ The view that delaying is the rational choice, and thus the likely course of action for China is supported by the following interviews: Bhubhindar Singh (via email) on 3 February 2016; Li Mingjian (via email) on 11 February 2016; Ian Chong (via Skype) on 1 February 2016 and; Lowell Dittmer on 10 March 2015.

⁹ Joseph Y. S. Cheng, "China's Regional Strategy and Challenges in East Asia," *China Perspectives* 2013, no. 2 (2013) 65.

¹⁰ Lowell Dittmer, "Asia in 2012: The Best of a Bad Year?," *Asian Survey* 53, no. 1 (2013). He argues that one of the key risk factors is that escalatory dynamics in Northeast and Southeast Asia (in the absence of resolution) might culminate in a lethal clash that could lead to a confrontation as parties would find hard to back away.

Thus, first if China is to adopt a delaying strategy, it would need to utilize the time bought smartly to prepare for an eventual resolution of the Senkaku/Diaoyu Islands dispute based on the same rational choice principles discussed above. Within this context, a smart use of time would be to seek to address potential weaknesses in various courses of action, whether it relates to feasibility, costs or risks, in order to improve their potential execution when the time comes to abandon delaying.

During the previous chapters, this research has concluded that current Japanese policy is a key obstacle to various non-military options (i.e. the lack of recognition for the existence of a dispute). Beijing has very little power to change this, especially through any pragmatic and reliable ways (China could theoretically instigate a military confrontation with the aim of shocking Japan into abandoning this policy, but the feasibility and costs of such a strategy are dubious, and it could easily achieve just the opposite). This leaves Beijing with the various military options discussed above if it wishes to pursue a resolution to the dispute at a later date.¹¹ For the various military options, the key component to consider has been China's military might relative to Japan, as this informs both direct and indirect use of force. Thus, a smart utilization of the time bought through delaying would be to concentrate on the acquisition of military might to alter the existing balance of power in China's favour.

On the one hand, this is supported by the underlying ontological assumptions of this research. As this research pointed out within the previous chapters, offensive realism is not equivalent to mindless aggression. While offensive realism, as envisioned by Mearsheimer, focuses on expansion, it recognizes that circumstances might not be conducive for such an endeavour. During such periods, states should aim to build up

¹¹ This is based on the contemporary known circumstances. Would said circumstances change dramatically (e.g. a new Japanese government would alter the course set by the Abe administration) then the conclusions outlined here would need to be re-evaluated based on new information.

relative strength through improving their own military power, e.g. through the acquisition of critical weapon systems.

On the other hand, this need to improve the existing balance of power is recognized by and reflected in contemporary PLA doctrine. The latest defence whitepaper published by the Ministry of National Defence continues to recognize the development of the Chinese armed forces as an important priority. As the whitepaper states:¹²

China's armed forces must closely center around the CPC's goal of building a strong military, [...] aim at building an informationized military and winning informationized wars, deepen the reform of national defense and the armed forces in an all-round way, build a modern system of military forces with Chinese characteristics, and constantly enhance their capabilities for addressing various security threats and accomplishing diversified military tasks.

The military development pursued by the PRC attributes a priority to the development of China's naval forces as:¹³

The seas and oceans bear on the enduring peace, lasting stability and sustainable development of China. The traditional mentality that land outweighs sea must be abandoned, and great importance has to be attached to managing the seas and oceans and protecting maritime rights and interests.

As discussed in Chapter 3, one of the key disadvantages suffered by China in the military realm is the relatively lower number of major surface combatants, i.e. destroyers. The time bought through pursuing a delaying strategy could be wisely utilized to acquire more of these warships to address the 3 to 1 numerical advantage

¹² Ministry of National Defence (PRC), "Defence Policy - IV. Building and Development of China's Armed Forces." Beijing: Ministry of National Defence, 2015).
<http://eng.mod.gov.cn/Database/WhitePapers/2015-05/26/content_4586713.htm>. (accessed on 11 April 2016).

¹³ Ibid.

enjoyed by Japan in this class of ships. In the past, the PLA-N's acquisition speed has been fairly slow, as each class was considered experimental. Ships were produced in low numbers and engineers went back to the drawing board frequently.¹⁴ Naturally such an approach cannot be continued if China wants to narrow or close the naval gap with Japan, especially as Tokyo has approved the construction of one new destroyer each year since 2013.¹⁵ China needs to design a standard destroyer class, similar to the U.S.' *Arleigh Burke-class*, which can be entered into serial production. The reality is that China simply has to significantly ramp up destroyer production if it ever wishes to catch up to its regional rivals or exert meaningful influence over the maritime realm. Between 2005 and 2014 China on average acquired one destroyer a year¹⁶, a rate that is the equivalent of Japan's current destroyer acquisition, essentially preserving the unfavourable status quo.

There are two promising projects ongoing in China. One is the new *Luyang III-class* (Type 052D) destroyer. The class incorporates all the experiences China has gained through the previous classes to create a modern and capable destroyer, making it a promising candidate for serial production. While only one entered service so far, twelve of the class is under construction or on order, with China potentially adding six new destroyers to the fleet by 2017. The other one is the *Type 055-class* cruiser under the early stages of development.¹⁷ With an estimated 10 000+ tonnage the cruiser would be equivalent to the U.S. *Arleigh Burke-class* or close to the size of the Japanese *Hyuga-class* helicopter carrier. If entered into production the *Type 055-class* would not only

¹⁴ Cole, *The Great Wall at Sea*.

¹⁵ Based on the yearly published Japanese Defence Budget by the Ministry of Defence of Japan. See: Ministry of Defence of Japan, "Defense Programs and Budget of Japan 2012-2016".

¹⁶ Greg Austin, "Hyping Threats? Japan's Black and White Defense Paper," *The Diplomat*, 25 August 2015, <<http://thediplomat.com/2015/08/hyping-threats-japans-black-and-white-defense-paper/>> (accessed on 08/04/2016)

¹⁷ No units have been constructed and only pictures of mock up parts of the ship (built for testing) have been released online.

represent a significant evolution in Chinese warship building, but it would also be significantly larger than any Japanese destroyers.

It is of the utmost importance that during the delaying period Beijing and the PLA maintain focus. For example, while the production of a Chinese aircraft carrier has been a dream of Beijing for a long time, it is not a short to medium term strategic necessity beyond its symbolic value, and resources could be better spent on the production of surface combatants. A standard destroyer for the PLA-N has to be designated as soon as possible and then entered into mass production. Furthermore, it is important that China follows through with the serial production. To have any effect at the balance at all, China needs to produce two to three destroyers a year, and Beijing has to ensure that the necessary resources are available for such a production schedule.

Besides hardware acquisition, the delaying period should also be used to address other problems plaguing the PLA, such as training, lack of initiative or corruption.¹⁸ Modern weaponry will do China little good if the PLA cannot operate as a well-trained, professional military force within the demanding and complex operational environments characterizing contemporary warfare. For example, the PLA-N continues to suffer from weak ASW capabilities. The production of new and expensive warships would be of little benefit if they are vulnerable to Japan's small but highly capable and growing submarine force.¹⁹ The sinking of the *Belgrano* by the *HMS Conqueror* during the 1982 Falkland Islands war showcased the destructive potential of submarines in the type of conflicts China is expected to fight in the foreseeable future. Similarly, corruption undermines the professionalism and operational readiness of the armed forces. China has first-hand experience in this as the Chinese navy prior to 1949 has been notoriously

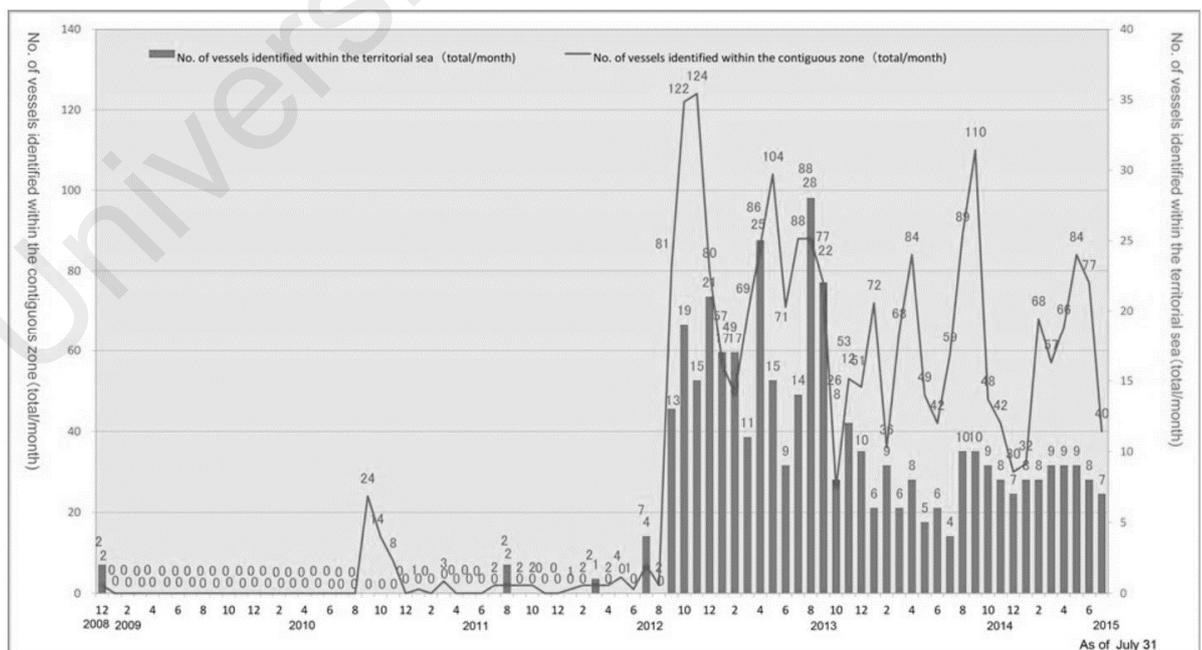
¹⁸ Chase et al., "China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army (PLA)."

