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PRO GRADU THESIS

**CHINA'S 'ASSERTIVE' SOUTH CHINA SEA POLICY  
AND RHETORIC: PROACTIVE, REACTIVE OR MYTH?**

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### **Abstract**

In March 2010, Chinese State Councillor, Dai Bingguo, in a private meeting with US Deputy Secretary of State, James Steinberg, allegedly referred to the South China Sea (SCS) as one of the country's 'core interests', a term normally only used to refer to regions like Taiwan, Tibet and Xinjiang upon whose sovereignty Beijing will make no compromises. This alleged wording by Mr Dai caused a strong global reaction, with many countries around the world expressing a fear that China, on the back of its rise to the status of the world's second largest economic power, was now about to implement a more assertive foreign policy more in keeping with its new status of global superpower.

As the use of the term 'core interest' took place in a private meeting and appears to have been subsequently leaked, it is impossible to prove what was said or meant, yet in 2011, with China and the US continuing to eye each other with suspicion, the adverse repercussions of people trying to deduce what was meant are undeniable. By analysing the views of experts and the evolution or otherwise of Chinese rhetoric and policy towards the SCS, this thesis will show how the alleged use of a term in a private meeting can have consequences that far exceed what was originally intended. It will also show that it is highly unlikely that China's maritime policy is becoming more assertive as, at China's present stage of social and economic development, it simply cannot afford the ill will and adverse consequences that would result from an act of international aggression. It will show how easy it seems to be for a country like the US to project a misleading image of another country's intentions, which can in turn serve partially to mask its own intentions. Finally, it will show that the China's stance on the SCS is starting to be seen by the world as a litmus test for the assertiveness of overall Chinese foreign policy.

Key words: South China Sea, sovereignty claims, core interests, assertive foreign policy, assertive rhetoric, Chinese military expansion, Asian geopolitics, US ploy, Chinese nationalism, government legitimacy, litmus test

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## Introduction

Since Deng Xiaoping launched China's reform era in 1978, the country has been rising inexorably in all spheres in which it operates. In the West, most attention has been paid to China's economic rise, to some extent almost ignoring the fact that as China develops economically, other fields such as foreign policy and military power are destined to evolve, either as a direct or indirect result.

In the wake of the Beijing Spring of 1989, when China attracted what the members of its leadership considered to be an unfortunate amount of negative attention on the international stage, which seriously threatened to derail the country's economic miracle, Deng Xiaoping advocated that, in international affairs at least, China adopt a policy of *Tao Guang Yang Hui* (韬光养晦), which literally translates as 'hide brightness, nourish obscurity'.<sup>1</sup> It is often summed up in English as a policy of 'keeping a low profile' on the international stage, with the unspoken aim of not scaring potential wealthy investors away from assisting China in its quest to become the world's wealthiest, most powerful nation.

Perhaps partly as a result of this proclamation by Deng, much of China's development from the early 1990s until the late 2000s proceeded without the West appearing to feel too concerned that China was somehow becoming a threat. Even after the first ever military confrontation between China and the Philippines in 1995, when China forcibly seized and began to occupy Mischief Reef, an islet in the South China Sea claimed by the Philippines and well within the latter's exclusive economic zone,<sup>2</sup> the West did not react with any great condemnation although harsh condemnation was admittedly forthcoming from the ASEAN nations.

Contrast this with the situation in March 2010, when Chinese State Councillor Dai Bingguo held a meeting in private with US Deputy Secretary of State, James Steinberg, and allegedly referred to the South China Sea as one of China's 'core interests', a term normally used only to refer to regions like Taiwan, Tibet and Xinjiang that are at the

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<sup>1</sup> Xiong, 2010.

<sup>2</sup> Valencia, 1997.

highest level of policy and upon whose sovereignty Beijing will make no compromises.<sup>3</sup> As stated, the meeting was held in private and the use of the term ‘core interest’ by Dai is only hearsay that cannot be proven, but in the aftermath of the alleged use of the term, the world was awash with theories that this was proof that China was no longer keeping a low profile on the global stage and was taking the first steps to becoming more assertive. It even resulted in US Secretary of State, Hillary Clinton, claiming the following month that keeping the South China Sea open to free navigation was a ‘national interest’ of the US, a statement which China angrily saw as the USA meddling too closely in areas outside its remit.<sup>4</sup>

So why were the repercussions of these two events so vastly different? Why did a military confrontation and apparent ‘land-grab’ by China in the mid-1990s cause little consternation on the international stage, while the unsubstantiated use of a two-word term in a private meeting 15 years later caused an unprecedented ratcheting up of rhetoric and increased tension between China and the US? Despite apparently friendly meetings between the two countries’ presidents in January 2011, China and the United States continue to eye each other’s intentions with a higher level of suspicion than was evident throughout the 1990s and most of the first decade of the new millennium.

The South China Sea has long been a region of multilateral territorial dispute, with China, Vietnam, the Philippines, Malaysia, Taiwan, Indonesia and Brunei all claiming most or parts of the body of water, but until June 2010, the disputes were largely being shelved in favour of peaceful joint development of the sea. This was partly a result of the signing by China and the ASEAN nations of the Declaration on the Conduct of Parties in the South China Sea in 2002, committing the signatories to peaceful conflict resolution. However, the sea’s connection in 2010 with the idea of Chinese ‘core interests’ and rapidly expanding naval power appears to have changed all that and given the international community the idea that, whilst not necessarily seeking to hegemonise the world or even Asia, China is looking to reclaim what it sees as its historically-based

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<sup>3</sup> An example of such rhetoric regarding Taiwan came from Chairman of the CPPCC, JiaQinglin, when, on June 8 2005 in a meeting with Speaker of the Canadian Senate, Daniel Hays, in the Great Hall of the People, he was quoted as saying that the Taiwan Question is related to China’s sovereignty and territorial integrity and concerns China’s core interest. [<http://il.chineseembassy.org/eng/xwdt/t201085.htm>].

<sup>4</sup> Kaufman, 2010.

sovereignty over its 'own lake', the South China Sea, and generally to act more assertively on the international stage.

In this thesis, I will show that, whilst China's foreign policy may indeed be becoming more assertive, this is more a result of an increased desire to 'pull its weight' on the international stage in a manner befitting its newly acquired status as economic superpower and the world's second largest economy. I will also show that, whilst China is undoubtedly engaged in increasing the strength of its military and particularly its naval forces, this cannot be taken at all as proof that it intends to take the South China Sea by force, or indeed any other areas under dispute such as the Senkaku/Diaoyu Islands in the East China Sea. In China's opinion, a nation as vast, important and wealthy as itself must have military forces of a scale capable of defending such massive assets. 'Assertiveness' cannot be seen as a synonym for 'aggression', a mistake that many Western commentators currently seem to be making, either accidentally or deliberately. With this latter point in mind, I will show that it is possible that the US tried to use the 'core interests' discourse to plant the seeds of doubt in the minds of the ASEAN nations with regard to China's intentions, with the aim of facilitating its own re-establishment as a major force in the South China Sea and East Asia in general.

Chapter One looks at the South China Sea from a broader perspective, analysing the history of the disputes and the basis of the claims of the various littoral nations. It takes a particularly close look at why China considers almost the entire sea to be its territory.

Chapter Two analyses the precise meaning of the term 'core interest' and its possible meanings in specific relation to the South China Sea. It also looks at what actually happened as a result of people thinking that the term had been used in relation to the South China Sea, and its impact on subsequent rhetoric, both from China and the US.

Chapter Three presents the evidence against the assumptions that China is moving towards a more aggressive foreign policy and towards a navy that is aiming to project itself in an offensive capacity. It looks at the reasons why China simply cannot afford to pursue an aggressive, hegemonistic policy, neither at the current stage of its development or for at least the next few decades.

Chapter Four analyses the real main reasons for the recent increase in tension in the South China Sea between China and the US and between China and its ASEAN neighbours, looking particularly at such matters as Chinese military expansion, the burgeoning Chinese need for oil and natural resources, and domestic factors in China such as nationalism and the quest of the Chinese government for legitimacy. It will also take a look how the geopolitical situation in the East China Sea with Taiwan, the Koreas and Japan is affecting the overall picture.

Chapter Five examines the findings of the thesis. Firstly, it first looks at the ‘core interests’ discourse and investigates the evidence to support a hypothesis that it may have been a ploy by the US to assist it back into Southeast Asia. Secondly, it examines the reasons why it is most unlikely that China is adopting and will adopt an aggressive maritime policy in the near or more distant future. Thirdly, it looks at the theory that the world is viewing Chinese attitudes towards its sovereignty over the South China Sea as a kind of ‘litmus test’ of the overall level of assertiveness of its foreign policy. After all, we know that China will not negotiate on issues such as Taiwan, Tibet and Xinjiang, so if it starts to be equally inflexible about the SCS, then the concerns of the international community may become justified. The case of the SCS and the cases of Taiwan, Tibet and Xinjiang are after all very different, as the former is an issue with a complex international framework, whilst the latter are seen in China solely as internal Chinese matters.

In order to prove my argument, I will refer to primary data that I have gained from personal interviews conducted with leading Chinese and Western experts in Chinese borderland studies, maritime law, international law, political science, Chinese maritime history, South China Sea studies and South East Asian peace and conflict research. In order to obtain a broader picture, I will combine this primary data with secondary data, in both English and Chinese, gained from books, journals, newspapers, periodicals and online materials. As the alleged South China Sea ‘core interest’ statement that was the catalyst for the ‘assertiveness’ discourse is very recent, much of the material has yet to be published in paper form and is mainly on the internet.

I was unfortunately unable to secure personal interviews with sitting members of the government or military forces, but have endeavoured to use as many reliable secondary sources as possible in order to gain an understanding of their positions.

The bulk of the interview material was recorded in Chinese, and the English translations, be they direct quotations or summaries of what was said, are my own.

## **1. Chapter One - The history of the South China Sea Dispute and the competing claims**

Since 1949, China has offered substantial compromises in 17 of its 23 territorial disputes, all land-based, and thereby successfully resolved them.<sup>5</sup> The dispute over sovereignty in the South China Sea (SCS) is one of the few that has not been resolved. The reasons for the intractability of the SCS disputes are many, but can largely be explained by two factors: firstly, unlike land border disputes that mainly involve only two parties, the SCS disputes are usually multilateral and involve many overlapping claims that no parties are willing to concede on. Secondly, the claim of the major claimant country, China, is based largely on historical title, which, it contends, takes precedence over any recent legislation on account of its longevity in comparison with that legislation. This is one factor inhibiting the simple application of the United Nations' Convention on the Law of the Sea (UNCLOS), concluded in 1982, which could otherwise be used to solve many of the disputes.<sup>6</sup>

### **1.1 Historical snapshot**

Although the concept of national sovereignty was not really embraced in East Asia until the 19<sup>th</sup> century and the arrival of the imperial western powers, China's claim to national sovereignty over about 80 per cent of the entire body of the SCS is largely based on historical evidence stretching back more than 2,000 years, comprising old Han dynasty Chinese artefacts found on some of the islands and ancient literature charting frequent visits to the Spratly Islands (called Nansha/南沙 in Chinese) by fishermen from Hainan Island.<sup>7</sup> Because China's historical literature is richer than that of its neighbours, it contains the first and most frequent mentions of the South China Sea and its islands.<sup>8</sup> It names the reefs and indicates their location, but more as a warning to ships of the dangers they presented than as a claim to sovereignty.

From 12<sup>th</sup> to the 15<sup>th</sup> century, trade in the South China Sea was dominated by Chinese ships. In the early 15<sup>th</sup> century, China's greatest ever mariner, Zheng He, made seven

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<sup>5</sup> Fravel, 2005, p 46.

<sup>6</sup> The main provisions of UNCLOS deal stipulate that a country can demarcate its territorial waters as stretching 12 nautical miles from its base/coastline, its exclusive economic zone or EEZ (the area in which it has exclusive rights to the exploitation of natural resources) as stretching 200 miles, and its extended continental shelf rights as stretching 350 miles, if the continental shelf naturally extends that far.

<sup>7</sup> Tonnesson, 2002, p 573.

voyages from China down through the South China Sea as far as India and even to the coast of East Africa.<sup>9</sup> His ships were reputedly twice as large as anything sailing in Europe at the time.<sup>10</sup> In that era, thanks to Zheng He, China indisputably ruled the Asian waves and could have gone on to the status of global naval superpower, but after he died in 1433, the Yongle Emperor decided to invest in defending against the growing threat from the Mongols and decommissioned the fleet. According to some accounts, the fleet was even burned, putting to an end a golden age of Chinese seafaring, plunging it into a period of oblivion that was to last more than 400 years and, in the eyes of many competing claimants, severely damaging China's historical claims to sovereignty over the South China Sea islands, which, according to international law, must be based on the continuous exercise of sovereignty following discovery.

China's disinterest in the sea was to change in the mid-19<sup>th</sup> century when the colonial powers of Europe brought the concepts of 'sovereignty' and 'freedom of navigation' to Asia. They decreed that land was to be divided into territories with mapped and demarcated borders, and the sea should be free for all except for a narrow strip of territorial waters running parallel to the coasts.<sup>11</sup> At the time, no country was showing much interest in either the Spratlys or the Paracels (Xisha/西沙), which were mainly regarded as a mere hazard to navigation, but in 1877, Spratly Island and Amboyna Cay (Anbo Shazhou) were formally claimed by the British crown with the aim of exploiting guano (a type of bird dung used as fertiliser), the first time that a modern, Western-style legal claim was made anywhere in the SCS.<sup>12</sup> China sent a mission to claim the Paracels in 1909, but the subsequent collapse of the Qing dynasty meant that China was unable to uphold its claims.

