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

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.

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 begun 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

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.\(^8\)

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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. Chinese warships were dispatched to ensure the field's safety.

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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.\textsuperscript{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


\textsuperscript{11} Ibid.
Japanese authorities. The move was strongly condemned by China, a foreign ministry
spokeswoman stating that:

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. Fearing the consequences the

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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
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


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

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 islands, followed by a group of Japanese activists a few days later. The announcement and later completion of the purchase of the islands in September by Tokyo 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. The official Chinese response to the Japanese accusation was that the facts presented are not in accordance with reality. 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.

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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.
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)\(^{24}\)**

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\(^{24}\) "East China Sea Air Defense 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”\(^\text{25}\).

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”\(^\text{26}\). The United States similarly expressed concerns over the declaration and stated that it will not alter its military operating procedures in the region.\(^\text{27}\) 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.


The ministry’s response stated that Japan maintains a similar zone.\textsuperscript{28} Japan’s own ADIZ is as follows:\textsuperscript{29}

\textbf{Map 2.3: Japan’s Air Defence Identification Zone (ADIZ)}

![Map of Japan's ADIZ](image)

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”\textsuperscript{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

\begin{itemize}
  \item \textsuperscript{28} “Defense Ministry Spokesman on China’s Air Defense Identification Zone”, \textit{Xinhua News Agency}.
  \item \textsuperscript{30} “Defense Ministry Spokesman on China's Air Defense Identification Zone”, \textit{Xinhua News Agency}.
\end{itemize}
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

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


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 is 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 begun 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

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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.
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

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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

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.


Map 2.8: The First and Second Island Chains

The concepts of the first and second island chains were introduced by Liu Huaqing who has been responsible for creating the contemporary strategic doctrine of the PLA-N. According to this doctrine, the PLA-N’s development is divided into three stages: First, its immediate goal is to seek control over the waters leading up the first islands chain (consisting from the Ryukyu Islands, the Philippines and Borneo), which is deemed essential for the security of the PRC. After such a control has been established, the PLA-N should prepare to break through the first island chain, extending...

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).\footnote{Nan Li, “The Evolution of China's Naval Strategy and Capabilities: From “near Coast” and “near Seas” to “Far Seas”,” \textit{Asian Security} 5, no. 2 (2009).}

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.\footnote{Sam J. Tangredi, \textit{Anti-Access Warfare: Countering A2/AD Strategies} (Annapolis: Naval Institute Press, 2013).}

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:
• 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

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” 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”. Similarly, Ong argues that “China firmly believes] that its security must never be undermined by foreign powers again.” 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

47 Ibid., 15.
teaches students that the PRC needs to defend itself against a hostile world. 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.” 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.” Similarly, Dutta and Emmers 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.

51 Callahan, China: The Pessoptimist Nation, 34.
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.\textsuperscript{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:\textsuperscript{55}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure2.1.png}
\caption{China’s Defence Spending and GDP}
\end{figure}

\textsuperscript{54} Mearsheimer, \textit{The Tragedy of Great Power Politic).
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. 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.

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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.\textsuperscript{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.\textsuperscript{58}

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

\textsuperscript{57} Till, \textit{Seapower: A Guide for the Twenty-First Century}.
\textsuperscript{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

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to detect submarines, reduce the contemporary utility of such tactics. 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

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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

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

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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.

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69 First Map: ibid.
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

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.

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” 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,

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and elite and mass are intertwined.” 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. 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. 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.” 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. Securing control over the disputed islands would be a tangible recognition of China’s international status

[74] Ibid., 13.
[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 Pessoptimist 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. 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”. 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”. 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.

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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 problems\textsuperscript{82} (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.\textsuperscript{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

\textsuperscript{82} Yongnian Zheng, ”China in 2011: Anger, Political Consciousness, Anxiety, and Uncertainty,” \textit{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,” \textit{Asian Survey} 51, no. 1 (2011): 18-32

\textsuperscript{83} Fravel, ”International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion,” 521. See also, Emmers, \textit{Geopolitics and Maritime Territorial Disputes in East Asia}. 

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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:
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. 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.

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.