¹⁹ Tokyo has approved the construction of one new Soryu-class submarine since 2013 according to the official defence budget, as well as the life extension of older submarines.

corrupt, going as far as to purchase ammunition that could not be fired as it lacked gunpowder. Corruption not only prevents the rise of capable officers through the ranks but demoralizes the forces, affecting their combat performance. Xi Jinping's anti-corruption campaign is promising, however, it is important that it does not turn into a political purge aimed at rooting out opponents. The senior communist leadership not only has to resist the temptation to use the campaign to remove opponents, but to make the hard decision to purge supporters, if deemed corrupt, if any substantial change is to be expected.

Second, if China would adopt a delaying strategy, it would be wise to adopt policies that reduce the risks associated with this course of action. As discussed in Chapter 4, the key risk factor associated with this approach is the potential for accidental or unapproved engagement between opposing forces, which is exacerbated by the rapid increase of Chinese physical presence in disputed waters.

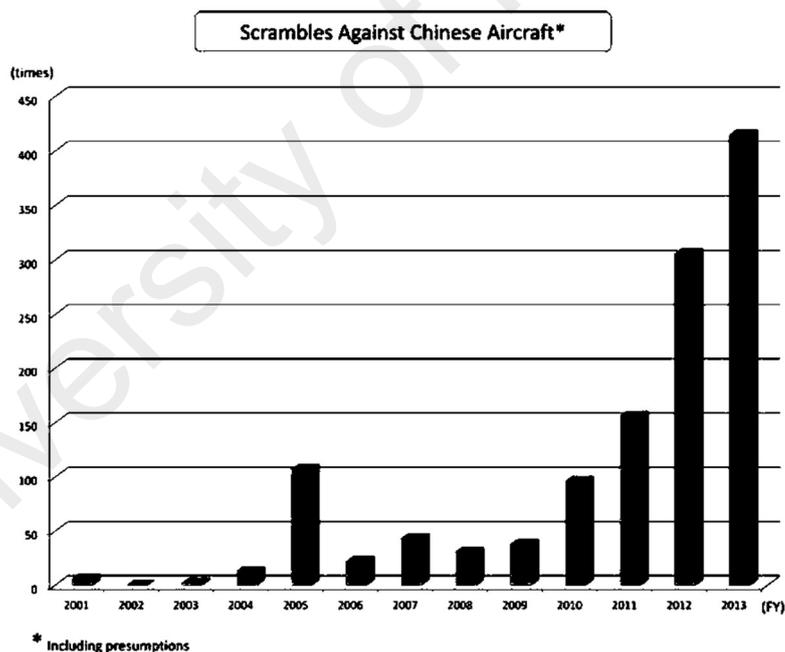
Figure 5.2: Chinese Intrusion into Disputed Waters²⁰



²⁰ Ministry of Foreign Affairs of Japan (07/03/2016), "Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan's Response," Accessed on 08/04/2016, http://www.mofa.go.jp/region/page23e_000021.html.

As the graph shows there has been a massive spike in the presence of Chinese vessels around the islands since tensions escalated over Japan's nationalisation of some of the disputed islands. According to the official Japanese statistics, while between January 2009 and July 2012 there was little to no Chinese activity in Japanese waters – a total of seven vessels entered Japan's territorial waters and 79 Japan's contiguous zone – there has been a marked increase between 2012 July and 2015 July – 377 in territorial waters and 2379 in contiguous waters.²¹ This represents a 54 times increase in the case of territorial water intrusions and a 30 times increase in the case of presence in contiguous zones. The situation in the air is similar.

Figure 5.3: Japanese Air Scrambles²²



In 2013, Japan recorded over 400 scrambles against Chinese aircraft, more than double than the number of scrambles in 2011. The number of scrambles shows a generally escalating trend. In 2012 December, a Chinese Y-12 aircraft even violated

²¹ Ibid.

²² Ministry of Defence of Japan, "China's Activities Surrounding Japan's Airspace", Accessed on 08/04/2016, http://www.mod.go.jp/e/d_act/ryouku/.

Japan's territorial airspace over the Senkaku/Diaoyu Islands, a first in Sino-Japanese relations.²³

Such high presence in disputed waters would be problematic on its own. However, the fact that the escalation took place within a compressed time frame, giving the opposing parties little time to get accustomed to the new reality, further increases the risk of unintended outcomes. One can understand why Beijing did it: diplomatic efforts have been a dead end due to Japan's rejection of recognizing the dispute, forcing China to step up its conduct to put pressure on Japan.²⁴ By being present in disputed waters, China also challenges the idea of effective Japanese control in an attempt to improve the validity of its claims. That said, while the motives behind this are clear if China wants to pursue a delaying strategy, it has to stabilize the situation. Although the situation is not as critical as it has been in 2013, it is nevertheless bleak.²⁵ If China wants to avoid an accidental or unapproved engagement, it is essential that it allows Japan some breathing ground to adjust to new realities when it comes to the conduct of its coast guard and air units. At first look keeping the pressure up on Japan seems like a good tactic. But that would only be true if China would be pursuing a resolution in the short term, where keeping up momentum would be essential. But in delaying the goal is to preserve the status quo, which cannot be done if Japan is pushed into a crisis where an armed confrontation would be difficult to avoid. China has to settle into a pattern of patrolling that is visible enough to continue to challenge Japanese control over the islands, but predictable enough for Japan to handle it. As China would be pursuing delaying, rather than coercion, patrolling is a display much more for the international community in general, than Japan in particular. While keeping up pressure on Japan is

²³ Ibid.

²⁴ Krista E Wiegand, "Militarized Territorial Disputes States' Attempts to Transfer Reputation for Resolve," *Journal of Peace Research* 48, no. 1 (2011), 103. states that "signalling credibility and resolve to other states is believed to be a critical part of interstate disputes and bargaining"

²⁵ Interview with Ryoko Nakano (email) on 14/10/2015.

necessary, too much pressure could push the conflict to a breaking point, defeating the whole point of pursuing a delaying strategy.

In the long term, once delaying is exhausted²⁶ or new factors influencing the rational choice emerge (for example domestic conditions necessitate a diversion or the U.S. declines as a security guarantor) unless Japan changes policy direction, China will have no alternative than to take the islands through military force.²⁷ The various trends explored within this research prescribe this trajectory. China's security needs are simply not met by the existing status quo, putting the PRC on a revisionist path, anticipating a potentially violent future for Northeast Asia.

5.3 Implications for Japan

While this research so far has focused on the strategic realities facing China, the PRC's rational choice does not occur in a vacuum: what conduct Beijing will adopt within the context of the Senkaku/Diaoyu Islands dispute will have profound implications for Japan. While China seeks to overturn the status quo, Japan's key interest is to maintain it, i.e. to remain in control of the Senkaku/Diaoyu Islands. The implications of China's rational choice will mainly concern how to do that.

Japan has two primary choices on how to deal with China: On the one hand, it can directly counter China's rational course of action. On the other hand, it can try to affect the rational choice process itself in an attempt to try to guide China towards a more favourable path. The expectation for China to follow a delaying strategy offers

²⁶ Potential negative shifts in the strength of a state's claim or if there is a general weakening of its position increase the likelihood of armed confrontation as the state tries to redress the situation. See M. Taylor Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," 47.