Fear of Japanese imperial expansion in the 1930s resulted in France gaining an interest in the Spratlys and Paracels, both of which it claimed and occupied, the latter on behalf of its protectorate of Annam, now central Vietnam, partly based on historical claims made by the Nguyen dynasty in the early 19<sup>th</sup> century. Japan officially protested the French actions and then, prior to seizing Hainan Island, moved to occupy some islands

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<sup>8</sup> Tonnesson, *War or Peace in the South China Sea*, p 7.

<sup>9</sup> Dreyer, 2006, pp.122-124.

<sup>10</sup> *Science and Civilization in China*, Volume 4, Section 3, p.480.

<sup>11</sup> Tonnesson, *War or Peace in the South China Sea*, p 8.

<sup>12</sup> Marston. 1986, pp. 337-356.

in both archipelagos to the dismay of the British who had been relying on France to protect Western interests there. Japan established a submarine base on Itu Aba (Taiping Dao), the largest of the Spratlys, and used it as a base from which to launch many of its attacks during the Second World War, strangely with the tacit approval of the French who did not withdraw their garrisons until the war was over.<sup>13</sup>

After the war in 1945-46, Chiang Kai-shek adopted a bullish policy towards the SCS, sending his Kuomintang (KMT) forces to set up sovereignty markers on Woody Island (Yongxing Dao) in the Paracels and on Itu Aba in the Spratlys. In 1947-48, his government also published a map containing the 'Nine-Dotted' or 'U-Shaped' Line, apparently claiming the bulk of the SCS as Chinese sovereign waters, although the exact meaning of this line has yet to be clarified even to this day. After its defeat by Mao Zedong's Communists, however, the KMT was chased not only from Hainan Island but also from Woody Island and Itu Aba.

The defeat of the KMT by the Communists was actually very damaging for Chinese claims to the South China Sea islands. The San Francisco Conference of September 1951 officially relieved Japan of possession of the islands, but, despite claims based on prior discovery carrying weight with the Allied Powers and Zhou Enlai declaring a Chinese claim to the islands in August of that year, the Allies would not permit the islands to revert to Communist China, and they all remained unoccupied until 1956.<sup>14</sup> In that year, a maritime activist from the Philippines called Thomas Cloma with encouragement from the Philippine government led an expedition to occupy some of the Spratly islands just to the west of the Philippine island of Palawan, claiming that they had become *res nullius* (ownerless under the law) when Japan had been forced to abandon them. He christened them Kalaya'an (Freedomland). This action by Cloma prompted a flurry of activity in the Spratlys with Taiwan moving to station a garrison on Itu Aba, China establishing a permanent presence on Woody Island, and South Vietnam erecting its markers on some of the Spratlys. North Vietnam, however, accepted China claim to sovereignty over both the Paracels and Spratlys,<sup>15</sup> a fact that China uses to this day in support of its all-embracing claim over both archipelagos.

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<sup>13</sup> Tonnesson, *War or Peace in the South China Sea*, p 10.

<sup>14</sup> Buszynski. 2007, p 146.

<sup>15</sup> Ibid.

Domestic upheaval in China during the 1960s meant that little occurred in the SCS during the period, until 1969, when the International Court of Justice (ICJ) in the Hague adjudicated for the first time that national jurisdiction of a continental shelf could extend beyond the 12-mile limit of territorial waters. This led, in 1973, to the opening of the Third United Nations Convention on the Law of the Sea (UNCLOS III), with the global oil crisis focusing attention on how important it might be to possess as many islands as possible from which continental shelf rights up to 350 miles from a country's coast could be claimed.<sup>16</sup> During the 1970s, the Philippines, South Vietnam and Malaysia were all highly active in making continental shelf claims. China was strangely silent, perhaps realising that making any UNCLOS-based claims would seriously call into question its historical claim to sovereignty as defined by the Nine-Dotted Line.

China's silence did not, however, signify lack of action as, in 1974, it attacked and drove the South Vietnamese from the western Paracels and China has exercised full control of the archipelago ever since. The Vietnamese did not, however, wallow in defeat and almost immediately sped off to the Spratlys where they stationed garrisons on several reefs and islands, and since then Vietnam has always occupied more features in the Spratlys than any other country.

Again a period of relative calm ensued in the SCS. Vietnam became dependent on the Soviet Union for naval support, and the SCS became a theatre for mainly passive Cold War rivalry between the Soviets and Americans that made it difficult for China, whose navy was still relatively weak, to establish itself. That was until 1988, when Gorbachev decided to scale down costly overseas Soviet naval deployments leaving Vietnam exposed. China acted swiftly incorporating both the Paracels and Spratlys into the new province of Hainan, and, in order to try to cement this new arrangement, sending three missile-equipped frigates into the Spratlys and driving the Vietnamese out of Johnson Reef (Chigua Jiao), in the process sinking three Vietnamese ships and killing more than 70 troops.<sup>17</sup>

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<sup>16</sup> Tonnesson, *War or Peace in the South China Sea*, p 14.

<sup>17</sup> Chang Pao-min, 1990, pp. 20-39.

Despite being a signatory to UNCLOS III, in 1992 China promulgated a law contradicting UNCLOS, with its Law on the Territorial Sea and the Contiguous Zone of the People's Republic of China, officially stating that the Spratlys, Paracels, Taiwan, Senkaku/Diaoyu and a host of other islands were all included in China's territorial land.<sup>18</sup> According to this law, any foreign military vessel must obtain permission from the government of China before crossing these waters. This gave rise to increasing tension in the SCS which was only exacerbated when, in 1995, China erected a military barracks on Mischief Reef (Meiji Jiao), a feature used by Filipino fisherman and well within the Philippines' 200-mile exclusive economic zone (EEZ). This incident resulted in howls of protest from ASEAN, the severing of diplomatic relations between the China and the Philippines, and in the Philippines signing a bilateral defence treaty with the USA (the Visiting Forces Agreement of 1998).

These adverse consequences for China appeared to take it by surprise and perhaps convince it that respecting norms of behaviour was a good way to constrain external powers in SCS disputes.<sup>19</sup> To that end, in 2002 China, for the first time, accepted a multilateral instrument in the containment of the disputes when it joined ASEAN in signing the Declaration on the Conduct of Parties in the South China Sea, not a legally binding agreement, but at least a code of norms aimed at convincing all parties to work together for the benefit of the SCS and to resolve all disputes through peaceful means, while setting aside matters of sovereignty for the time being.

On the basis of this declaration, the situation in the SCS remained relatively peaceful until 2009 when Malaysia and Vietnam jointly submitted to the Commission on the Limits of the Continental Shelf a notification of the two countries' extended continental shelf claims, extending beyond 200 miles from their shores and including much of the Spratlys.<sup>20</sup> In the same year, the Philippines enacted the Baseline Law, renewing its claim to sovereignty over Kalaya'an/Freedomland. This caused a heated war of words between all three nations and China.

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<sup>18</sup> [[http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/CHN\\_1992\\_Law.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/CHN_1992_Law.pdf)] - accessed 16 March 2011

<sup>19</sup> Buszynski, 2003, pp. 343-362.

<sup>20</sup> [[http://www.un.org/Depts/los/clcs\\_new/submissions\\_files/submission\\_mysvnm\\_33\\_2009.htm](http://www.un.org/Depts/los/clcs_new/submissions_files/submission_mysvnm_33_2009.htm)] - accessed 16 March 2011.

2010-2011 has certainly not witnessed any calming of the situation, with a train of unfortunate events causing an increasing rise in tensions in the SCS, including the alleged use of the term ‘core interest’ by China to describe the sea, the US countering by linking the sea to its ‘national interests’, tension in the East China Sea with the arrest by Japan of a Chinese captain, and a near-collision between the USNS Impeccable and five Chinese vessels that had been shadowing it. The history of South China Sea disputes has indeed been colourful.

## **1.2 The claim of the People’s Republic of China**

China claims undisputed sovereignty over the SCS islands and their adjacent waters based on records and artefacts from the Han Dynasty (206 B.C - 220 A.D.) that it asserts prove that fishermen from Hainan Island first discovered the islands in 2 BC, and that a naval expedition in 110 AD staked the first claim. The area claimed by China, delineated approximately by the Nine-Dotted Line, covers about 80 per cent of the entire body of water and encompasses all the Spratly and Paracel islands, reefs and other features and the Pratas Islands (Dongsha). It extends so far south that it even encompasses James Shoal (Zengmu Ansha) located at a latitude of just 4 degrees north.<sup>21</sup> The first official claim by China dates back to an 1887 treaty with France dividing the Gulf of Tonkin.<sup>22</sup>

### **1.2.1 The Nine-Dotted Line**

In 1947, the KMT government produced the ‘Location Map of the South China Sea Islands’, showing the position of the islands over which it considered to have undisputable sovereignty. For the first time, a discontinuous, U-shaped dotted line appeared on the map, as if forming a bag in which to put all the islands.<sup>23</sup> When it was first published, the line actually contained 11 dots but two were deleted in the Gulf of Tonkin in 1953 on the approval of Zhou Enlai. One of China’s main arguments for the legal validity of the line is that, upon its declaration, not a single member of the international community expressed disagreement about it, and no diplomatic protests

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<sup>21</sup> See map in appendix.

<sup>22</sup> Cossa, 1998.

<sup>23</sup> See map in appendix.

were even heard from the states adjacent to the sea much nearer to many of the islands than China was.<sup>24</sup>

The exact meaning of the line has never been officially stated by China and it appears that China was happy to leave its meaning ambiguous. One of my interviewees, Prof. Liu Nanlai (刘楠来), Chief Editor of the *Chinese Yearbook of International Law* and Senior Research Fellow of the Institute of International Law at the Chinese Academy of Social Sciences had the following to say on the matter:

“We Chinese scholars are busy looking for materials to clarify exactly what the Nine-Dotted Line means, but right now it is not very clear. Many Chinese scholars have different opinions about the meaning of the line and many are amazed at how vague it all is. There are several different versions. One is that it is a national border of Chinese territory so everything within it, land and sea, is Chinese territory. I don’t agree with this interpretation. It’s not justifiable. A national border must be a precisely-drawn unbroken line otherwise you can’t tell exactly where it should go.”<sup>25</sup>

In Prof. Liu’s opinion, the line was drawn to demarcate all the islands and features that China was claiming making a specific point of including the southernmost feature, James Shoal, but not to delineate its territorial waters. If, however, other countries were to assume that it delineated territorial waters, then why should China contradict them? Prof. Liu thinks that the 1992 Law on the Territorial Sea and the Contiguous Zone of the People's Republic of China perhaps provides some evidence, although not indisputable, that the line is merely intended as a claim to the islands as it states that ‘the PRC’s territorial sea refers to the waters adjacent to its territorial land’, meaning at most a 350-mile continental shelf claim and no more.

### **1.2.2 Why China unashamedly claims most of the South China Sea**

Aside from the much quoted Han dynasty documents and artefacts reputedly proving ‘first discovery’ of the Spratlys by China, nationalistic sentiment over their sovereignty is also stoked by a wealth of other evidence supporting its claim of ‘historical waters’. I was lucky enough to interview Mr Shan Zhiqiang (单之蔷), Executive Editor-in-Chief

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<sup>24</sup> Li & Li, 2003

of the journal ‘Chinese National Geography’, and one of the few people to have personally made extensive research tours of the South China Sea and particularly the Spratlys. He recounted the following, in explanation of how the Chinese did in fact carry out continuous occupation of the Spratlys over the centuries and how, during that period, the islands were even able to sustain human life, a prerequisite stipulated by UNCLOS III for a country wishing to establish historical title:

‘Even from the 16<sup>th</sup> to 19<sup>th</sup> century when China operated no navy, visiting Western explorers found only Chinese inhabiting the islands. Why were they there? It’s because China had four top-class dishes that the emperors and other rich people liked and considers as status symbols: abalone, sea cucumber, shark’s fin and bird’s nest soup. Such dishes are much less popular in other countries. The South China Sea is abundant in the first three, and the Chinese came to Sarawak in Indonesia to collect bird’s nests [hence their need and desire to travel as far south as James Shoal]. Just as the British and French discovered when they first came to Canada to trade in furs, if you have a good business in something, you need to occupy the territory or your business will be gone. These four top-class foods are rare on the Chinese mainland, so sold for a high price. Profits were therefore good and business sustainable over a long period. The fishermen’s customers would also pay in grain and fresh water, allowing the fishermen to survive living on the rather barren Nansha islands.’<sup>26</sup>

Scholars specialised in South China Sea Studies, such as Prof. Li Guoqiang (李国强), Deputy Director of the Research Centre for China’s Borderland History and Geography Studies, are equally adamant about China’s undisputed sovereignty over the SCS, expressing doubts about the validity of UNCLOS III over the historical title indicated by the Nine-Dotted Line:

‘You cannot use a law like UNCLOS formulated in 1982 to legislate against a line legally proclaimed in 1947. International law and maritime regulations were already around in 1947, but even so there were no objections at the time. Not until UNCLOS was enacted did disputes start in earnest, but the first enacted law must take precedence over a later one. The line cannot be changed. It was

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<sup>25</sup> Interview with Liu Nanlai, at the Chinese Academy of Social Sciences (CASS), 13 January 2011..

<sup>26</sup> Interview with Shan Zhiqiang, at the head office of *Chinese National Geography*, Beijing, 11 January 2011

drawn based on several thousand years of history and in any case UNCLOS does take historical title into account. As a signatory to UNCLOS, however, China should perhaps specify in legal terms what the line actually means.<sup>27</sup>

The Chinese Foreign Ministry is also convinced that there is widespread international recognition of China's sovereignty over the Spratlys. It proudly states that the China Sea Pilot compiled and printed by the Hydrography Department of the Royal Navy of the United Kingdom in 1912 has accounts of the activities of the Chinese people on the Spratly Islands in a number of places. It goes on to declare that the *Columbia Lippincott World Toponymic Dictionary* published in the United States in 1961 states that the Spratlys are part of Guangdong Province and belong to China. It then lists documentary evidence to support theories that France, Japan, Vietnam and the International Civil Aviation Organisation all recognise that China has sovereignty over the islands.<sup>28</sup>

But it is mainly China's proud history of seafaring and fishing in the SCS that justifies China's claim in the eyes of its people. As Shan Zhiqiang writes in his journal, 'Here are the factors that determine how the Chinese have been able to continue to subsist in the Spratlys: tradition, navigational technology, boat-building technology, a market for products – these have all been mastered by the Hainan fishing folk. If they had not gone to the Spratlys, who would have?'<sup>29</sup>

### **1.3 The competing claims of the other littoral countries**

#### Vietnam

Vietnamese claims are also based on history and the continental shelf principle. Like China, it claims the entire Spratly and Paracel archipelagos. It calls the Spratlys 'Truong Sa' and the Paracels 'Hoàng Sa', and claims they are part of Khanh Hoa province. Its historical evidence does not stretch back as far as China's but does extend to the 15<sup>th</sup> century, when it used the islands for salvage operations and, at the time, Portugal and Holland confirmed them as belonging to Vietnam. The first official sovereignty marker

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<sup>27</sup> Interview with Li Guoqiang at the Research Centre for China's Borderland History & Geography Studies, Beijing, 12 January 2011.

<sup>28</sup> The Ministry of Foreign Affairs of the People's Republic of China. "International Recognition of China's Sovereignty over the Nansha Islands." 17 November 2000.

<sup>29</sup> *Chinese National Geography* 2010, Issue 10, p 38.

ever placed on the Spratlys was by France in the 1930s on behalf of its Vietnamese colony. Vietnam occupies more Spratly features than any other country, 24 at the last count, and has more than 1,000 troops and construction workers stationed on them.<sup>30</sup>

### The Philippines

The Philippines claims sovereignty over most of the Spratly archipelago except for the westernmost features. As previously stated, this is based largely on their ‘discovery’ in the 1950s by Thomas Cloma, who proclaimed them to be *res nullius*, and thus open for seizure. As the Philippines lies closer to the Spratlys than any other nation, its claim is more based in law than those of China and Vietnam. It naturally claims the 200-mile EEZ plus the 350-mile natural prolongation of the continental shelf, but also rests on the Archipelagic Principle, according to which an archipelagic state like the Philippines can claim that its EEZ begins from its outermost island, whilst a continental state may only claim from its mainland coastline. It currently controls eight Spratly features and includes them as part of Palawan province.

### Malaysia

Malaysia claims sovereignty over the southernmost Spratly Islands based on the provisions of UNCLOS III. It is also one of the few countries to have clearly defined the coordinates of its claims.<sup>31</sup> It occupies three islands, which it considers part of the state of Sabah, and has even built a hotel and diving resort on Swallow Reef, which it built up into an atoll after it occupied it in 1983.<sup>32</sup>

### Taiwan

Like Mainland China’s, Taiwan’s claims are based on historical title, so largely mirror the claims of the People’s Republic to all the Spratlys, Paracels and Pratas islands. The KMT government of Taiwan was the actual creator of the infamous Nine-Dotted Line. Taiwan has a military force occupying the largest Spratly Island of Itu Aba (Taiping Dao), and has the longest still occupying force, having taken control in 1946. One difference from the Chinese claim is that Taiwan also rests its claim on the period of

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<sup>30</sup> Kelly, 1999.

<sup>31</sup> [[http://www.paracelspratly.com/home/index.php?Itemid=79&id=14&option=com\\_content&task=view](http://www.paracelspratly.com/home/index.php?Itemid=79&id=14&option=com_content&task=view)] - accessed 17 March 2011.

<sup>32</sup> Steve Frankham, 2008, p 398.

Japanese occupation of the Spratlys during World War Two, when the Japanese set up a submarine base and administrative body attached to the municipality of Kaohsiung in its then colony of Taiwan. When Japan renounced its control in 1946, it turned over the islands to the Republic of China.

### Brunei

Brunei claims merely a 200-mile EEZ and natural continental shelf prolongation from its coastline. This section of water includes just two features, Louisa Reef and Rifleman Bank, which Brunei claims but has not moved to occupy, perhaps as Malaysia also claims the features. Brunei's claims are based solely on the provisions of UNCLOS III.

## Chapter Two – The issue of ‘core interests’

In China, the term ‘core interests’ (hexinliyi/核心利益) refers to issues so important to the very existence and integrity of the country that there can be no negotiation on them and China will not hesitate to use military force in order to safeguard them.

### 2.1 The history of the use of the term

An analysis of historical record shows that the term ‘core interest’ was initially used by China in reference to the interests of other nations.<sup>33</sup> The People’s Daily first used the term in June 1980 to describe how the Soviet invasion of Afghanistan and Soviet support for Vietnam’s invasion of Cambodia threatened the ‘core interests’ of the West.<sup>34</sup> The subsequent use of the term in the People’s Daily was not until 1994 when it referred to it in relation to US Vice President Al Gore’s five-part formulation of the US’s national interests.

It was not until after the turn of the millennium that the term ‘core interests’ was first applied to China when renowned scholar of U.S.-China relations, Wang Jisi, wrote in an article in *People’s Daily* in February 2002 that both sides should seek common ground in order to prevent differences from developing into serious crises or conflicts that would damage the ‘core interests’ of either party.<sup>35</sup> The first official use of the term by organs of the Chinese government was made in January 2003 when Chinese Foreign Minister Tang Jiaxuan met US Secretary of State Colin Powell, and said that ‘the Taiwan question concerns the core interest of China and the appropriate handling of the question is the key to ensuring the stable development of bilateral ties’.<sup>36</sup>

By 2004, it was becoming increasingly common for Chinese officials all the way up to President Hu Jintao to use the term ‘core interests’ when referring to the need for countries to respect and accommodate each other, so it could be said that it was in that year that the term entered the official vocabulary of Chinese diplomacy.

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<sup>33</sup> Swaine, 2011, p. 3.

<sup>34</sup> *People’s Daily* database, [<http://data.people.com.cn>].

<sup>35</sup> *People’s Daily*, February 28, 2002.

<sup>36</sup> [<http://www.china-embassy.org/eng/zmgx/t205185.htm>] - accessed 18 March 2011.

It was in July 2009 that State Councillor Dai Bingguo first used the term, at the end of the first round of the Sino-US Strategic and Economic Dialogue. He listed China's three core interests as being "first, the preservation of China's fundamental system and national security; second, the safeguarding of China's sovereignty and territorial integrity; and third, continued stable economic growth and social development." At the time, it did not attract much attention outside China, but caused something of a stir within China, drawing particular criticism from nationalists, many of whom were angered that he appeared to put the core interest of the survival of the 'fundamental system', i.e. the current political and social system and the Communist Party - above territorial and sovereignty issues. "To safeguard the system that serves the Party's own interests - our country's territory can be given away, sovereignty can be sold out", wrote one irate blogger on Sina.com.cn.<sup>37</sup> It is difficult to see any other reason why Dai chose this controversial order in which to list the core interests, so it may indeed be that, with its growing economic and military strength, Beijing is now more fearful of domestic 'soft' interventions that may erode government legitimacy such as democratic middle-class values and civil society, than it is of overt 'hard' interventions by foreign countries in China's sovereignty and territorial integrity issues.

Despite only being listed second, however, of the three core interests it is the safeguarding of China's sovereignty and territorial integrity that has received by far the most attention. So much so, in fact that many eminent Chinese observers consider the term 'core interests' to be a new code phrase meaning nothing other than China's claim to sovereignty over Taiwan, Xinjiang and Tibet.<sup>38</sup>

## **2.2 The use of the term in respect to the South China Sea**

The rumour that China was including the South China Sea amongst its core interests was first reported in an article in the *New York Times* on 23 April 2010, according to which the month before, Chinese officials (one of whom we now know to have been Dai Bingguo) had told two visiting senior Obama administration officials, Senior Director for Asian Affairs on the National Security Council, Jeffrey Bader, and Deputy Secretary of State, James Steinberg, that China would not tolerate any interference in

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<sup>37</sup> Wu Zhong, 2009.

<sup>38</sup> [<http://english.peopledaily.com.cn/90002/96417/6819611.html>] - accessed 18 March 2011.

the South China Sea, now part of its ‘core interests’ of sovereignty.<sup>39</sup> It appears, however, that this was not reported in China at the time, because all the Chinese experts whom I interviewed claimed not to have heard anything about this matter until they read a Chinese translation of a news release by the Japanese Kyodo News Agency in early July.

If we consider, however, that the meeting between Dai, Steinberg and Bader originally took place in early March and it was not until 23 April that the first news of a reference to the SCS as a core interest became known, it looks suspiciously as if the information was kept secret for at least a month before it was decided that it would be a good time to ‘leak’ it. The long time delay between the meeting and the subsequent New York Times report on its contents also indicates that these contents had been very private and not available at all to the press or general public. For this reason, all we have to go on is hearsay, and we can have no precise knowledge of what was actually said or meant by Dai at the meeting. Indeed some U.S. officials who were present confirm that Chinese officials did *not* explicitly identify China’s territorial claims to the South China Sea as a ‘core interest’.<sup>40</sup>

There are now in fact several different versions circulating, at least in China, of what was said at the meeting. Li Guoqiang says that he heard that Dai said that the South China Sea ‘affects the area of China’s core interests’. Hong Nong (洪农), Deputy Director of the National Institute for South China Sea Studies (NISCSS) says:

“The consensus in China seems to be that Dai said that, if the US changed its policy in the SCS, this might affect China’s core interests, and this was somehow misinterpreted by the US as meaning that the SCS is a core interest. We also heard that maybe the original wording was ‘if the SCS dispute is not settled in a peaceful way, this will affect China’s core interests.’”<sup>41</sup>

As, at the time, the main bone of contention between the US and China was arms sales to Taiwan, it is highly possible that Dai meant that control over the SCS had a great bearing on China’s core interest of Taiwan. Whatever Dai Bingguo’s original wording

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<sup>39</sup> Wong, 2010.

<sup>40</sup> Swaine, 2011, p 9.

and meaning were at the time, it can be stated that, although an increasing number of references to core interests have since been made by a range of Chinese officials, at no time has any official used the term with reference to the SCS. This would indicate that the body of water has not at least officially been placed on a level of policy-making on a par with Taiwan, Tibet and Xinjiang, all of which China views as clearly-defined and integral parts of the PRC, something which can certainly not be said of SCS, delineated as it is by nothing more than the ambiguous Nine-Dotted Line. Historically, China's stance has been that, while it claims undisputed sovereignty over the SCS, it is open to negotiate the status of the sea with other littoral countries, albeit on a bilateral basis. This certainly cannot be said also to apply to Taiwan, Tibet and Xinjiang, which China views as strictly internal affairs over which there can be no negotiation.

Whether or not Beijing does view the SCS as a core interest, Prof Liu Nanlai attempts to clarify the issue, more from a legal perspective:

“If a question involves issues of sovereignty and territorial integrity, it could be said to be a core interest. So, as I understand it, China may have a core interest in respect of the islands it claims. However, matters concerning rights to fishing and other natural resources, freedom of navigation, exclusive economic zones and offshore jurisdiction cannot be termed core interests. They are at best merely national interests.”<sup>42</sup>

### **2.3 The consequences of the use of the term**

As a result of the world deciding in mid-2010 that China was definitely including the SCS as one of its core interests, the questions of ‘China Threat’, Chinese naval expansion, ‘rising China’, ‘assertive China’ and even ‘China the hegemon’ began to hit newspaper and magazine headlines all over the world, as Western newspapers vied with each other see who could paint a more worrying image of China's intentions. Chinese publications, however, remained comparatively quiet on the issue.

US Secretary of State, Hillary Clinton, however, did little to dampen the issue, when in July 2010, at the ASEAN Regional Forum in Hanoi, she called the SCS dispute ‘a

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<sup>41</sup> Interview with Hong Nong, Deng Yingying and Ramses Amer at the National Institute of South China Sea Studies, Haikou, 17 Jan 2011.

<sup>42</sup> Interview with Liu Nanlai, 13 January 2011 at Chinese Academy of Social Sciences (CASS), Beijing.

leading diplomatic priority for the United States', going on to say: "The United States has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea." This did not go quite as far as to say the SCS was also a 'core interest' for the USA, but her use of the phrase 'national interest' certainly had unsettling echoes of the term 'core interest'. Chinese Foreign Minister Yang Jiechi was incensed and immediately hit back, saying that Clinton's comments were 'virtually an attack on China' and that there was 'no problem' with the freedom of navigation and security in the region. "What outcome can there be if the issue is internationalised and multilateralised?" raged Yang Jiechi. "It can only make matters worse and more difficult to solve."<sup>43</sup>

All this set the scene for an 'autumn of discontent' between China and the US, thanks to an avalanche of comment and opinion from both sides about the dubious intentions of the other. Chinese sources largely accused the US of stoking up a 'storm in a teapot' in order to facilitate its new policy of Asian interference and Chinese containment, whilst the US accused China of playing a geopolitical game to gain control of the South China Sea and to assert itself even further afield. The Chinese-published *Global Times* was very active in this respect, expressing full support for China's efforts to be more assertive on the world stage, and promoting the conspiracy view of many that the West is worried about China's rise and doing all it can to keep the country down:

'In their coverage of China, some Western media outlets are seemingly dominated by the mindset that everything China does is wrong, and can be seen as a threat. Whenever China runs into conflict with another country, the same moral judgement is always applied to China'.<sup>44</sup>

The newspaper held that the USA was at fault for heightened tension in the region, owing to motives other than the free navigation it claims to be advocating:

'The freedom of navigation which the US claims to protect is actually the freedom of the US military to threaten other countries'.<sup>45</sup>

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<sup>43</sup> [<http://www.2point6billion.com/news/2010/07/27/clinton's-comments-on-south-china-sea-territorial-dispute-press-china-u-s-relations>] - accessed 4 May 2011.