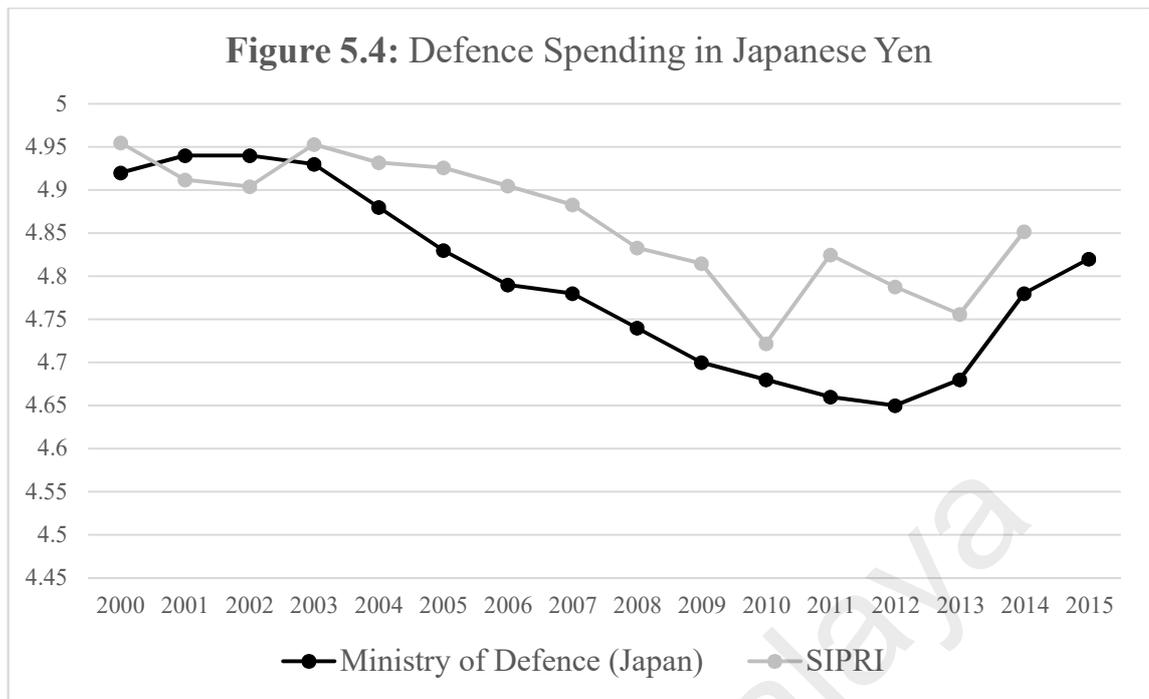
²⁷ Sun and Huang state that a potential Taiwan contingency or China's maritime disputes are the most likely scenarios to lead to Chinese use of force. See: Xuefeng Sun and Yuxing Huang, "Revisiting China's Use of Force in Asia: Dynamic, Level and Beyond," *Pacific Focus* 27, no. 3 (2012), 412. Similarly Smith argues for the potential for violence on the East China Sea. See: "China-Japan Relations and the Future Geopolitics of East Asia," *Asian Affairs* 35, no. 4 (2009), 215.

Japan time to pursue either course, but Tokyo has to be sure what it wants to do to be able to pursue it effectively.

One of the avenues open to Japan is to try to directly counter Chinese military power through defence reforms of its own. Japan has displayed fairly strong anti-militarist tendencies in the past, and the Japanese Self-Defence Forces have faced strict restrictions when it comes to how and when they are deployed or what equipment they can maintain based on Article 9 of the Japanese Constitution. However, with the appropriate reforms Japan could pursue a strategy of military deterrence, which would aim to directly match Chinese military power in order to reduce the chance of success for Chinese use of force, thus affecting the rational choice calculation. Within the context of the existing balance of power, in which Japan enjoys somewhat of an advantage, the key goal of this approach would be to counter any Chinese actions to tilt the balance of power during the delaying period by matching such attempts with Japan's own acquisition of military power.

As discussed above, China is on track to pursue a fairly ambitious naval modernization program with the introduction of the Type 052D and Type 055 classes. However, the conservative Abe administration is on track to pursue a determined military modernization program of its own in order to preserve the existing status quo. The efforts of the Abe administration can be divided into two key avenues: hardware acquisition and legal changes to the laws governing the JSDF.

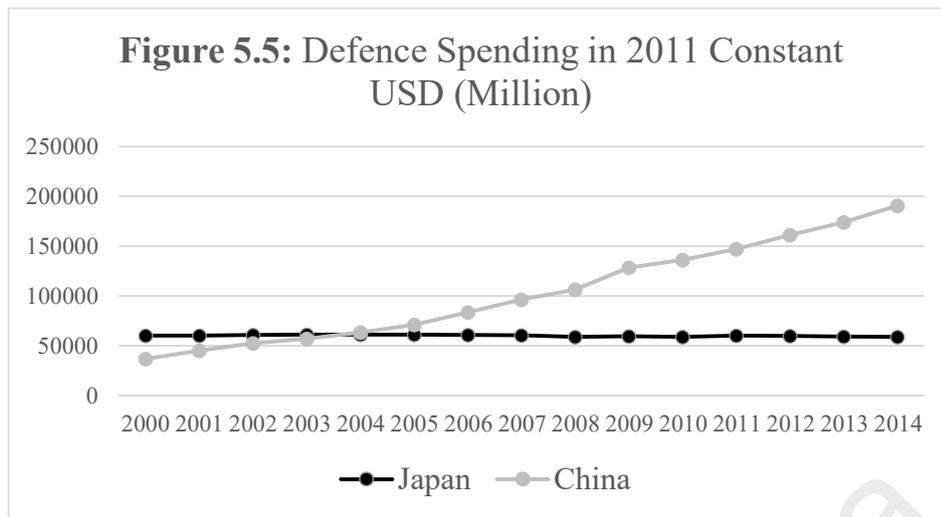
On the hardware acquisition front the Abe administration seems determined to reverse the previous trend of declining defence spending, at the very least when measured in the total amount spent on defence:



Elected at the end of 2012, the Abe administration immediately reversed Japan's defence spending trajectory, increasing the defence budget for each subsequent year since as shown on the graph above²⁸. On the surface this would suggest a decision to remilitarize Japan, and the media both in Japan and abroad has framed it as such. However, in real terms Abe's policy only represents a slight adjustment necessitated by strategic realities. While most have been preoccupied with the headlines that Prime Minister Abe is approving record high defence budgets, most neglects to mention that the difference between the high and low points of Japanese defence spending is roughly 6 percent. This still pales in comparison to China's defence spending growth.²⁹

²⁸ Ministry of Defence of Japan, "Defense Programs and Budget of Japan - Overview of Fy2015 Budget." And Stockholm International Peace Research Institute, "Sipri Military Expenditure Database", 2014, <http://www.sipri.org/research/armaments/milex/milex_database> (accessed on 08/04/2016).

²⁹ "Sipri Military Expenditure Database".

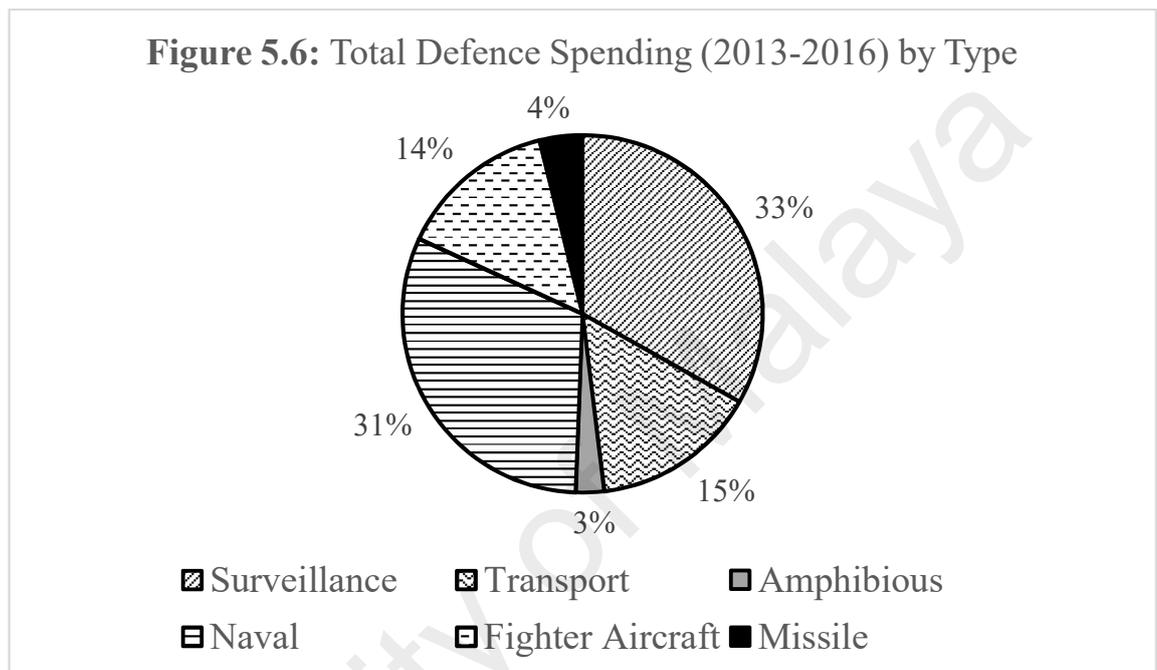


While the Abe administration’s commitment to reverse declining defence spending is undeniable, in total amount spent it is not as significant as it is often made out to be. But from the perspective of this research, it is more significant of what the money is spent on, i.e. what capabilities Tokyo is purchasing with its increased defence budgets. The most relevant items in the defence budget can be divided into three main categories: naval, airpower, and amphibious forces.

The naval realm would be the most important within the context of a potential Senkaku/Diaoyu Islands contingency, and this is a realm where Japan continues to enjoy an edge. Since 2013 the Abe administration has been committed to preserve this edge. Tokyo has approved the construction of one new destroyer and one new submarine each year, as well as the modernization and life extension of both the existing surface and subsurface fleet. Such a rate of acquisition, combined with steps to ensure that older vessels are not required to be decommissioned, allows Japan to slow any Chinese efforts to catch up in the naval realm.