<sup>44</sup> *Global Times* Editorial, 27 September 2010.

<sup>45</sup> Liu Feitao, 2010.

At the same time, however, the publication could be a voice of reason, demonstrating understanding of the fears of the world about a ‘hegemonistic’ China, and advocating that China should avoid ‘arbitrarily expanding the definition of its core interests’.<sup>46</sup> It also suggested that China needs to ‘be clear that its utmost strategic goal is to keep growing strong and it should not be drawn into a quagmire that hurts both China and its neighbours’.

Also in an editorial, the Xinhua news agency too supported the conspiracy view that the US was set on containing China’s rise:

‘Washington's intention to contain China becomes clearer as it tries to interfere in the South China Sea disputes and strengthen its military presence in Southeast Asia. To a larger extent, the U.S. moves reflect the Obama administration's ambition to return to Asia to seek dominance of regional affairs.’<sup>47</sup>

Several high-ranking military officers also weighed in with their opinions such as General Ma Xiaotian, Deputy Chief of General Staff of the PLA. He used the 9<sup>th</sup> IISS (International Institute for Strategic Studies) Asia Security Summit as a platform to condemn the USA for its legal naval activity in the SCS and East China Sea, saying that he thought that ‘the intense spy and patrol activity of US planes and ships in South China Sea and East China Sea’ was one of the major obstacles to the development of the two countries’ bilateral military relations. “We feel that, if anyone has been setting up barriers to co-operation, it is certainly not us,” he said.<sup>48</sup>

On the US side, high-ranking military officers also saw the ‘South China Sea as a core interest’ issue as an opportunity to stir up anxiety about increasing Chinese naval investments. Admiral Michael Mullen, Chairman of the Joint Chiefs of Staff of the US Navy, observed that China’s amassing of “expeditionary maritime and air capabilities seems oddly out of step with their stated goal of territorial defence. Every nation has a right to defend itself, and to spend as it sees fit for that purpose. But a gap as wide as what seems to be forming between China’s stated intent and its military programmes

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<sup>46</sup> *The Economist*. “Testing the waters” 31 July 2010. p 43.

<sup>47</sup> [[http://news.xinhuanet.com/english2010/china/2010-08/14/c\\_13444993\\_3.htm](http://news.xinhuanet.com/english2010/china/2010-08/14/c_13444993_3.htm)] 14 August 2010.

<sup>48</sup> [<http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2010/plenary-session-speeches/second-plenary-session/copyof-ma-xiaotian>] 5 June 2010.

leaves me more than curious about the end result. Indeed I have moved from being curious to being genuinely concerned.”<sup>49</sup>

US Defence Secretary Robert Gates also expressed his concern in early June using words, which Hillary Clinton would later echo at the ASEAN forum in Hanoi in July to much greater effect, when he was quoted as saying:

“The South China Sea is an area of growing concern. This sea is not only vital to those directly bordering it, but to all nations with economic and security interests in Asia. Our policy is clear: it is essential that stability, freedom of navigation, and free and unhindered economic development be maintained. We do not take sides on any competing sovereignty claims, but we do oppose the use of force and actions that hinder freedom navigation.”<sup>50</sup>

To a certain extent, China has confirmed the American fears, stating that it is indeed seeking to project naval power well beyond the Chinese coast, from the oil ports of the Middle East to the shipping lanes of the Pacific - what is called ‘far sea’ or ‘blue water’ defence. This is definitely official policy, not rhetoric, but it claims it is actually aimed at protecting shipping lanes and freedom of navigation, not at all at military conquest.<sup>51</sup>

In any case, partly as a result of the South China Sea ‘core interest’ rhetoric and partly of US arms sales to Taiwan, Sino-US defence ties remained severed until Robert Gates unofficially met Chinese Defence Minister Liang Guanglie in Hanoi in October 2010. For most of 2010, the world subjected Chinese rhetoric and policy pronouncements to far more meticulous analysis than would otherwise have been the case.

### **2.3.1 Did the SCS ‘core interests’ issue actually cause a ‘ratcheting up’ of rhetoric?**

During 2009 and 2010, the use of the term ‘core interests’ in the *People’s Daily* shot up from under 100 in 2008 to 325 in 2010.<sup>52</sup> However, in 2009 prior to Dai Bingguo’s alleged use of the term it already stood at 260, so it can be concluded that Dai’s use of it in March 2010 with reference to the SCS in the meeting with Steinberg and Bader was a

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<sup>49</sup> [http://www.iiss.org/whats-new/iiss-in-the-press/june-2010/us-concern-over-china-military-growing-mullen-says] - accessed 4 May 2011.

<sup>50</sup> [http://defensetech.org/2010/06/10/ratcheting-up-rhetoric-towards-china-south-china-sea-emerging-hot-spot] - accessed 10 June 2011.

<sup>51</sup> Wong, 2010.

<sup>52</sup> Swaine 2011, p. 4.

result of its general increased use, rather vice-versa. If that is the case, it could then be surmised that the SCS is actually just an innocent bystander in the ratcheting up of 'core interest' rhetoric rather than its main target. The world paid little attention to the many other uses of the term 'core interests' in 2010 and only really sat up and took notice when it thought that China was applying it to the SCS.

## **Chapter Three - Why the SCS ‘core interests’ rhetoric does not mean that China is switching to a more aggressive foreign policy**

As stated, there has been a growing assumption that China is adopting more assertive/aggressive foreign/defence policies, partly based on a second assumption that it is adding the South China Sea to its list of core interests. We have seen that there has indeed been a marked increase in the use of the term ‘core interest’ since 2009, but have yet to be persuaded as to whether this is a result of China actually becoming more aggressive on the international stage or China merely responding to a changing geopolitical situation surrounding it and more assertive rhetoric from the countries with which it interacts. This chapter will present evidence to show that, in general, China’s international policies are remaining much as Deng Xiaoping would have wished when in the early 1990s he advocated adherence to maintaining a low profile, and when Hu Jintao later espoused the concept of ‘peaceful rise’ in December 2003.<sup>53</sup>

### **3.1 Chinese SCS policy – then and now**

None of the experts whom I interviewed, Chinese or western, held the view that Chinese policy towards the SCS was changing. The overriding view was that, if it was changing, such changes were being forced on it by the actions/policies of others.

Professor Li Guoqiang says that the basic position of SCS policy was and is the inviolability of Chinese sovereignty over the area of water within the Nine-Dotted Line. However, as Deng Xiaoping proposed, disputes over this position may be shelved in favour of joint development and the cultivation of mutual trust through international treaties such as UNCLOS III according to which disputes must be resolved peacefully. Professor Li attributes the perceived increase in assertive rhetoric as a by-product of China opening up and maturing:

‘In the 1970s, there was also some pretty strong Chinese rhetoric on the South China Sea when the USA was constantly violating Chinese airspace. In those days, however, it was only officials from the Foreign Ministry who were authorised to speak on such subjects. But nowadays, as a result of China's growing political maturity as it reforms and opens up, many people may

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<sup>53</sup> Tkacik, 2004.

express an opinion on the SCS and many other issues, as we've seen several military officials doing.'<sup>54</sup>

He states the view of many Chinese people that China's peaceful intentions are evident in the fact that it has not used force to strengthen its position in the SCS, even though it has the power to do so:

'China has had many opportunities forcibly to take back the Spratly islands occupied by other countries but it has not done so. In 1988 it had a battle with Vietnam at Johnson Reef and could have reclaimed the reef but chose not to. China's military strength cannot yet be compared to the great powers, but compared to the other claimant countries, its power is vastly superior yet it continues to take no action.'

Professor Li backs up the commonly held view that factors other than China, such as the 2009 continental shelf claims by Vietnam, Malaysia and the Philippines and the 2010 re-establishment of the US as a major factor in East and Southeast Asia, are behind the rise to prominence of the South China Sea disputes in the last two years, with China merely being forced to respond:

'Of course when Hilary Clinton gets up and says that the SCS is a US national interest, then China must respond. But I think that it is quite absurd to say that an area on the other side of the world from your country is one of your national interests, and it is natural that this should cause some anger in China and cause it to speak out.'

Hong Nong of NISCSS raises the point that when we are asking if China's policy towards the SCS is changing, we should at the same time ask whether perhaps the way people view this policy and Chinese policy-making in general is changing.<sup>55</sup>

Associate Professor Ramses Amer, Senior Research Fellow at the Centre for Pacific Asia Studies at Stockholm University, concurs with Professor Li Guoqiang in

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<sup>54</sup> Interview with Li Guoqiang, 12 January 2011.

<sup>55</sup> Interview with Hong Nong, Deng Yingying and Ramses Amer at the National Institute of South China Sea Studies, Haikou, 17 Jan 2011.

contending that, despite its capacity to do so, China, and indeed the other SCS claimant countries are pursuing policies that ensure the preservation of peace in the region:

‘I would say that in many ways, the Spratlys are as controlled as they can be by different countries, yet no-one has been trying to actually oust another claimant from an island. These days all claimants are very careful not to provoke a military confrontation, despite the fact that they are all constantly patrolling their own patches with ships. They are obviously keen not to disrupt trade, supplies or traffic or generally to jeopardise the situation.’<sup>56</sup>

Many in China are in fact frustrated by what they see as a lack of assertiveness of SCS policy that they would like to see rectified. Wu Shicun (吴士存), President of NISCSS and Director-General of the Foreign Affairs Office of Hainan Province, puts forward the view that, while China pursues a low-profile, peaceful SCS policy, other countries may be taking advantage:

‘The Chinese government continues to take into account the smaller neighbouring countries, and tries to handle relationships with them properly without the use of or threat of force, but this method is not working. China proposes peaceful bilateral negotiations and joint development with neighbouring countries, but they are not positive, sincere or enthusiastic about them. They think China is too large and China's forces too strong, so they have no chance of winning. Therefore, in my opinion the SCS policy needs revision.’<sup>57</sup>

Professor Liu Nanlai concedes that in the past year, Chinese SCS rhetoric may have grown more intense, but contends that this does not mean a similar shift in policy and is reactive rather than proactive:

‘Some people’s attitudes may have got a bit intense recently, but they are individuals, not representative of the government. The Chinese government tends to be restrained in these situations. In the recent case of the arrest of the Chinese fishing boat captain after colliding with Japanese naval vessels in waters near the disputed Diaoyu islands, the Chinese were reluctant fully to

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<sup>56</sup> Ibid.

<sup>57</sup> Interview with Wu Shicun, at the National Institute of South China Sea Studies, Haikou, 17 Jan 2011.

support the Chinese captain, preferring to consider Sino-Japanese relations. In 2009, Vietnam and Malaysia submitted a joint application to extend their exclusive economic zones into what China saw as its territorial waters, so that was justifiable reason for China to complain bitterly at the time.'

China began a 'charm offensive' in Southeast Asia back in the mid-1990s in the wake of the sharp international criticism it received as a result of its occupation of Mischief Reef in 1995. The subsequent Asian financial crisis gave it the opportunity to demonstrate its goodwill towards the region, as it provided loans to many of the countries, most notably Thailand and Indonesia, and refrained from devaluing the yuan, which would have placed further pressure on the ASEAN nations. The effects of this charm offensive are still very apparent and show no signs of abating. It does not criticise the internal policies of Southeast Asian states and increasingly engages in reciprocal top-level visits, which are seen as key elements in the economical development of the entire region.<sup>58</sup>

On December 21 2010 at a joint working group meeting between China and ASEAN in Kunming aimed at implementing the Declaration on the Conduct of Parties in South China Sea (DOC), the Chinese government officially reaffirmed its commitment to the DOC for peace and stability in the region. A foreign ministry spokesperson said that 'China always seriously follows the declaration in efforts to promote co-operation on the South China Sea, create favourable conditions for a final solution to relevant bilateral disputes, and jointly safeguard peace and stability of the region.'<sup>59</sup>

The following month, foreign ministers from China and ASEAN gathered again in Kunming to celebrate the 20<sup>th</sup> anniversary of Sino-ASEAN dialogue, to agree to strengthen strategic co-operation and discuss how to take maximum mutual advantage of the China-ASEAN free trade zone that came into effect in 2010. On the China side, Foreign Minister Yang Jiechi committed China to enhance mutual trust, help preserve peace and stability in the region, and step up efforts to open up new roads, sea routes and improve telecommunications and infrastructure. Empty words maybe, but if China were to go back on them at its current stage of development, it would surely lose all credibility, not only in the ASEAN region but worldwide.

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<sup>58</sup> Osborne, 2006, p. viii.

<sup>59</sup> [[http://www.gov.cn/english/2010-12/21/content\\_1770573.htm](http://www.gov.cn/english/2010-12/21/content_1770573.htm)] - accessed 23 March 2011.

### 3.2 Other aspects of foreign policy

So there appears little evidence of any real hardening of SCS policy. Has there, however, been any hardening of foreign policy as a whole? Since Chinese foreign policy strategist, Zheng Bijian, first coined the term ‘peaceful rise’ (和平崛起) in 2003 at an international forum in Bo’ao, Hainan, where he outlined a vision of China and Asia ‘rising together’ in peace and prosperity in an era of economic globalisation,<sup>60</sup> President Hu Jintao has very much adopted the concept as his trademark. When President Hu had his much publicised meeting with President Obama in January 2011, the culmination of a year of suspicion and uncertainty between China and the US, President Hu went out of his way to preach a dogma of non-confrontation and co-operation, saying “we both stand to gain from a sound China-U.S. relationship, and lose from confrontation...We should abandon the zero-sum Cold War mentality...and respect each other's choice of development path.”<sup>61</sup> In response to questions about the SCS issue, President Hu said that China was continually expanding co-operation in the region in its pursuit of mutual benefit and win-win outcomes.<sup>62</sup>

In January 2011, the *People’s Daily* pointed out that, whilst the world’s media were trying to paint 2010 as having been a particularly strained year between the US and China, in actual fact, co-operation largely outweighed disagreement and discord. According to the newspaper, the two countries consulted each other more frequently in 2010 than in any other year in history. It pointed out that, whilst differences remain on a number of issues, the multi-dimensional nature of the bilateral relationship means that it will not be possible for disagreement over one or two issues or policies to derail the entire relationship. In response to the view that a perceived increase in Chinese assertiveness is a result of “the United States’ ‘return’ to Asia to corner or bully China”, the publication wisely counselled China to entertain the idea that the US may simply be aiming to take advantage of the incredible opportunities currently available in Asia.<sup>63</sup> As if to reinforce the idea that China’s foreign and defence policies are not shifting in the direction of assertiveness and aggression, on 31 March 2011 the government issued a white paper on China's national defence in 2010 with the aim of enhancing transparency. The paper reiterates China's insistence on peaceful development and

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<sup>60</sup> Tkacik, 2004.

<sup>61</sup> *Wall Street Journal*, 17 January 2011.

<sup>62</sup> *Ibid.*

pursuit of a national defence policy that is defensive in nature. It emphasises that 'China will never seek hegemony, nor will it adopt the approach of military expansion now or in the future, no matter how its economy develops.'<sup>64</sup>

### **3.3 Rising economic power and international player**

The main purpose of China's development over the past three decades has been economic, and will continue to be for the foreseeable future, at least until China can rightly claim to be the world's greatest economic powerhouse, a situation that is still some way off, partly as a consequence of the continuing huge gap in GDP per capita between it and the western world. So China simply cannot afford to do anything that might make potential investors and trade partners nervous and consider keeping their distance.

In the late 1970s, when a poverty-stricken and desolate country emerged from the Mao years, nobody could have foreseen that within just three decades its economy would be able to surpass the might of Japan. Yet as everyone knows, China's economic rise, particularly since the early 1990s, has been spectacular. Since then it has recorded annual growth figures of 9-10%, whilst the Japanese economy has stagnated, and in 2010 it surpassed Japan as the world's second largest economy, having surpassed it as early as 1996 as the largest source of the US trade deficit.<sup>65</sup> Now in the new millennium, China's economy is tightly intertwined with those of the US and Japan, it owns vast sums in the US Federal Reserve and thus is able to enjoy increasing economic leverage over the US and the West in general. China is now the world's top creditor and, as its economic power grows, so does its voice and power in key organisations such as the G-20, WTO, IMF and World Bank.<sup>66</sup>

China is also basking in the glow of emerging from the recent global recession relatively unscathed whilst western economies that have often gone out of their way to deride China's economic and political systems are still 'languishing in the mire'.<sup>67</sup>

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<sup>63</sup> *People's Daily*, Ding Gang, 12 January 2011.

<sup>64</sup> [[http://www.gov.cn/english/official/2011-03/31/content\\_1835499\\_4.htm](http://www.gov.cn/english/official/2011-03/31/content_1835499_4.htm)] - accessed 4 May 2011.

<sup>65</sup> Hershey, 1996.

<sup>66</sup> Weston, 2010, p. 195.

<sup>67</sup> Suisheng Zhao. "What Kind of Great Power is China Rising to Be?" Lecture at the University of Turku, 2 Sep 2010.

Part of China's economic rise has been founded on its improving trade relations with the very ASEAN countries with which it is in constant dispute over South China Sea sovereignty. Just after the turn of the millennium, at about the same time as it was signing the Declaration on the Conduct of Parties in the South China Sea in 2002, China also signed a Framework Agreement on Comprehensive Economic Co-operation with the ASEAN leaders, which provided the groundwork for the eventual establishment in 2010 of the ASEAN-China Free Trade Area (FTA), a regional trade organisation, which will provide huge benefits for all participants in the coming decades.<sup>68</sup> Such a co-operative framework can be jeopardised only at the extreme peril of any of the protagonists.

In the early months of 2011, China demonstrated not only how far it has developed economically, but also how far it has developed on the international stage in respect to the protection of its citizens, being one of the first countries to evacuate its people from war-torn Libya and disaster-hit Japan. At the same time, it announced that, in the wake of the possible meltdown at the Fukushima nuclear power plant, it was suspending approvals for new nuclear plants, despite its desperate need to increase its energy supplies.<sup>69</sup> This was all seen by observers as a sign that China was beginning to act like a responsible global superpower, adopting a 'people first' policy and even 'giving a nod' in the direction of human rights. The policy of putting people first is seen as stemming from the recently adopted political idea of 'applying the scientific outlook on development'. In plainer language, the central leadership is calling for more attention to the needs and anxieties of the population rather than the simple indices of economic growth.<sup>70</sup>

Professor Liu Nanlai of the Chinese Institute of International Law mentions that, whilst China has been quietly rising on the back of Deng Xiaoping's much publicised *Tao Guang Yang Hui* low-profile policy, the four-character phrase that follows *Tao Guang Yang Hui*, namely *You Suo Zuo Wei* (有所作为) meaning 'do something worthwhile' largely gets forgotten, but is now what China could be preferring to follow:

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<sup>68</sup> Ku & Leong, 2005, p. 18.

<sup>69</sup> Zhang, 2011.

<sup>70</sup> Wang Jisi, 2010.

‘Following *you suo zuo wei* seems to mean being a strong country, having a strong economy, bearing your share of the burden on the international stage. Isn’t this what the international community requires of China, and isn’t this what China is now trying to do?’

Hong Nong of NISCSS concurs:

‘China is getting economically stronger so the expectation from the outside world is higher. This makes China feel that it has to act or react positively.’

She feels, however, that, with the world unused to international reactions from China, what was meant as a positive action or reaction can sometimes be misinterpreted as negative, perhaps even deliberately.

### **3.4 Domestic problems**

The effect of the domestic situation on foreign and international policy is sometimes underestimated, but it can be assumed with almost complete certainty that China will not assert itself to any great degree on the international stage without taking a long hard look at how that will affect its problems at home. There is a consensus amongst the Chinese social elite that domestic problems, rather than those from abroad, pose greater threats to China’s political order, social cohesion, national unity, sustainable economic growth and stability, morality and the environment.<sup>71</sup>

China’s development over the past three decades is of course legendary, but such rapid growth does not come without costs. Social cohesion is a major problem as the gap between rich and poor, between city and countryside widens, causing tensions between different social strata. In the metropolises, Chinese society and social systems may be functioning well but vast tracts of this huge country have yet to benefit to any great extent as Professor Li Guoqiang explains:

‘Still in China's border regions, many people do not have enough food and clothing, and despite the great successes of the reform era in China over the past 30 years, these areas face many social problems, such as unemployment, lack of medical treatment and housing. The Chinese government is now committed

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<sup>71</sup> Ibid.

to economic development and to improving the livelihood of the people. Partly for this reason, it does not allow offensive military action anywhere.’

Professor Liu Nanlai agrees that domestic social and economic development will continue to take precedence for a long time, and an expansionist foreign policy can only seriously damage the attainment of this vitally important aims:

‘I don't think you will find any officials who would come out and say that we have to change our low-profile foreign policy, be expansionist and impose our will on other countries. China will stick to developing itself, especially its economy and improving people's living standards. This task is very, very difficult to deal with, domestic problems are many and they won't go away. The overall goal of foreign policy has been established, to build a harmonious world, and to build a harmonious world you cannot engage in conflict.’

On the economic side, several other Asian nations have been able to maintain two decades of high-speed growth before slowing down, but China has managed to extend that by an extra decade. A slowed rate of growth in the near future is, however, inevitable, partly because the export markets cannot continue to absorb Chinese products at the same rate they have been. As revenues then start to decline, choices about how to spend them will become more difficult. As in many developed countries, China is already trying to focus more on the quality of economic growth, but it is proving difficult to refocus attention on quality when, in practice, local cadres are rewarded, through the annual cadre performance review, for pursuing speed.<sup>72</sup>

China must also guard against an overheating economy. China survived the global economic slowdown so well, partly because of a massive investment stimulus for local government projects and by issuing an order to state-owned banks to finance these projects. This huge cash injection (9.6 trillion yuan) and abundance of credit spilled into the rest of the economy causing a massive housing bubble, and since then the threat of overheating and inflation has hung over the Chinese economy. China now needs to ratchet down the total amount of lending and cool the economy without pushing it into a

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<sup>72</sup> Fewsmith, 2010.

‘double-dip recession’, which, bearing in mind the lead role China played in bringing the world out of recession, could also have disastrous consequences for the world.<sup>73</sup>

Despite far-reaching internet censorship that blocks access to such global fixtures as Facebook and YouTube, the Chinese government is also suffering from a burgeoning internet community that makes the most of the relative political freedom bestowed by a virtual environment, to post all kinds of ideas on the web. Some of these ideas are supportive of the government but at least an equal number also question its policies and legitimacy and sow dangerous seeds of alternative thought amongst the Chinese people. It is perhaps the threat of this ‘soft’ encroachment on Chinese society rather than the possible ‘hard’ encroachment of foreign countries that worries Beijing the most. There can be little doubt that whilst Beijing may wish to impose itself on the international community as befits its mighty economic status, it probably looks on the 1.3 billion people within its borders as an equal if not greater threat to its future than the handful of western powers and Asian neighbours, who, whilst being happy to condemn and denounce China from time to time, are less ready to interfere in its policies, particularly those crucial domestic ones.

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<sup>73</sup> Naughton, 2010.

## Chapter Four - The real reasons for increasing tensions

So if Beijing has not been switching to a more aggressive foreign policy of territorial domination, why was 2010 a year when the world seemingly became obsessed with the idea that it was? In this chapter, I shall examine the factors that combined to give the impression of a China that was seeking to project itself much further afield than its stated aim of a defensive military policy would suggest.

### 4.1 Chinese rhetoric

A large amount of bellicose rhetoric from leading Chinese military figures supported by nationalistic editorial from newspapers sympathetic to the Party line such as the *Global Times* has gone a long way to re-establishing the 'China threat' concept in the minds of many Western China watchers. The *Global Times* is fully supportive of China's efforts to be more assertive on the world stage, and promotes the conspiracy view of many that the West is worried about China's rise and doing all it can to keep the country down:

'In their coverage of China, some Western media outlets are seemingly dominated by the mindset that everything China does is wrong, and can be seen as a threat. Whenever China runs into conflict with another country, the same moral judgement is always applied to China'.<sup>74</sup>

The newspaper holds that the USA is at fault for heightened tension in the region, owing to motives other than the free navigation it claims to be advocating:

'The freedom of navigation which the US claims to protect is actually the freedom of the US military to threaten other countries'.<sup>75</sup>

In another editorial, the Xinhua news agency also supports the conspiracy view that the US is set on containing China's rise:

'Washington's intention to contain China becomes clearer as it tries to interfere in the South China Sea disputes and strengthen its military presence in Southeast

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<sup>74</sup> *Global Times* Editorial, 27 September 2010.

<sup>75</sup> Liu Feitao. 2010.

Asia. To a larger extent, the U.S. moves reflect the Obama administration's ambition to return to Asia to seek dominance of regional affairs.<sup>76</sup>

Military officers engaging in the rhetorical game included PLA Air Force Colonel Dai Xu who wrote in March 2010 in response to the US sale of USD 6.4 billion worth of arms to Taiwan:

“China cannot escape the calamity of war, and this calamity may come in the not-too-distant future, at most in 10 to 20 years... If the US can light a fire in China’s backyard, we can also light a fire in their backyard.”<sup>77</sup>

He also gave voice to common Chinese fears about a ring of encirclement that he believes the US is trying to construct around China, an important link being the SCS:

“China is in a crescent-shaped ring of encirclement. The ring begins in Japan, stretches through nations in the South China Sea to India, and ends in Afghanistan. Washington’s deployment of anti-missile systems around China’s periphery forms a crescent-shaped encirclement.”<sup>78</sup>

In the last couple of years, renowned Chinese naval commander Rear Admiral Yang Yi has rarely missed an opportunity to get his strong words into print, saying in 2009 in a veiled warning to the USA to stay out of Taiwanese affairs:

‘This is a friendly reminder to the US: please be careful, careful, careful, and don’t think that Beijing won’t dare to declare war on Washington’.<sup>79</sup>

In 2011, however, some of these military figures have moved almost simultaneously to tone down the hawkish rhetoric, indicating perhaps that they have received a ‘rap over the knuckles’ from higher echelons in the Party. In February, Yang Yi was quoted as saying that the PLA should ‘candidly and openly express to the Pentagon that it has neither the intention nor the capability to challenge the military superiority of the United States’.<sup>80</sup> Then in March, Major General Luo Yan, a hard-liner who is largely credited

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<sup>76</sup> [[http://news.xinhuanet.com/english2010/china/2010-08/14/c\\_13444993\\_3.htm](http://news.xinhuanet.com/english2010/china/2010-08/14/c_13444993_3.htm)] 14 August 2010.

<sup>77</sup> The International Perspective, Daily Comment - 30 March 2010: Deglobalization and the Dissolution of Chimerica’, [<http://theinternationalperspective.wordpress.com/2010/03>] - accessed 31 March 2010.

<sup>78</sup> Qin, 2010.