In the air Tokyo pursues two key avenues. On the one hand, Japan has been purchasing F-35A fighter jets to complement its older fighter aircraft, and to improve its fighting capabilities where China enjoys a massive numerical advantage. On the other hand, Japan has been investing heavily in airborne surveillance which accounted for 33

percent of Japanese defence spending between 2013 and 2016.³⁰ This has been the largest expense category, overtaking naval (31 percent) and fighter aircraft (14 percent) acquisitions. This is a direct response to Japan's changing security environment. Patrolling vast areas of open oceans to monitor Chinese activities in disputed waters is a daunting challenge and puts a heavy demand on surveillance hardware.



Finally, Japan has traditionally lacked amphibious equipment, as it was deemed unnecessary in the context of Japan's defensive military posture. However, the possibility of an armed confrontation over remote territories has given rise to a high demand for such equipment as Tokyo has come to realize that it will have to get troops to these territories in case of a conflict. Since 2013 the JSDF has been steadily acquiring amphibious vehicles and investing into the training of amphibious forces. In conjunction with this, the JSDF has also been acquiring other transport equipment, such as V-22 Ospreys and transport helicopters, all in an attempt to make Japanese forces more mobile and thus to be able to quickly respond to potential contingencies in remote areas.

³⁰ Based on the annually published Defence Budgets and the 2016 Defence Budget Request.

On the legal front, the Abe administration has been rather ambitious, pushing through a number of new security legislations. In 2013 the Abe administration presented its new *National Security Strategy* which outlined the blueprint of a new proactive Japanese defence posture, seeking a more significant voice in regional and global security matters.³¹ And since the unveiling of the NSS, Tokyo has been on course to create the necessary legislations that would allow its execution. As part of this, Tokyo has relaxed rules concerning arms exports³², seeks to rewrite the relevant sections of the Japanese constitution to do away with the current restrictive Article 9 and replace it with a more comprehensive set of articles governing Japan's military power³³, relax restrictions concerning potential JSDF support for U.S. forces, and recognize Japan's right for collective self-defence.³⁴

Overall, Japan under the Abe administration has been responding appropriately to what one can discern to be the key implications of the rational choice discussed above: Tokyo has backed Beijing into somewhat of a corner by not recognizing the dispute and thus removing non-military options from China. Recognizing this, Tokyo has been increasing its own military power in order to either deter China directly by affecting the likelihood of success in case of a military engagement, or, at the very least, to improve its own chances to win such an engagement.

However, there has been one critical area where Tokyo has not been successful: building public support for this course of action. The Japanese public continues to display strongly anti-militaristic sentiments and the legal changes proposed by Abe have

³¹ The Office of the Prime Minister of Japan, "National Security Strategy (Provisional Translation)," (2013).

³² Ministry of Foreign Affairs of Japan "The Three Principles on Transfer of Defense Equipment and Technology." Tokyo: Ministry of Foreign Affairs, 1 April 2014, <http://www.mofa.go.jp/press/release/press22e_000010.html>. (accessed on 11 April 2016).

³³ Library of Congress, "Japan: Interpretations of Article 9 of the Constitution," <<http://www.loc.gov/law/help/japan-constitution/interpretations-article9.php#Current>> (accessed on 08/04/2016).

³⁴ Ministry of Foreign Affairs of Japan, "Japan's Legislation for Peace and Security: Seamless Responses for Peace and Security of Japan and the International Community," 2015.

been hugely controversial at home. Protests have rocked Tokyo over the potential recognition of collective self-defence³⁵ and the move has made other regional states, such as South Korea, fairly uneasy.³⁶ While the path followed by Tokyo is a rational response to the implications of the current rational choice situation, without public support its execution remains dubious. If Japan lacks the will to fight, it becomes questionable whether it could sustain military operations over the Senkaku/Diaoyu Islands, especially as casualties begin to mount. This is especially troubling as China does not suffer from the same psychological weakness, and is expected to have a higher casualty tolerance than Japan, which could allow it to persevere even under unfavourable conditions. A lack of public support could turn the Senkaku/Diaoyu Islands into Japan's Vietnam.

In an interview with Ryoko Nakano, she argued that, while the Japanese domestic audience recognizes that something needs to be done over the challenge presented by China, anti-militarist sentiments continue to be strong³⁷, which explains the strong opposition to Abe's course of action. While Prime Minister Abe pursues a distinctively realist strategy, based on keen considerations for the balance of power and an appreciation for military power, Nakano argues that realist thought continues to be weak in Japan in general. Under the current conditions it would be hard to predict how the Japanese public would handle a military confrontation. As the strategic significance of the islands is poorly understood in general, it is questionable just how much blood and treasure the public would be willing to sacrifice for the defence of seemingly worthless rocks far out at sea.

³⁵ Kiyoshi Takenaka, "Huge Protest in Tokyo Rails against Pm Abe's Security Bills," *Reuters*, 30 August 2015, <<http://www.reuters.com/article/2015/08/30/us-japan-politics-protest-idUSKCN0QZ0C320150830>> (accessed on 08/04/2016).

³⁶ "S.Korean Politicians Concerned over Revived Militarism in Japan," *Xinhua News Agency*, 19 September 2015, <http://news.xinhuanet.com/english/2015-09/19/c_134640003.htm> (accessed on 08/04/2016).

³⁷ Interview with Ryoko Nakano.

Thus, one key implication is that, if Japan wants to follow the path of military deterrence, then Tokyo has to pursue a more aggressive strategy to persuade the public to support such efforts and to gradually shift Japan away from strong anti-militarist sentiments that constrain Japan's application of military power. An unpopular war cannot be sustained within a democratic society for long, especially in one where military power has been a taboo for decades. The LDP government needs a better public relations campaign to explain the current legislations, their importance and the general security situation facing Japan in order to break down domestic opposition that could undermine Japanese warfighting potential.

The other avenue available for Japan, if it wishes not to commit to military deterrence, is to change its policy on the dispute.³⁸ Lack of recognition for the existence of a dispute is a key obstacle to a potential diplomatic resolution. As Ngeow states, until Japan takes the first step and recognizes that the Senkaku/Diaoyu Islands are in dispute, diplomatic options will not be possible.³⁹ This would naturally be a costly political proposition for Japan as the Abe administration has invested political capital and credibility into not recognizing the existence of a dispute. However, without it there is no basis for negotiations. Shutting every political door but China unconditionally accepting Japanese sovereignty is unlikely to lead to a peaceful outcome, as such an option would be unacceptable for Beijing. In essence, with its hard-line stance Tokyo is restricting its own manoeuvrability within the context of the dispute. This is recognized by Ngeow who argues that Abe is purposefully restricting Japanese foreign policy options to remove backing down as an option, and thus reduces any incentives for a compromise.⁴⁰ Similarly, Nakano argues that, while there is some support within Japan

³⁸ Li Mingjian (interview in 2016) stated that a potential normative route would be for Japan and China to maintain the post-2012 status quo and to seek cooperation on issues such as management of fishery resources while refraining from further escalation.

³⁹ Interview with Ngeow Chow Bing.

⁴⁰ Ibid.

to recognize the dispute as it is recognized that such a step would be necessary to open diplomatic channels for a resolution, the conservative block in Japanese politics, from which Prime Minister Abe is from, is strongly opposed to such an idea.⁴¹

Although likely delaying offers Japan some breathing space, one thing remains unavoidable: Japan either has to prepare to militarily deter China, in which case it needs to build stronger public support for such a plan, or it has to give an alternate way out for China, in which case it needs to recognize the existence of a dispute and change its rhetoric. Each avenue has its costs and benefits, and both are mutually incompatible. The one thing that Japan should not expect is to be able to back China into a corner politically where Beijing simply acquiesces to the existing status quo. Japan either has to offer China a way out without Beijing losing face, or prepare the nation to fight.

5.4 Implications for the United States

While the United States is not directly involved in the Senkaku/Diaoyu Islands dispute (i.e. does not possess any claims of its own), it nevertheless has stakes in how it turns out, and thus the implications of the rational choice analysis discussed above affect U.S. policy making. From a U.S. perspective there are two key considerations: mitigating the effects of China's rise on the existing status quo that favours the United States and to avoid an armed confrontation that would drag the U.S. into a potential war with China, the two of which is somewhat interconnected.

The U.S. plays an important role within the context of the Senkaku/Diaoyu Islands dispute through two main avenues: On the one hand, the Japanese-American alliance involves Washington in the dispute through the guarantees extended towards Tokyo. On the other hand, one of President Obama's key foreign policy initiatives has been the 'pivot to East Asia', a plan to refocus U.S. attention to the region in order to

⁴¹ Interview with Ryoko Nakano.

deal with the rise of China and preserve the status quo. This also involves the U.S. in the dispute, as the Senkaku/Diaoyu dispute continues to be a critical point where the rise of China threatens the established regional order, besides the various disputes on the South China Sea.

The Japanese-American alliance has been discussed in Chapter 3 in detail as it affects the risk factor associated with various military options. The U.S. has extended strong guarantees towards Japan and not honouring them would impose a severe loss of credibility on Washington as a security guarantor. At the same time, both Beijing and Washington have been eager to avoid a confrontation, as it would be costly for both parties (not to mention such a confrontation being a potential ignition point for a global confrontation with nuclear connotations).