<sup>79</sup> [[http://www.viet-studies.info/kinhte/Chinese\\_hawkish\\_Rhetoric.htm](http://www.viet-studies.info/kinhte/Chinese_hawkish_Rhetoric.htm)] - accessed 10 June 2011.

<sup>80</sup> Ibid.

with the successful lobbying for a 12.7 per cent increase in China's defence budget in 2011, up from just 7.5 per cent in 2010, was quoted as saying:

"Soldiers talk like soldiers. And it would be unnatural if they didn't, because they are not delegates for peace foundations after all... I am a soldier with hawkish eyes and claws, but I also have a dove's heart and mind. Peace is my ultimate value."<sup>81</sup>

It is not, however, only people from the military who make bold statements regarding the need for additional resources. Civilians too exhort the government for bolstered national defence, as did Shan Zhiqiang in an editorial in *Chinese National Geography* on behalf of China's projected first aircraft carrier:

'Without an aircraft carrier, we cannot have a first-class navy. An aircraft carrier, though not a cure-all panacea, can endow not only a country's navy but also an entire country with a stiffer backbone.'<sup>82</sup>

In their writings, even scholars who you might think would exhibit more objectivism, are prone to emotional outbursts over the sovereignty of the SCS. SCS specialist Li Guoqiang, for example, says at the end of his book 'South China Sea Studies: History and Present Situation' (南中国海研究: 历史与现状) exhorting the Chinese to support him in his defence of the sea:

'The South China Sea, it is ours. But it has been segmented, its sovereignty violated, its natural resources plundered, when will it all end? Confronting the South China Sea, I dare not say I myself have any great ideal, but I know that not a single Chinese person has any good reason to distance himself from the issue.'

Despite the fact that it cannot be denied that 2010 was a year for strong rhetoric in international affairs from many different Chinese sources, when compared with rhetoric from the 1990s, it does not particularly seem that there is a trend towards stronger rhetoric. An issue of the *Southeast Asian Studies Journal* (东南亚研究) from as far

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<sup>81</sup> Zhang, 2011.

<sup>82</sup> Shan, 2010.

back as 1991 carries statements such as ‘Surrounding countries violated China’s sovereignty, then began to exploit our oil and natural gas resources’, the use of the word ‘our’ here subjectivising what should have been an objective scholarly article. In equally colourful prose, the author goes on to state that the other countries ‘are exploiting the Spratlys in a fast, violent way, attempting to plunder the oil as rapidly as possible’ and are ‘militarily invading our territorial waters, attempting to grab all the resources by force.’<sup>83</sup>

So such rhetoric existed in the early 1990s, and almost identical language prevails to this day, as demonstrated by people such as Shan Zhiqiang in the interview on 11 January 2011:

‘In general, more and more Chinese people realise the importance of the South China Sea to China, the awareness is growing, and now we feel the situation there is becoming intolerable. China’s existence is being completely ignored, its interests recklessly violated. Vietnam has been allowed to occupy so many reefs one by one, and now that oil has been discovered they’re dividing the area into squares. It’s like this thing used to be yours, but someone took it and sold it to someone else, but isn’t it still yours? Vietnam, when did you settle, stay, live in this place? Do you have any history or culture there? How can you say that the oil in this place is yours?’

In the final analysis, however, the influence of rhetoric on its own to explain the recent SCS tensions should not be overemphasised. Wherever territorial issues and historical disputes are concerned, more politicised rhetoric seems to emerge, which often seems stronger than that used in other spheres, but actually it is just everyday language in foreign policy circles.<sup>84</sup> Also as Professor Zhu Wenqi (朱文奇), Faculty Director of Renmin University Law School says:

‘When someone does not really know, it is very easy for him to talk at length, but people who know a lot are usually more prudent and this is the case in

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<sup>83</sup> Stenseth, 1998, p. 59.

<sup>84</sup> Interview with Ramses Amer, 17 January 2011.

China. People who don't know anything just talk and talk, and people who know a lot say nothing.'<sup>85</sup>

## 4.2 US rhetoric

Whilst accusing the Chinese of 'ratcheting up' the rhetoric, the US has not exactly been guiltless in this respect, with some of the country's highest profile figures 'sticking the oar in', when perhaps more conciliatory words or even no words at all might have been more advisable.

US Secretary of State, Hillary Clinton, was of course the cause of the increased global scrutiny of China's SCS policy in the second half of 2010, when in July she said that free navigation in SCS was a 'national interest' of the USA, a statement that seriously ruffled many Chinese feathers, who saw the statement both as an impertinent echo of the Chinese term 'core interest' and as an excuse by the US for increased meddling in Asian affairs. In 2011, however, Mrs Clinton has maintained the rhetorical pressure on China. In January, just prior to the visit of Hu Jintao to Washington, she said of China's negative reaction to the awarding of the Nobel Peace Prize to dissident, Liu Xiaobo:

"The longer China represses freedoms, the longer it will miss out on these opportunities [to respect human rights] and the longer Liu Xiaobo's empty chair in Oslo will remain a symbol of a great nation's unrealised potential and unfulfilled promise."<sup>86</sup>

Touching on this very sensitive issue after having so recently made her opinions known on the equally sensitive issue of SCS sovereignty showed that Mrs Clinton had no intention of handling China with 'kid gloves'. Then, to make matters worse, in March 2011 she told the Senate Foreign Relations Committee that the US risked falling behind China in the competition for global influence because China had brought leaders from resource-rich Pacific nations to Beijing and 'wined them and dined them'. "We are in a competition for influence with China," she said when railing against foreign aid cuts sought by Republicans. "Let's put aside the humanitarian, do-good side of what we believe in. Let's just talk straight realpolitik. We are in competition with China."<sup>87</sup>

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<sup>85</sup> Interview with Zhu Wenqi, at Renmin University Law School, 11 January 2011.

<sup>86</sup> [<http://www.chinapost.com.tw/china/national-news/2011/01/16/287797/US-presses.htm>] - accessed 4 May 2011.

<sup>87</sup> "China our rival for influence, says Clinton." *South China Morning Post*, 4 March 2011.

Senior Republicans such as John McCain also made incendiary comments on a visit to Australia in March 2011, voicing concern over China's 12.7 per cent increase in defence spending for 2011, and stating as fact that China was conducting a military build-up and acting assertively in the SCS,<sup>88</sup> something which this thesis has already shown not necessarily to be true in the light of the fact that China's last 'land grab' in the SCS was in 1995, when it built a structure on Mischief Reef just off the coast of the Philippines.

Even official military reports were not immune to spreading fear about China's potential and intentions. A strategy report released by the Department of Defense in 2010 stated that "we remain concerned about the extent and strategic intent of China's military modernisation, and its assertiveness in space, cyberspace, in the Yellow Sea, East China Sea and South China Sea."<sup>89</sup>

As in China, American scholars have also been weighing in with frank opinions:

"The problem is that China has now committed herself, publicly, to sovereignty of the South China Sea and to push that back, if only to the status of a claim that is not enforced, is going to be very difficult. So we are playing catch-up, reminding the Chinese that we have not collapsed into post-great powerdom yet, and that we have other friends in the region,"

said Arthur Waldron, an international relations specialist at the University of Pennsylvania.<sup>90</sup> In January 2011, Robert Ross, a noted China-watcher and professor in the Department of Political Science at Boston College, said:

'In the last 18 months, China has undone that [friendly outlook on the world] with a new kind of a policy, so the challenge for China is to begin to move back to where it was.'<sup>91</sup>

He then went on to say, however, that for the last 18 months the US has been taking a forward position in Asia, creating some suspicion in China that perhaps the US is bent on containment and encirclement. Perhaps he meant to give the idea that the US forward position was a result of China's 'new kind of policy', but at the same time he, perhaps

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<sup>88</sup> "Closer US-Australia military ties urged" *South China Morning Post*, 10 March 2011.

<sup>89</sup> Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, 2010. Office of the Secretary of Defense.

<sup>90</sup> [<http://english.sina.com/world/2010/0808/332694.html>] Aug 9, 2010.

<sup>91</sup> Interview on CCTV News, 13 January 2011.

unwittingly, gave rise to the idea that the new kind of policy was a result of the US forward position – an interesting conundrum indeed!

Another scholar to weigh in with some unsubstantiated rhetorical assertions was Marvin C. Ott, Adjunct Professor and Visiting Research Scholar at Johns Hopkins University and Public Policy Scholar at the Woodrow Wilson International Center for Scholars. In an analysis of ‘China’s ambitions in the South China Sea’, he attempted to clarify exactly what the meaning of the Nine-Dotted Line was, a question which, as we saw in Chapter 1, is still very unclear even in the highest academic and political circles of China. Yet with no concrete proof that China has ever officially called the SCS a ‘core interest’ even once, he declared that “in various discussions, Chinese officials have referred to the South China Sea as a ‘core interest’.” He also concluded that Foreign Minister Yang Jiechi’s angry response to Hillary Clinton’s ‘SCS as a US national interest’ assertion, and the subsequent declaration by a PLA official that ‘China has undisputable sovereignty’ over the SCS (a position always maintained by China) all meant that it was clear that the Nine-Dotted Line is a maritime boundary and that “it is now time to consider the strategic implications.”<sup>92</sup> When renowned scholars draw such sweeping conclusions about such complex matters on such flimsy evidence, one can really surmise that the whole world is being swept away with the desire to spout either assertive or scaremongering rhetoric, and ‘may the consequences be damned’.

### **4.3 China’s military build-up**

China is undoubtedly beginning to develop its military capabilities, and particularly its naval ones, at an increasing rate, as can be seen by the increasing pace at which its defence expenditure is rising. However, the mere fact that China is developing its defences forces does not automatically mean that it is aiming, against all historical evidence, to become a conquest power that is seeking to hegemonise large swathes of its surrounding regions. At approximately USD 90 billion, its defence spending is still a fraction of that of the USA’s at more than USD 700 billion, and will remain so for many years to come. The best it can hope for is some kind of parity with the USA in the limited sphere of the South China Sea.

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<sup>92</sup> Ott, 2010.

China's rising investments in defence are largely a result of a would-be super power feeling that it must have at its disposal the naval might that befits the world's second largest economy. This feeling is exacerbated by the knowledge that developing countries smaller than it (Brazil, India and even Thailand) already possess at least one aircraft carrier, so why shouldn't China?<sup>93</sup> It also naturally feels that as its wealth increases, it must have the power commensurate to defend such burgeoning assets, so in a way, increasing defence spending more or less in line with economic growth seems sensible.

A raft of events, deployments, announcements and unveilings in the period 2009-2011 have all conspired to add gunpowder to the arsenal of those who claim that China is becoming more assertive in foreign and defence policy. In March 2009, five Chinese vessels severely harassed the US submarine surveillance vessel, USNS Impeccable, 75 miles off the coast of Hainan Island, the most serious in a string of incidents involving the Impeccable.<sup>94</sup>

In May 2010, the Chinese Navy undertook a massive three-week long-range deployment of its fleet in the Spratly Archipelago with its most modern warships. The flotilla from the North Sea Fleet based in Qingdao sailed to the Spratlys and anchored off Fiery Cross Reef, seized from Vietnam in 1988. The vessels then proceeded to conduct exercises near the strategically vital Malacca Straits, forcing Vietnamese vessels in the area to withdraw.<sup>95</sup> Then in November 2010, the PLA Marine Corps staged a military drill in the SCS as representatives from more than 40 countries observed. Operations included amphibious combat military exercises. Some 1,800 naval forces and at least 100 warships, submarines and combat aircraft took part. In reference to the SCS being a disputed area, a spokesman for the PLA said, "It was not a special signal, but we chose that theatre to show our naval capacity and strength. Some countries have intervened in the South China Sea in recent years, jointly conducting

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<sup>93</sup> Ross, 2009.

<sup>94</sup> "China undermines Maritime Laws." *Far Eastern Economic Review*, April 2009.

<sup>95</sup> "The Chinese Navy's new strategy in action." *IIS Strategic Comments*, vol 16, comment 16, May 2010.

military exercises with our neighbouring countries, so it's time for us to oppose these interventions with power politics."<sup>96</sup>

If China wishes to give the impression that it is not a conquest power, it appears to be going about it in the wrong way. In December 2010, China officially confirmed that it was going to build an aircraft carrier, with the aim of placing itself among mid-tier maritime powers, as detailed in China's Ocean Development Report 2010. Production has already begun and the vessel is slated to be launched by 2020. Then during the official visit of US Defence Secretary Robert Gates to Beijing in January 2011, quite out of the blue the Chinese unveiled the new high-technology domestically developed J-20 stealth fighter to the world with timing apparently aimed at garnering maximum publicity. Other naval capabilities added to the PLA-N fleet since 2000 include seven destroyers, six frigates, two nuclear attack submarines, two strategic nuclear missile submarines, four Song-class submarines, four Russian-built Kilo-class submarines and an as yet unspecified number of advanced Yuan-class stealth submarines.<sup>97</sup> China has also reputedly developed an 'aircraft carrier killer' missile, the Dong Feng 21D, that some fear could 'upend the balance of power in Asia'.<sup>98</sup>

Despite the above acquisitions, practically it appears that China is not yet demonstrating so-called 'blue water' naval intentions that will carry it far out into the Pacific Ocean. It can only demonstrate a 'sea control capacity' in and around its coastal waters. Further out to the outer reaches of the SCS, it can only master 'sea denial', a military term describing attempts to deny an enemy's ability to use the sea (usually with naval blockades or port blockades) but at the same time making no attempt to control the sea itself. This is done through asymmetric technology designed to block the U.S. Navy from entering Chinese coastal waters. It also plans to use over-the-horizon radars, satellites, seabed sonar networks and cyber-warfare in the service of anti-ship ballistic missiles to deny encroachers access to any waters it considers its own.<sup>99</sup> China is also constructing a major naval base on the southern tip of Hainan Island, with underground facilities that could accommodate up to 20 nuclear and diesel-electric submarines at once.

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<sup>96</sup> Deng, 2010.

<sup>97</sup> You, 2005, p. 82.

<sup>98</sup> [<http://www.taipeitimes.com/News/front/archives/2011/02/16/2003496000>] - accessed 4 May 2011.

<sup>99</sup> Kaplan, 2010.

As stated, however, it would be highly premature to conclude that China's recent military and naval development definitely represents a move towards global or even regional conquest. Everything in China is developing at break-neck speed so why would something as important as national defence not go hand-in-hand with that? Whilst appearing to wish to 'scaremonger' regarding China's military capabilities, the US Department of Defense notes, however, that China's military continues to face deficiencies in inter-service co-operation and actual experience in joint exercises and combat operations. Beijing is not even yet capable of "defeating a moderate-size adversary." The Pentagon adds that China will not be able to project and sustain small military units far beyond China before 2015, and will not be able to project and sustain large forces in combat operations far from China until well into the following decade.<sup>100</sup> China may be deliberately trying to appear a military superpower in the eyes of the world, which would of course go some way to implementing the basic intrinsic aim of defence - namely deterrence - without the need for the vast sums of money spent by real military superpowers like the USA, but in truth the tension caused by the military build-up seems to lack sound justification. The fact is that China's military footprint is growing, which leads to Chinese and US defence forces increasingly operating in similar areas. Improved communication between the two military powers will, in many cases, be all that is needed to release tensions and provide reassurances.

#### **4.4 Geopolitics**

The South China Sea was not the only reason for the increased international scrutiny of China's foreign and military affairs and the resultant increased tension between China, the USA and other littoral countries in East and Southeast Asia. Events took place on the geopolitical stage, many of them related to recent increased US involvement in the region, and others a result of assertive or aggressive action or policy by one of China's neighbours. As China rises, realignments of bilateral and multilateral relationships between it, the USA and other neighbours appear to be ongoing.

##### **4.4.1 Relations with the US**

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<sup>100</sup> Bandow, 2009.

As China rises in the world and the US's role in a globalising economy inevitably declines, there is bound to be a rebalancing/realignment of Sino-US relations, and that is what is currently taking place, causing both sides much consternation as it does so. Neither country is yet comfortable in its new position in a new international environment. Due to its declining ability to dominate international affairs, the United States appears somewhat frustrated, leading to apparent anxiety when handling foreign relations. Likewise, China seems to be searching for the appropriate vocabulary with which to define its new role in the international system, and there is much internal debate about what that role actually is. Sino-US relations have therefore changed, but a new mode of interaction has not yet been formed between the two countries. They are both in a new round of adjustment.<sup>101</sup>

Some noted observers, such as David Shambaugh, consider that, despite the frequent meetings between Presidents Obama and Hu, 2010 was the worst year in Sino-American relations in at least a decade, with disagreements, distrust and frustration growing on each side.<sup>102</sup> There can be no doubt, however, that a successful visit by President Hu to Washington in January 2011 has set things on a steadier path in 2011, with the number of open disagreements greatly reduced.

The main message brought by Hu Jintao during the visit was that both countries must abandon the zero-sum cold war mentality if they are to make the most of the potential benefits of both co-operation and competition. At the time of the visit, commentators were full of ideas about what needs to be done to make sure that Sino-US relations continue on an upward curve, such as ensuring that US policy towards China does not shift every time there is a change of president, and trying to avoid scaremongering rhetoric every time China shows progress in modernising its military. At the time of the visit, however, the US was pleased by the fact that China had allowed the yuan to climb to its highest level against the dollar for 17 years and the feel-good factor was dominant.

There does, however, exist increasing tension in China caused by the US appearing to be forcing its way back into China's back yard with its bolstered military presence in the SCS, East China Sea and Yellow Sea, under the supposed pretext of securing 'freedom of navigation'. Many in China see the main purpose for the US build-up as

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<sup>101</sup> Wu Chunsi, 2011.

‘China containment’. On this subject, Wu Shicun, President of the National Institute of South China Sea Studies, said:

‘With the wind-down of Iraq, the US needs a new project to feed its appetite. I think this is fundamental to the US. Taiwan is a possibility, but because cross-straits relations have eased, the US has fewer opportunities to restrain China through Taiwan, and its role there is in decline. The South China Sea issue is just right for the US, and through the supposed use of the phrase ‘core interests’ as an excuse, the US can get involved.... If America controls the South China Sea, it can control China's economic interests, because the core of sea power is the control of commercial channels. If the Americans control the Straits of Malacca at the junction of the SCS and the Indian Ocean as well as the sea routes in the SCS, they can then control China, and I think this is what they are really aiming at.’<sup>103</sup>

So there you have it. One of China’s foremost SCS scholars is convinced that the US fear of China’s economic rise is so great that it will stop at nothing to hold it down. Little wonder that the US presence is then causing widespread general tension in China to add to the tension in the US resulting from China’s increased naval activity in the South China Sea and burgeoning military budget.

#### **4.4.1.1 The Taiwan issue**

The Taiwan issue of course has always and continues to be a thorn in the side of Sino-US relations. Back in the days of ‘the Joint Communiqué of the United States of America and the People's Republic of China’ in August 1982, the US promised “that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution,”<sup>104</sup> The USD 6.4 billion sale of arms to Taiwan announced in February 2010 clearly did not appear to conform to the spirit of the Communiqué 28 years earlier, so China’s response was to

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<sup>102</sup> Shambaugh, 2011.

<sup>103</sup> Interview with Wu Shicun, 17 January 2011.

<sup>104</sup> U.S. – PRC Joint Communiqué, August 17, 1982, [[http://usinfo.org/docs/basic/817\\_e.htm](http://usinfo.org/docs/basic/817_e.htm)] - accessed 10 June 2011.

sever military ties with the US in January 2010 until US Defense Secretary Robert Gates met his Chinese counterpart, Liang Guanglie in Vietnam in October 2010.

This event led to much harsh rhetoric from leading Chinese military figures such as Rear Admiral Yang Yi, who said that “China should punish the US for such sales and ‘make them hurt’.” Major General Luo Yuan proposed countering the sales with economic measures including selling down China’s US bond holdings, a major factor in keeping the struggling US economy afloat.<sup>105</sup> Much opprobrium was heaped upon the Obama administration, although, to be fair, the sale was actually just a step towards the implementation of the huge-scale arms sales package announced by the George W. Bush administration in October 2008, and, with the US in the grip of a severe recession, Obama would have been demonised by his own people had he blocked such an enormous boost to the US economy.

China, however, saw it as an attempt by the US to continue stoking up the fires of conflict in Taiwan in order to try and justify its continued presence in the East China Sea at a time when cross-straits relations are warming, thanks to a spirit of co-operation between Hu Jintao and the KMT President of Taiwan, Ma Ying-jeou.<sup>106</sup> Tensions remained far below the level of the so-called ‘Taiwan Missile Crisis’ of 1995-96, when China test-fired missiles over Taiwan and the US responded with the mightiest show of naval force seen in Asia since the end of the Vietnam War. Taiwan was, however, certainly a major factor in increased Sino-US tension in 2010, and not initially as a result of Chinese actions.

#### **4.4.2 The Koreas**

The situation on the Korean peninsula has of course been a major cause of Sino-US tensions ever since the Korean War, but it was not helped when, in March 2010 evidence suggested that a North Korean submarine had torpedoed and sunk a South Korean warship with substantial loss of life. The reason for the attack is still unknown, although some sources surmise that it may have been retaliation for an incident in November 2009, when a South Korean vessel fired on and damaged a North Korean naval vessel that had allegedly trespassed into South Korean waters.<sup>107</sup> Then in

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<sup>105</sup> Hille, 2011.

<sup>106</sup> *China Daily*. “US Arms Sales to Taiwan Detrimental to Sino-US Relations,” 11 January 2010.

<sup>107</sup> [<http://www.nytimes.com/2009/11/11/world/asia/11korea.html>] - accessed 10 June 2011.

November 2010, North Korean artillery carried out sustained shelling of a nearby South Korean island, again with loss of life on the South Korean side. These incidents in themselves would not have been sufficient to stoke up tensions between the US and China, but to this day China has refused to condemn North Korea for them, much to Washington's disapproval.

China has been virtually North Korea's only ally, and in many ways North Korea's very existence is dependent on Chinese food, fuel and other basic necessities. From a humanitarian perspective, this of course does not create tension between the US and China, but the two countries have different views on how best to deal with North Korea. Whilst Washington believes in using sanctions and pressure tactics to make North Korea change its behaviour, China feels that such measures are humiliating and counterproductive and that the process of negotiation is the way forward. They do, however, share common interests on subjects such as containing North Korea's nuclear programme and stopping South Korea from going nuclear.<sup>108</sup>

After decades of supporting a failing nation, Chinese patience with North Korea is beginning to wear thin, and realignment appears to be ongoing. According to leaked cables, Beijing is now starting to describe North Korea as a 'spoiled child'. South Korea's Vice Foreign Minister Chun Yung-woo said that Chinese officials had told him that they believed that Korea should now be reunified under Seoul's control, a view that was increasingly being embraced by Beijing.<sup>109</sup> China does now appear to be taking a harder line with North Korea, which was largely seen as the catalyst for the announcement in January 2011 of the resumption of defence talks between the North and South that had been stalled since the sinking of the South Korean warship.

The US too is engaged in realignment with South Korea, having recently cut its troops numbers there from 37,000 to 28,000, as it transforms from fixed forces stationed on the Korean peninsula to regional North-East Asia mobile forces able to defend more than just South Korea. It has also been agreed that by 2015, the US will hand over wartime control of South Korean troops to South Korea.<sup>110</sup>

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<sup>108</sup> Bajoria, 2010.

<sup>109</sup> Lister, 2010.

<sup>110</sup> Ko, 2008, p1.

Despite this, the US's decision to hold joint naval exercises with South Korea in July 2010 just at the time when tensions were already heightened as a result of the SCS 'core/national interest' issue seemed to be a move designed to ruffle China's feathers. China protested so vociferously against the exercises planned for any part of the Yellow Sea that in the end the US and South Korea decided to move them to the less contentious Sea of Japan, east of South Korea. In November 2010, however, when the US once again deployed its symbol of naval might in Asia, the aircraft carrier USS George Washington, just following the North Korea artillery attack on the South Korean island, China's stance appeared to have softened somewhat with the Foreign Ministry announcing merely that it opposed any party taking military action in China's EEZ without permission.<sup>111</sup>

So all in all, despite a continuing tense situation on and around the Korean peninsula with Chinese annoyance at US military activities in the Yellow Sea and US annoyance at China's refusal both to publicly condemn its ally and to use its leverage to influence North Korea, the realignments of China and the US towards their respective allies on the peninsula are tending to lessen tension between the superpowers rather than increase it.

#### **4.4.3 ASEAN**

Tensions between China and the ASEAN nations with which it has its disputes over SCS sovereignty were increased in May 2009 when Vietnam and Malaysia extended their claims to exclusive economic zone (EEZ) rights in the SCS to 350 miles on the basis of the extended continental shelf rights set out in UNCLOS III. The countries made a joint submission to the UN Commission on the Limits of the Continental Shelf for an area encompassing many of the Spratly Islands within China's Nine-Dotted Line. The year had already begun badly for relations between the SCS littoral countries when, in January, the Philippines government passed the so-called Baseline Bill, allowing it, as an archipelagic nation, or 'regime of islands' as it is called in UNCLOS, to draw its outer sea limits from the coasts of its outer islands rather than from its main baselines

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<sup>111</sup> Page et al., 2010.

(i.e. the coasts of its main islands). China naturally lodged official protests against the acts and threatening words were exchanged by all sides.

In practice neither of these events actually had much influence on matters under dispute in the SCS. All areas in question are still hotly contested. It is, however, further evidence that it is not always assertiveness or aggression on China's party that is causing tension in the SCS, and that in many cases China is just responding to assertive acts by others.

Nonetheless, 2010 largely saw an improvement in Sino-ASEAN relations, with the launch of the ASEAN-China Free Trade Area on 1 January of that year, the largest free trade area in the world between developing countries. There was also an increase in the number of high-level exchanges between the countries and two-way trade burgeoned to USD 292.78 billion, China emerging as ASEAN's largest trading partner and ASEAN as China's fourth largest.<sup>112</sup> It would be surprising in the extreme if China were to jeopardise all this for the pursuit of the rocky reefs and islets of the Spratlys, which are still to yield incontestable proof of major tracts of hydrocarbons.