The 'pivot' is a more general foreign policy direction. After the neglect shown by the previous Bush administration towards Asia, as it got increasingly preoccupied with the Middle East and the Afghanistan and Iraq wars, President Obama aims to restore U.S. presence and influence in the region. The pivot contains both a diplomatic and a military component: On the foreign policy front it emphasizes engagement with regional states and IGOs for closer cooperation to counter China's growing influence. The pivot also aims to promote U.S. norms and values in the region through the Trans-Pacific Partnership Agreement (TPPA) which aims to establish common rules concerning trade and intellectual property rights based on U.S. norms (e.g. strict enforcement of laws concerning IPs and trademarks). The TPPA aims to counter Chinese efforts to build regional institutions based on Chinese norms, such as the Asia Infrastructure Investment Bank (AIIB). Beijing has used infrastructure projects to gain significant influence among the less developed Asian countries, such as Cambodia or Laos. It is notable that China has been excluded from TPPA negotiations. The assumption seems to be that once TPPA has been established as a regional norm, China

will have no choice but to fall in line to a system it had no say in. The same assumption has been proven difficult to bring to fruition in the case of existing international law, which China continues to ignore or interpret differently.⁴²

On the military front, the pivot entails the reorientation of U.S. military power to East Asia. On the one hand, this entails the U.S. seeking more active cooperation with regional states. In 2015 the U.S. signed an Enhanced Defence Cooperation Agreement with Singapore, which will allow the U.S. to increase the number of littoral combat ships deployed to Singapore, as well as to deploy N-8 Poseidon surveillance aircrafts.⁴³ Washington has been also pushing for an EDCA with the Philippines.⁴⁴ These agreements all seek to improve the U.S.'s access to the East Asian theatre through creating new or expanding existing forward basing options for U.S. forces. On the other hand, the pivot entails the rebalance of U.S. forces from their previous 50-50 percent distribution between the Atlantic and Pacific theatres to a 40-60 percent distribution in favour of the Pacific.⁴⁵

Washington's 'pivot' is accompanied by the development of the Air-Sea Battle (ASB) concept by the U.S. military which aims to ensure that U.S. forces are ready to break through and dismantle A2/AD defences. While there is limited open access information concerning the ASB concept, it seems to aim to systematically dismantle A2/AD defence through strikes against its critical components, such as radar stations,

⁴² See China's continued interpretation of the 200 nm EEZ as a zone where it is entitled to legal jurisdiction, as seen in the 2009 USNS Impeccable case and other instances.

⁴³ U.S. Department of Defense, 7 December 2015, "Carter, Singapore Defense Minister Sign Enhanced Defense Cooperation Agreement." Washington: U.S. Department of Defence, <http://www.defense.gov/News-Article-View/Article/633243/carter-singapore-defense-minister-sign-enhanced-defense-cooperation-agreement>. (accessed on 11 April 2016).

⁴⁴ Carl Thayer, "Analyzing the Us-Philippines Enhanced Defense Cooperation Agreement," *The Diplomat*, May 2014, <http://thediplomat.com/2014/05/analyzing-the-us-philippines-enhanced-defense-cooperation-agreement/> (accessed on 08/01/2016) See also Lance M. Bacon, "U.S. Negotiating to Rotate Troops to 8 Philippine Bases," *Navy Times*, 28 April 2015, <http://www.navytimes.com/story/military/pentagon/2015/04/28/us-negotiating-troop-rotation-philippines-catapang-china-base-troops/26512301/> (accessed on 08/01/2016).

⁴⁵ Douglas Stuart, "San Francisco 2.0: Military Aspects of the U.S. Pivot toward Asia," (Taylor & Francis Ltd, 2012), 211.

C4ISR capabilities and missile launchers on the opponent's home territory.⁴⁶ One of the key priorities of the U.S. military at the moment is to develop the necessary hardware and doctrine to execute such a campaign.

Through its existing policies the United States presents a direct challenge to China's security: Washington is supporting directly China's greatest regional rival, it is seeking opportunities to forward base significant U.S. forces in China's desired sphere of influence, and it is actively seeking to develop capabilities to dismantle the cornerstone of Chinese defence, A2/AD capabilities. By pursuing these policies, the U.S. contributes to China's sense of insecurity, even if a confrontation between the two is not imminent, which in turn pushes China towards more assertive security seeking behaviour to escape its insecurities, leading to escalation in tension over the East and South China Seas. Thus, Washington has to accept that it is part of the Senkaku/Diaoyu Islands dispute, and that China's rational choice considerations (discussed above) have significant implications for U.S. policy in East Asia. There are two key options for the United States:

On the one hand, Washington can tighten its grip on East Asia. The United States can increase its military presence in Asia in order to directly deter any Chinese attempts to alter the status quo, as well as increase its influence amongst regional states to cement its status as a regional security guarantor. This strategy would be consistent with the assertions of theoretical framework of this research: Offensive realism is highly concerned about the conflict between existing and emerging hegemons. The latter strives to achieve hegemon status by eliminating opposition in its home region, as part of its inherent security seeking behaviour. The former aims to establish a threat in the same region in order to keep the emerging hegemon insecure, thus preventing it from

⁴⁶ Air-Sea Battle Office, "Air-Sea Battle: Service Collaboration to Address Anti-Access & Area Denial Challenges," ed. Department of Defence (2013), 7.

projecting power beyond its home region.⁴⁷ The same principle can be observed in East Asia. China (as the emerging hegemon) aims to increase its influence over its home region and to push out the United States. This is similar to what the United States did with the European powers in the Western Hemisphere based on the Monroe Doctrine. At the same time, the U.S. (the existing hegemon) is eager to prevent this by maintaining influence and military presence in the region, as seen in the case of President Obama's pivot and the ASB concept.

However, this creates a highly competitive dynamic. Constraining China through military deterrence can counter its more revisionist intentions, but it also contributes significantly to the insecurities that fuel China's revisionist intentions in the first place. Aiming to contain the rise of China is expected to lead to China pushing even stronger against the regional order. To put it simply, one can attempt to hold someone down, but one then should expect them to try to break free. China has been responding to U.S. initiatives in the region and is expected to continue to do so with its own attempts to increase Chinese military power relative to the United States, leading to a competitive security environment. Such a dynamic forces the United States to match the development of Chinese military power in order to maintain the existing gap and thus, maintain the deterrence value of its forces. However, as the PLA becomes increasingly sophisticated through an ambitious development program enabled by China's economic might, competing with the Beijing will become increasingly costly for Washington. In this scenario the eventual outcome of competition will be determined by which party reaches first the culmination point of economic exhaustion, as seen in the case of the Soviet Union during the Cold War.

One further critical issue with such a course of action that it would require Washington's attention. Establishing the delicate dynamic of great power deterrence

⁴⁷ Mearsheimer, *The Tragedy of Great Power Politics*.

means that such a course of action would need to enjoy priority in U.S. politics. Yet the Middle East continues to be a significant preoccupation for the United States. The Obama Administration has fared significantly better in this regards than the previous Bush Administration, however, the United States is still involved in the fight against ISIS, negotiating with Iran, and a host of other issues in the region. While at their current level these operations are not a critical distraction, and one should not expect superpowers to pursue only one foreign policy direction, they do open up the risk of mission creep. Would U.S. airstrikes in Syria escalate to a ground offensive, or would the U.S. need to intervene in one of the many potential hotspots in the continually restive Middle East, then it could easily find itself in a situation where it needs to draw forces from the ones stationed in East Asia, lowering its own ability to deter China. This can be observed during the Bush presidency when Beijing exploited U.S. preoccupation in Iraq and Afghanistan to adopt a more assertive tone in the region. Similarly, fighting such conflicts has proven to be fairly expensive, and would likely push the U.S. towards economic exhaustion. China would be expected to exploit such signs of weaknesses to try to alter the status quo in order to escape its own insecurities. Depending on the severity of competition between the U.S. and China, such a period could present a window of opportunity for China to engage U.S. forces.

On the other hand, Washington can loosen its grip on East Asia. This naturally would not mean a complete withdrawal from East Asia, but rather offering China more strategic breathing space. Reducing U.S. military presence in the region could contribute to lowering China's threat perceptions and sense of insecurity. For example, Washington could withdraw its forces from Okinawa (which are a source of conflict with the local population to begin with) to U.S. bases in Guam. At the same time, rather than military deterrence, the U.S. could play an active role diplomatically to use its influence to broker deals between China and various other regional powers that would

allow China to establish the maritime buffer zone essential to its security peacefully. In this strategy the U.S. would not aim to prevent China from pursuing rational choice outcomes through force, but would rather seek to alter the calculation itself by targeting Chinese interests.

From a military perspective this strategy would not be favourable as it would increase the defences of the opponent, and thus would increase the costs of potential military compellence in the future. Similarly, it would require significant political sacrifices on the part of the United States to persuade allies to go along with such a plan, and to potentially give up on claims on the East and South China Sea. It would also increase China's power and influence, which would go against realist thinking on the balance of power. However, this is the only approach for the U.S. to reliably reduce the risk of military engagement with China. Keeping China insecure through military deterrence is likely to push China to pursue ever more desperate courses of action to escape it. At the moment China is a scared state, even if its fears are largely the products of its nationalist imagination. And Mearsheimer argues that scared states will take extraordinary measures to enhance their security.⁴⁸ It is up to Washington whether it seeks to affect Chinese behaviour through further threats or reassurance.

The United States' position is not an enviable one. It exerts significant influence on a dispute where it does not control the players directly. U.S. posture not only affects China's insecurities, but also how much risks Japan is willing to take⁴⁹. Each potential direction would be costly for Washington. The key question to decide in light of China's rational choice calculations is what is more important for Washington, peace or the status quo. Because based on the observed trends the two will become increasingly mutually exclusive.

⁴⁸ Ibid.

⁴⁹ Interview with Ngeow Chow Bing.

CHAPTER 6

CONCLUSIONS

The previous five chapters have provided a comprehensive critical examination of the various foreign policy options available to China to pursue its interests over the Senkaku/Diaoyu Islands. This final chapter seeks to review the key arguments presented within this research, as well as to contextualize the Senkaku/Diaoyu Islands dispute in the larger context of Chinese security interests.

6.1 The Importance of the Senkaku/Diaoyu Islands

In Chapter 2, this research has focused on discussing three main areas where the Senkaku/Diaoyu Islands are relevant to Chinese interests:

First, realist security seeking behaviour rests on the assumption that preserving the territorial integrity of the state from external threats is a paramount interest of any nation. Since 1949 the People's Republic of China has experienced significant economic and demographic changes that affect Chinese defence planning. The most important of these changes is the shift of China's centre of gravity, both in terms of its population and economy, from the interior provinces to the coastal regions. This significantly increases demands to effectively defend these provinces from external threats. This research argues that to improve the security of the coastal regions China needs to expand into the maritime realm. The Senkaku/Diaoyu Islands play a crucial role in such a strategy. On one hand, China has incorporated small islands into its coastal defence strategy at least since the Ming Dynasty. On the other, the islands provide a platform for China to project power into the East China Sea. As the only other features on the East China Sea belong to the Japanese Ryukyu Islands, the Senkaku/Diaoyu Islands represent China's only option to establish a bastion on the East China Sea beyond the Chinese coast.

Second, increasing Chinese control over the East China Sea is not only important to improve the territorial security of China. The PRC is a trading state, deriving a significant portion of its GDP from the distribution of goods manufactured in China. Key sea lines of communications on which the wellbeing of the Chinese economy depends cross the East China Sea. These not only export Chinese goods but ensure the influx of key imports, such as oil. The Senkaku/Diaoyu Islands occupy a strategic location, on the one hand, to monitor and control shipping on the East China Sea, and on the other, to prevent hostile interference with China shipping.

Beyond the strategic significance, ensuring that nothing disrupts Chinese shipping is also important as the Chinese Communist Party has tied its legitimacy to continuous economic growth in China in the absence of democratic elections. Limited disruption of Chinese SLOCs might not be sufficient to bring the PRC to its knees, but a slowing Chinese economy would magnify dissent within China against continued CCP rule. Thus, any threat to the Chinese economy is a direct threat to regime survival in the eyes of the CCP.

Furthermore, the East China Sea is expected to contain vast reserves of strategic natural resources, such as oil and natural gas. The PRC is a net oil importer and it is forced to secure supplies from instable regions such as Sudan. Besides the instability of production countries, ports of embarkation are connected to China through long SLOCs passing some of the most pirate infested regions of the world. Securing a major source of oil close to home would improve Chinese energy security and reduce the leverage states along China's SLOCs can exert over Beijing. At the same time, while natural gas is cheaply and readily available on the international markets, China is increasingly shifting away from coal to consume more of it. This is partially due to attempts to reduce environmental degradation within the country that is increasingly becoming an internal security issue. Once again, securing supply close to home would improve China's energy

security and reduce the PRC's exposure to market fluctuations and external political pressure.

Third, the islands have strong political significance, thus they affect China's internal security. Besides economic development, nationalism is a key source of legitimacy for the CCP. The communist party justifies its rule not only by lifting China out of poverty, but by protecting it from enemies domestic and foreign and liberating it from foreign imperialism. A key Chinese nationalist concept here is the Century of Humiliation, a period of foreign imperialist interference that was ended by the formation of the PRC in 1949. Due to the dominance of the Century of Humiliation in Chinese political discourse, the territorial integrity of China, as defined by the territory of Qing Imperial China, is treated as sacrosanct. To wipe away the shame of the Century of Humiliation China has to recover the territory it lost and never allow any force, domestic or foreign, to violate the PRC's territorial integrity ever again. The Senkaku/Diaoyu Islands are considered to be territory lost to Japanese imperial aggression. Thus their recovery is the sacred mission of the PRC. Wavering from such a course would undermine the nationalist credentials of the CCP, opening it up to criticism at home. For a CCP aware of its weakening legitimacy and terrified to lose control over the country this presents an unacceptable political cost.

Overall, this highlights that there is a complex matrix of factors behind China's continued pursuit of the islands. Most of these are not immediately obvious and it is easy to be confused about why China would be willing to risk war in order to secure a few rocks at sea. The existing literature primarily focuses on the issues of natural resources and political symbolism. However, discounting the security dimensions leads to flawed calculations that underestimate the lengths to which it is rational for China to go to seek control over the islands. Focusing only on the economic and symbolic aspects easily leads to the conclusion that none of these worth the risk of war. Thus, economic

interdependence will constrain the conflict. However, an exploration of the security dimensions highlights that China has strong survival interests connected to the islands, which limit the utility of economic interdependence in restraining competition. Highlighting the significant security implications of the disputed islands is one of the key contributions of this research to the existing literature.

6.2 The Rational Course of Action

Expanding the scope of interests that China attaches to the Senkaku/Diaoyu Islands also requires the re-evaluation of what is rational for China in the pursuit of control over the disputed islands. If the islands represent a higher value for China than previously considered, then China is expected to go for greater lengths in securing control over them. This has the potential to bring previously dismissed courses of action back into the rational choice calculation. This research examines five key avenues available to China:

Direct use of force represent the most straightforward application of military power. This option requires China to seize and hold the disputed islands through force. While this option would allow China to establish *de facto* control over the islands, its main drawbacks are high material and political costs. China does not possess an advantage when it comes to the military balance of power that would ensure an easy victory. Furthermore, use of force would violate international norms and is expected to result in significant political fallout.

An alternative option that builds on China's military power is indirect use of force. Rather than invading the islands, this option relies on China's ability to coerce Japan to give in to Chinese demands. A clear advantage here is the lower level of military activity, which reduces both material and political costs. However, especially under the Abe Administration, Japan has demonstrated a strong willingness to resist China, which makes it unlikely that China could present an effective and credible threat. Furthermore, this

option offers high risks for escalation. The possibility of coercion shifting into direct use of force remains a significant concern.

Naturally, military force is not the only option available to China. Among non-military options one choice would be pursuing various non-binding peaceful resolution options. Bilateral negotiations are the most obvious one. However, Japan maintains that there is no dispute between China and Japan as Japan has indisputable sovereignty over the islands. In the absence of a policy change, this prevents the parties from pursuing any negotiations on the issue of sovereignty. Furthermore, previous negotiations on maritime delimitation and joint development have ended in failure. One option to break the diplomatic deadlock would be involve third parties. This option is equally unlikely to succeed as China has a strong stance against third-party options and as there is no obvious third party that would be acceptable to both China and Japan.

Adjudication and arbitration can be useful in cases where the parties are incapable of settling the dispute in a non-binding format. However, for these options to be effective, the parties have to be at least willing to submit the case. Neither Japan nor China has a track record of engaging in international legal settlements. And in light of the weaknesses of China's claims, there is little reason for Beijing to engage in such proceedings. This is especially so as a judgment firmly in favour of Japan would eliminate the existing ambiguity that China has been exploiting to push its claims.

Finally, China has the option not to pursue any direct action as part of a delaying strategy. This strategy means the adoption of a 'wait and see' approach, seeking better opportunities for action in the future. The main benefit of this option is that China does not have to make a move under the current fairly unfavourable conditions. The main drawback, however, is that the situation might get worse in the future. The option also means that China does not get to fulfil any of its interests associated with the islands.

It is this research's conclusion that in the short term one should expect China to adopt a delaying strategy. None of the potential resolution options offer an optimal avenue for China (see Graph 5.1). Non-military options and indirect use of force are burdened by too high risk of failure, while the balance of power is not conducive to direct use of force. Delaying entails only limited risks. And while the benefits are extremely limited, it is still rational for China to wait, rather than to rush head first into a conflict with Japan. This conclusion conforms to the existing literature on the subject. However, the reasoning behind it is different. Most of the existing literature attributes expected Chinese inaction to the restraining power of economic interdependence. The key problem with this is that it is derived from limiting the scope of interest China has in the islands and then extrapolating it into the conclusion that use of force would be absolutely irrational for China. This leads to the erroneous conclusion that delaying will continue to dominate Chinese strategic thinking. In contrast, this research argues that delaying is not sustainable in the long run. The islands are connected both to the territorial security of the PRC and the survival of the CCP. Eventually China will be forced to seek a resolution as it continues to rise as a great power. One can observe a gradual sense of escalation in the history of the dispute, with each cycle of escalation being harder to resolve than the one before it.

This research argues that in the medium to long term China is expected to use force over the dispute, unless the surrounding circumstances change. The Japanese policy of denying recognition to the dispute prohibits a constructive diplomatic solution. And with coercion being unlikely to succeed, China has no other option but to resolve the conflict through the direct use of force if it wishes to pursue its interests attached to the disputed islands. This conclusion runs contrary to the existing conclusion that economic interdependence will continue to restrain the conflict and that use of force would be irrational. It is important to state that China is not expected to use force because it is the

optimal course of action. But rather because it will be the least bad option available to Beijing.

6.3 The Senkaku/Diaoyu Islands as part of China's Security Interests

It is important to remember that the Senkaku/Diaoyu Islands is merely part of a larger set of Chinese interests. While Chapter 2 discusses how the disputed islands contribute to larger Chinese interests, such as external and internal security, the dispute does not hold a monopoly on influencing these interests. Overestimating the importance of the disputed islands is just as erroneous as underestimating them.

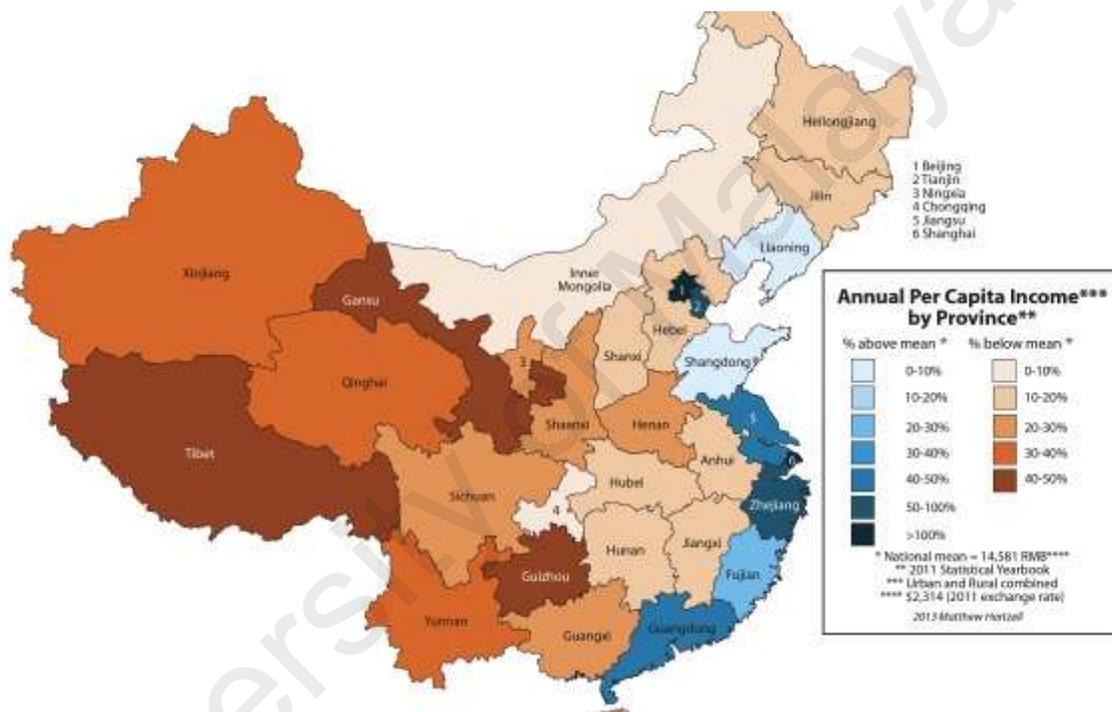
At the moment, no direct threat to China's territorial integrity has materialized. In other words, China does not face any threat of attack from any external power that could devastate the coastal provinces. When discussing the islands importance for defence, it is in the context of realist security seeking behaviour. Controlling the islands is important to counter potential future threats, rather than to defend against an existing one. This security seeking behaviour is born out of realism's argument that, if survival is at stake, it is prudent to be risk averse when it comes to managing external threats. However, overly emphasizing such behaviour, while neglecting more immediate issues is a recipe for disaster.

Contemporary China faces a host of internal issues that threatens the internal cohesion of the country, and that are especially a source of worry for the Communist Party. China's quest for economic development imposes significant social and environmental costs. The environmental degradation of the country is a well-publicized issue. Air and water pollution are significant issues and are increasingly threatening the very habitability of certain areas.¹

¹ Eleanor Albert, Beina Xu, "China's Environmental Crisis," *Council on Foreign Relations*, 18 January 2016, <<http://www.cfr.org/china/chinas-environmental-crisis/p12608>> Accessed on 27/10/2016; Lily

Similarly, the social costs of development also have been enormous. While the PRC touts itself as a communist country, there is a significant income gap between the interior and the coastal provinces, as well as between peasants and the urban population: According to the China's Bureau of Statistics, in 2014 the per capita disposable income of urban households was 29 381 Yuan, while the same for the rural population has been 9 892 Yuan.²

Map 6.1: Income Distribution by Province³



The rapid economic development of China led to the disenfranchisement of its rural population. This can lead to significant unrest in rural areas.⁴ But the rural areas are not the only ones prone to upheaval. Protests by factory workers are increasingly

Kuo, "China is moving more than a River Thames of Water across the Country to deal with Water Scarcity," *International Centre for Journalists*, 6 March 2014, <<http://www.icfj.org/globalfellows/?p=600>> Accessed on 27.10.2016.

² National Bureau of Statistics of China, "China Statistical Yearbook," 2014.

³ Matt Schiavenza, "Mapping China's Income Inequality," *The Atlantic*, 13 September 2013, <<http://www.theatlantic.com/china/archive/2013/09/mapping-chinas-income-inequality/279637/>> Accessed on 27/10/2016.

⁴ The Economist, "Rural Unrest in China," 15 March 2007, <<http://www.economist.com/node/8864384>> Accessed on 27/10/2016.

common.⁵ Even veteran personnel of the PLA has taken to the streets.⁶ And when not dealing with dissatisfaction due to socioeconomic conditions, Beijing is forced to deal with the restive ethnic minority provinces of Tibet and Xingjian. The latter ethnic conflicts represent a significant threat to the perceived territorial sanctity of the PRC, while the former socioeconomic dissatisfaction undermines CCP legitimacy. These are all significant internal security threats. More importantly, these threats have already materialized and pose a concrete hazard for the CCP, while external threats remain merely a potential.

Prioritizing the Senkaku/Diaoyu Islands dispute at the expense of these issues would be clearly irrational. China needs to solve its issues at home before it can confidently project power abroad. However, the Senkaku/Diaoyu Islands dispute also represents potential for the CCP to mitigate these issues: Seeking a victory by gaining control over the islands would bolster the nationalist credentials of the CCP and would potentially distract from internal issues to deflect some criticism. Beijing might seek a showdown over the islands as a ‘diversionary war’ to channel internal frustration against a foreign enemy.

However, seeking control over the disputed islands is definitely not an immediate necessity. This contributes to this research’s conclusion that at the moment delaying is the rational course of action. Would China face a strong and concrete external threat, immediate action would be required to bolster China’s security and delaying would not be possible. That said, China cannot neglect at least planning on how to improve its

⁵ Simon Denyer, “Strikes and workers’ protest multiply in China, testing party authority,” *The Washington Post*, 24 February 2016, <https://www.washingtonpost.com/world/asia_pacific/strikes-and-workers-protests-multiply-in-china-testing-party-authority/2016/02/24/caba321c-b3c8-11e5-8abc-d09392edc612_story.html> Accessed on 27/10/2016/

⁶ The Japan Times, “Rare protest by ex-soldiers at China’s Defense Ministry prompts heightened security,” 12 October 2016, <<http://www.japantimes.co.jp/news/2016/10/12/asia-pacific/rare-protest-ex-soldiers-chinas-defense-ministry-prompts-heightened-security/#.WBHhYuB96Uk>> Accessed on 27/10/2016.

security. The vulnerabilities discussed in Chapter 2 are real and continue to be an obstacle to China achieving great power status, according to realist definitions. No state can remain insecure forever, and eventually China will have to act to secure its maritime boundary and economically vital coastal provinces.

6.4 The Security Dilemma and Offensive Realist Security Seeking

In essence the situation faced by China and Japan is the classical realist security dilemma. While there are a number of political and economic issues attached to the dispute, at its core there is a strong security dimension. In the current geopolitical environment China is insecure: Demographic and economic changes has shifted the country's centre of gravity to the coastal regions. However, China traditionally lacks a strong maritime presence which could protect it from attack. Consider two examples. The United States is protected by vast oceans. On the Pacific Ocean, the US maintains forward operating positions on Hawaii and Guam (for example). Hawaii is some 3 700 km from the continental United States, while Guam is another 6 000 some kilometres from Hawaii. On the Atlantic Ocean, with the exception of Bermuda, there is nothing for almost 4 000 kilometres. In contrast, Great Britain is separated from the European mainland by the English Channel, which is 32 km wide at its narrowest point. In the absence of distance, the Royal Navy's permanent domination of this maritime space has been essential to the security of the United Kingdom. China is separated from Japan by some 500 kilometres. Beijing does not have the luxury of being separated from its regional rivals by vast oceans. At the same time, the PLA-N at the moment lacks the Royal Navy's ability to control this maritime space. While the PLA-N maintains a large fleet of coastal combatants, its surface fleet lags behind some of its key rivals.

To ensure the security of the valuable coastal provinces, China has to expand into the maritime realm in order to be able to engage the enemy as far as possible from the

coast. This behaviour is not motivated by the desire for conquest, but by survival instinct, the desire to escape insecurity. The key problem faced by China is that it needs to expand into a maritime realm already occupied by other regional powers. In the absence of a strong Chinese naval presence, the states of maritime Northeast and Southeast Asia have divided up this space amongst themselves. The East China Sea is largely the domain of Japan, controlled through the MSDF and Ryukyu Islands chain. The South China Sea is controlled by the various ASEAN states through their holding of islands and reefs. Any gain China makes to solidify its control over the region comes at the expense of other states. To gain control of physical features, Beijing has to take them from these countries. At the same time, increasing the PLA-N's strength upsets the balance of power as the others' relative strength diminishes, inducing fears of the PLA-N becoming strong enough to expel them from the region. This creates the zero-sum competition between states offensive realism argues for as the core mechanic of state interactions. Even seemingly defensive concepts, such as anti-access warfare, contribute to this. The ability to deny use of sea lines of communications is a threat, even if China does not gain command of the sea in the process, as it limits the sovereign agency of other states.

In the end, China's efforts to increase its own security, even if done with no malice towards other states, reduces the security of other regional powers due to the finite nature of geographical space and the centrality of the relative distribution of power to international politics. Facing a threat to their own security, regional states are forced to respond. This can be observed in the case of Japan. Under Prime Minister Abe, Japan has stepped up its defence acquisition to fend off any negative shift in the balance of power with China. At the same time the JSDF begun fortifying Yonaguni Island to increase Japan's physical control over the East China Sea and to prevent a potential Chinese advance. Similarly to China, Japan's actions are not the result of malice towards by China,

but the rational pursuit of self-interest, in this case that of security. And just as China, Japan views this direction as defensive, rather than aggressive.

At this point China and Japan are locked into the classical realist security dilemma. Each seeks the rational pursuit of security, but their actions leave the whole system less secure as their behaviour ushers in a competitive dynamic. Japan's actions confirm China's fears, fuelling its insecurity. Thus Beijing pushes even more assertively to improve its strategic situation. However, this further threatens Japan, which responds with further security seeking behaviour. In the end, their individual rationality creates a vicious downward spiral of competition and arms acquisition that is waiting for a spark to ignite the tinderbox. China and Japan conforms to offensive realism's expectations for interstate competition.

China's behaviour in general conforms to the predictions of offensive realism. One, China's current policy appears to be that of delaying while undertaking military preparation. Offensive realism as presented by Mearsheimer argues that states are rational actors that pursue expansion only when the conditions are favourable, while at other times they wait and seek out opportunities to influence the balance of power.⁷ China exhibits this rational behaviour. Beijing did not seek a military confrontation over the islands, nor is it expected to do so in the short term, as the circumstances are not conducive to military action, primarily due to a less than favourable military balance. However, Beijing has not been idle. China has been undertaking an ambitious modernization program to close the gap with regional rivals, including a dynamic naval acquisition program. The introduction of the Type 052D and Type 055 classes could significantly improve China's naval standing relative to Japan.

⁷ Mearsheimer, *The Tragedy of Great Power Politics*.

Two, China's overall goal is also in harmony with offensive realist thinking. The idea of achieving great power status – a position in the international system comparable to that of the United States' – is central to contemporary Chinese political ideology. China has been humiliated in the past due to its weakness and only strength can prevent future humiliation. This thinking is similar to offensive realism's expectation of hegemony seeking. Mearsheimer states that the only position of true security is regional hegemony, or a position in which the gap in the balance of power is so wide between a state and its neighbours that they no longer pose a direct military threat. In the current international system only the United States occupies such a desirable position. But the current Chinese political aim to restore China to its rightful place under the sun is such regional hegemony seeking behaviour dressed up into a Chinese patriotic language. China's ultimate aim is to create its own sphere of influence in Asia to achieve a position of security.

Overall, the behaviour of the key players during this research has not violated the expectations of the adopted offensive realist theoretical framework. Both China and Japan exhibit strong security seeking behaviour, and both are constrained by rationality. However, an adherence to offensive realist logic has troubling implications for the future of regional security. While offensive realism is often maligned by conflating it with an overemphasis on aggression, an offensive realist system is certainly not a peaceful one. A significant conflict of interest over security, as seen in the case of China and Japan, is likely to lead to a confrontation in the long run.

6.5 The Future of the East China Sea

At the end of the day, it is important to consider what all of this means for security, both on the East China Sea and in a wider regional context. There is little to be optimistic about. The high strategic value of the islands for China combined with the lack of attractive non-military resolution options are a cause for concern. This research has

highlighted that under the current conditions China has few options but to use force to pursue key security, economic and political interests. A Sino-Japanese confrontation would spell trouble for the region, regardless of the outcome. East Asia continues to be a volatile region, containing some of the most critical hotspots of the contemporary security landscape.

It is impossible to determine the consequences of a Sino-Japanese confrontation or how they would reach beyond an educated guess with any solid accuracy. However, a Chinese victory would create a troubling contemporary precedent, legalizing use of force as a method of dispute resolution. In a region plagued by a myriad of territorial disputes such a precedent would be fairly dangerous. The opposite is not more promising either. A China wounded in its nationalist sensibilities after a defeat would be even more of a challenge to deal with. Rather than ending the crisis, defeating potential Chinese aggression could lead to further escalatory behaviour from Beijing.

While the situation is bleak, it is important to avoid being too deterministic. The rational choice discussed within this research is the product of its environment. To avoid its grim implications one only needs to change the underlying factors to alter the calculations based on them. Here Tokyo has to face some uncomfortable realities: How the dispute will progress depends just as much, if not more, on Japan than on China. Tokyo's rigid stance, and the expectation that Beijing has to abide by it, leads to confrontation. It is in Tokyo's power to attempt to alter the current course by providing China with a political option. The crucial challenge is whether Tokyo can reconcile this with the political interests of Japan, both domestic and international. PM Abe and the LDP seeks deterrence, even at a significant political cost at home. However, short of a political, economic or demographic collapse in China or a significant shift in the global security landscape, deterrence is a temporary solution. As Japan faces economic and

population pressures of its own, preserving a favourable balance of power will only grow as a challenge.

All that necessary for the triumph of evil is that good men to do nothing. Or to paraphrase it to the current situation, all that is necessary for war is that nothing changes. This research has highlighted where the current trends lead. How changing the fundamental factors would change the rational choice calculations of China, or whether it is even possible to do so, remains uncertain. What is certain is that currently China and Japan is heading down a dangerous path with potentially far reaching implications for regional and global security. Colin Gray argues that peace is not the natural condition of the international system.⁸ It is earned through either sacrifice and creative diplomacy or blood, sweat and tears.

⁸ Gray, *“Fighting Talk”*

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Alagappa, Muthiah: He is currently Visiting Professor at the Asia-Europe Institute, University of Malaya and nonresident senior associate in the Asia Program at the Carnegie Endowment for International Peace. Prior to this he was the Tun Hussein Chair in International Studies at the Institute of Strategic and International Studies in Kuala Lumpur. Interview conducted on 24 February 2016.

Barr, Micheal: He is currently Senior Lecturer in International Politics at Newcastle University, specialising on China. Interview (via email) conducted on 17 November 2014.

Bing, Ngeow Chow: He is currently a Senior Lecturer at the Institute of China Studies at University Malaya, specialising in China. Interview on 15/10/2015 at University Malaya (Kuala, Lumpur).

Chong, Ian Ja: He is currently an Assistant Professor at Department of Political Science at the National University of Singapore specializing in Chinese foreign policy. Interview (Skype) on 02/01/2016.

Dittmer, Lowell: He is currently a Professor at The Charles and Louise Travers Department of Political Science at UC Berkeley. Visiting scholar at University Malaya. Interview on 10/04/2015 at University Malaya (Kuala Lumpur).

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John Lee discussion following the seminar "Does China Have a Grand Strategy and What Does It Look Like." (2015) at University Malaya (Kuala Lumpur). Adjunct Associate Professor at the National University of Malaya specializing in Asian affairs and China.

Kotani, Tetsuo: He is currently a Senior Research Fellow at the Japan Institute for International Affairs. Interview (email) on 15/03/2015.

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Mingjian, Li: He is currently an Associate Professor at the S. Rajaratnam School of International Studies at the Nanyong Technological University, specializing in China. Interview (email) on 11/02/2016).

Nakano, Ryoko: She is currently an Assistant Professor at the Department of Japanese Studies at the National University of Singapore. Interview (Skype) on 14/10/2015.

Singh, Bhubhinder: He is currently an Associate Professor at the S. Rajaratnam School of International Studies at the Nanyong Technological University, specializing in Japan and Northeast Asia. Interview (email) on 03/02/2016.

Washio, Tomoharu: He is currently a Professor at the School of International Studies at Kwansai Gaikun University. Interview (email) on 18/03/2015.

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