The US involvement in Southeast Asia is of course a factor that further complicates the picture. China tries to paint a picture of the US as an unwelcome visitor to the region, meddling in affairs that are none of its business, whilst the US wants to be seen as a friend to the smaller countries, acting as a counterbalance to the might of China. In reality, the ASEAN countries do feel themselves at a disadvantage in bilateral relations with China, and are glad of American assistance. That is why Vietnam was happy to internationalise the SCS issue at the conference in Hanoi in July 2010, when Hillary Clinton reiterated US commitment to the SCS. Later in the year too, the US chose to emphasise its military support for SE Asian nations, with the USS George Washington firmly establishing itself in the SCS through 'war games' with Thailand, the Philippines and Vietnam. In the final analysis, however, no ASEAN nation wants to have to choose between the US and China, as Wang Fan, Director of the Institute of International Relations at China Foreign Affairs University explains:

"I don't think China and its neighbours will be unable to live together with the US back in this region. The surrounding nations are not choosing sides. They co-

operate with the US on some issues and with China on others. The US has the advantage in terms of influence, but China has the geographical advantage.”<sup>113</sup>

When analysing whether or not China is pursuing a more assertive foreign policy these days, however, Ramses Amer makes the point that it depends on which group of countries you are looking at, and that the smaller nations of SE Asia may well see China as assertive, even if this is not China’s intention:

‘What China has done in Africa is regarded as assertive by competing powers, but if you look at the North Korea problem, then China looks not assertive enough because there the expectation is that it should apply pressure to North Korea...In the South China Sea, some of the things China says and does make some of its neighbours worried, and perhaps this is not always understood in Beijing, which is after all in Northeast Asia, more in tune with Northeast Asian issues, and perhaps not fully understanding Southeast Asia.’<sup>114</sup>

#### **4.4.4 Japan and the East China Sea**

In some ways it can be said that China views its territorial dispute with Japan in the East China Sea (ECS) over the Senkaku/Diaoyu Islands as of greater importance than its disputes in the SCS, partly because its adversary is another global power and partly because it is so much closer to China’s seat of government. Certainly following the Japanese arrest of the captain of a Chinese fishing trawler that allegedly rammed two Japanese coastguard vessels on 7 September 2010 near the disputed islands, tensions between China and Japan reached heights that have yet to be seen in connection with the SCS.

Beijing was incensed and immediately acted, severed high-level ties, cancelling meetings with Japanese leaders including one scheduled between Wen Jiabao and his Japanese counterpart Naoto Kan, cancelling the second round of talks on resource exploitation in the ECS and even, in a somewhat petty act, cancelling a Chinese-sponsored visit to the Shanghai Expo by 1,000 Japanese students. The captain of the trawler, Zhan Qixiong, was finally released on 25 September, after much rampant anti-

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<sup>112</sup> Hu, 2011.

<sup>113</sup> Wang Fan, 2011.

<sup>114</sup> Interview with Ramses Amer, 17 January 2011.

Japanese nationalism in China and Chinese demands for an apology and compensation, which were certainly not forthcoming from the Japanese side.<sup>115</sup>

Japan officially administers the Senkaku Islands, having been assigned them in 1971 by the US on the basis of the Agreement between Japan and the United States of America Concerning the Ryukyu and Daito Islands, the US having been ceded the islands under Article III of the San Francisco Peace Treaty in 1952.<sup>116</sup> For this reason, Japan had international law on its side and the general global perception of the incident is that China behaved badly and appears to have nobody but itself to blame for driving Japan deeper under US military influence. “Japan will have no choice but to further go into America's arms, to further beef up the U.S.-Japan alliance and its military power,” said Huang Jing, a scholar of the Chinese military at the National University of Singapore. Signs of this happening were evident in December 2010, when the US and Japan held their largest ever joint naval exercises off the coast of Okinawa, with, as ever, the USS George Washington proudly leading the manoeuvres.

There are a number of reasons why Sino-Japanese relations in the ECS are so highly sensitive, and the cause of genuine assertiveness from both protagonists. Firstly, both sides view the dominance of the sea by the other as a potential strategic catastrophe that somehow demonstrates the overall inferiority of one nation in relation to the other.<sup>117</sup> Secondly, since 1996 when Japan and the US signed the US-Japan Joint Declaration on Security signalling Japan's willingness to assume more roles and responsibilities within its alliance with the US, China's perception of Japan as growing military threat has hardened.<sup>118</sup> Thirdly, whilst other Asian countries can view the Taiwan issue as interested outsiders, Japan is the only one of China's neighbours to view the island, as China does, as being essential to its national security and prosperity, due to its geographical centrality, beneficial proximity to vital sea lanes, and immediacy to territorial and resource disputes linked to the Senkaku Islands.<sup>119</sup>

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<sup>115</sup> Manicom, 2010, p. 9.

<sup>116</sup> Letter to *Turun Sanomat* from Toshiyuki Iwado, Minister, Embassy of Japan in Finland, 19 Oct 2010.

<sup>117</sup> Manicom, 2010, p. 11.

<sup>118</sup> Sasaki, 2010, p. 573.

<sup>119</sup> *Ibid.*

For the same geopolitical and economic reasons related to other countries that China deals with, it is, however, highly unlikely that the heated territorial dispute in the ECS will escalate into open conflict. In 2010, bilateral trade volume reached a record USD 297.77, up an impressive 30.2 per cent year-on-year, and China has now been Japan's largest market for two consecutive years.<sup>120</sup> Jeopardising such enormous trade would be foolish in the extreme as China continues its jet-propelled economic rise and Japan still struggles to shake off the vestiges of two decades of stagnation. The two powers are considered to have a great many more common interests than differences. Partly on the basis of the fact that, during the Cold War, not once did the US and Soviet Union fire on each other, it is argued that having two strong countries in competition in Asia is more likely to promote mutual respect and maintain peace and stability rather than reduce it.<sup>121</sup> Nevertheless, it should be borne in mind that, of all the geopolitical interaction taking place between China and other nations, it may well be this relationship that proves the most incendiary, making the alleged core interest of the South China Sea pale into insignificance.

#### **4.4.5 Indian Ocean**

An oft-neglected geopolitical benefit for China of control of the SCS is the ease of access it gains to the Indian Ocean and onwards to the hydrocarbon treasures of the Middle East and Africa. If China succeeds in controlling its marginal seas like the SCS and ECS up to the so-called 'first island chain formed by the Kurile Islands, Japan, the Ryukyu Islands, Taiwan, the Philippines, and Indonesia (Borneo to Natuna Besar),<sup>122</sup> it becomes a great regional power. Once it has a significant presence in the Indian Ocean it is well on its way to being a great global power.

The present main reason for China's push into the Indian Ocean, however, is energy security, related to the burgeoning demand for oil and other hydrocarbons resulting from its booming economy. China has paid great attention to the security dilemma posed by the U.S. Navy's dominance of the high seas stretching from the Persian Gulf to the Indian Ocean to the South China Sea. It worries, perhaps understandably, that

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<sup>120</sup> Hu, 2011.

<sup>121</sup> Yan Xuetong, Executive Director of the Institute of International Studies at Tsinghua University in an interview with the BBC, 13 December 2010.

<sup>122</sup> 'People's Liberation Navy – Offshore Defence', [<http://www.globalsecurity.org/military/world/china/plan-doctrine-offshore.htm>] - accessed 4 May 2010.

American naval prowess will have the power to hold China's sea-dependent economy hostage in times of crisis. In particular, China knows that it must gain primacy over the bottleneck of the Malacca Strait, the narrow strip of water sandwiched between the Malaysian peninsula and the Indonesian island of Sumatra at the far southern tip of the SCS. As China Youth Daily commentator, Shi Hongtao, recently said:

“From the perspective of international strategy, the Straits of Malacca is without question a crucial sea route that will enable the United States to seize geopolitical superiority, restrict the rise of major powers, and control the flow of the world's energy....It is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route of China. Excessive reliance on this strait has brought an important potential threat to China's energy security.”<sup>123</sup>

Despite still being a major oil producer in its own right, China is now a net importer of oil and it is estimated that by 2020, it will import up to 65 per cent of all its needs. One suspected reason for its perceived increased assertiveness in the South China Sea and, in particular, the Spratlys, is the as yet unproven assumption that the sea is home to vast hydrocarbon resources. Whilst these resources remain unproven, however, China knows that it must secure as much already proven global resources as it can before its competitors get there first. The Middle East supplies China with the bulk of its imported oil and of course these supplies must be secured, but Africa too is beginning to provide an increasing amount, as much as one-third by some estimates.<sup>124</sup> The importance of the African sources is heightened by the fact that many of the wells in countries like Angola and Nigeria are Chinese-invested projects over which China has greater control than in the Middle East, but the reliability of supply from Africa of course means nothing unless the entire supply chain including transportation can be safeguarded.

Chinese assertiveness in the Indian Ocean has not, of course, gone unnoticed by the other upcoming power in the region, India. In August 2010, India expressed concerns about China's influence in the Indian Ocean region, as competition appears to hot up for resources and geopolitical power there. “The government of India has come to realise

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<sup>123</sup> Shi, 2004.

<sup>124</sup> Zhao, 2011.

that China has been showing more than the normal interest in Indian Ocean affairs,” Indian Foreign Minister S.M. Krishna was quoted as saying in the Indian Parliament. While trade between the two giants has grown 30-fold since 2000, the tension highlights how economic ties alone may not be enough to resolve the two countries growing friction over their disputed borders and roles as emerging global powers.<sup>125</sup>

China has invested in the Gwadar port in Pakistan, the Sri Lankan port of Hambantota, and is planning to build roads and pipelines across Burma directly into western and central China in order to avoid the bottleneck of the Malacca Strait. India fears that huge Chinese investments in these countries are part of a plan to encircle it in a “string of pearls”, much in the way that China fears that the US is trying to encircle it.

In any case, China’s assertive movements in and around the Indian Ocean, including the Malacca Strait and Burma are certainly a factor causing tension in the region and further afield, but it can be safely assumed that they are aimed solely at securing energy supplies and not at territorial conquest.

#### **4.5 Domestic factors in China**

Tensions within China itself are also partly responsible for increasing tension on the international stage. Nationalism is undoubtedly on the rise in China, as the people seek an ideology to replace Marxist-Leninist-Maoism. For that reason, the ever shriller voices of the nationalists with ever more extensive platforms from which to make themselves heard, are undoubtedly having an impact on Chinese policy-making, particularly foreign-policy making, which is so susceptible to the jingoism inspired by territorial conquest and international competition and confrontation. At the same time, the government’s quest for legitimacy in the face of a population of rising wealth and worldly knowledge could also be giving rise to a desire by Beijing not to appear weak in the eyes of its fellow-nations both in Asia and the West.

##### **4.5.1 Nationalism**

Some put nationalism as the main reason for China’s apparent new assertiveness. It is not a change in policy but in attitude. Policymakers and senior members of the armed

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<sup>125</sup> “China’s growing focus on Indian Ocean irks India,” [<http://in.reuters.com/article/2010/08/31/idINIndia-51186320100831>] - accessed 15 April 2011.

forces have taken on a more nationalistic approach. This is partly a result of the thrust of personal ambition endemic to the bureaucratic politics of a Leninist system. In the Chinese Communist Party, you can put your career at risk by appearing less than patriotic.<sup>126</sup> Such nationalistic spirit is then boosted by such factors as the recent painful memory of China's subjugation to foreign aggression in the 19<sup>th</sup> and 20<sup>th</sup> centuries, and the much more recent impressive economic and social development that has endowed the Chinese with a true sense of national pride and worth.<sup>127</sup>

Nationalist fervour appeared to take a dip in the wake of the Beijing Spring of 1989, when Deng Xiaoping first advocated his *tao guang yang hui* low-profile foreign policy. There is evidence, however, that certainly since the turn of the millennium at least, a more aggressive nationalism has again been on the rise in China. In 1996, the book '中国可以说'不' (*China Can Say No*)<sup>128</sup> became a best-seller, and then in 1999, massive demonstrations in Beijing over the Belgrade Embassy bombing showed growing anti-West sentiment in China.<sup>129</sup>

I received first-hand examples of the nationalistic sentiment currently prevalent in China in relation to the SCS in my interview with Editor-in-Chief of Chinese National Geography, Shan Zhiqiang. He told me:

“If the Western colonialists had not found Nansha (the Spratlys) in the 19<sup>th</sup> century, the islands would have been completely populated by Chinese by now...I agree with the people who say that the Chinese government has shown too much restraint in this matter. Our problem has been that the Chinese people's awareness of the ocean has been too weak. If the Chinese could have just one-tenth of the maritime awareness of you Europeans, especially you British, then the South China Sea would have become a Chinese lake long ago.”<sup>130</sup>

In the eyes of many, the SCS issue is perhaps more susceptible to nationalist sentiment than many other foreign policy issues, partly because China considers that its

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<sup>126</sup> *Global Times* Forum. - accessed 21 Apr.2011.

<sup>127</sup> Zhu Tianbao, 2001, p. 21.

<sup>128</sup> Song Qiang et al. 1996.

<sup>129</sup> Zhu Tianbao, 2001, p. 22.

<sup>130</sup> Interview with Shan Zhiqiang, 11 January 2011.

‘indisputable’ sovereignty over the islands is grounded in China’s very national identity. The idea that the Spratlys are an inseparable part of the motherland is shared not only by Mainland Chinese but also those from Hong Kong, Taiwan and other major settlements of overseas Chinese.<sup>131</sup>

As previously stated, China wishes to preserve its autonomy, national independence and territorial integrity at all costs. Historically, when international links contradicted these goals, as in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, China became isolated and aggressive. When, however, it realised that it had to modernise to be strong enough to maintain its independence in a globalised community, it moderated its stance towards the West.<sup>132</sup> Why therefore, when a moderate stance is now required on the international stage, is China appearing again to revert to a more nationalistically flavoured policy? The main reason for this appears to be the increasingly important role played by public opinion in Chinese foreign policy-making.

Scholars differ on the significance of the role played by public opinion in foreign policy. SCS expert Prof. Li Guoqiang feels that it is playing an increasing role because of the increasing ‘maturity’ of the Chinese government but that dominance of nationalism in public opinion is greatly exaggerated:

“Public opinion does influence policy-making. Previously owing to the Chinese traditional political model, the government rarely listened to public opinion, but now that the government is more mature than before, that maturity is reflected in the fact that it will listen to public opinion and follow it to a certain extent. But Chinese nationalism in comparison to other neighbouring countries is not particularly strong. On the internet, you may see many angry nationalistic outbursts, but you have to remember that China has 1.3 billion people, and with that figure in mind the number of extreme remarks is few.”<sup>133</sup>

Other scholars such as NISCSS President, Wu Shicun, are more convinced of the harmful effect of nationalistic public opinion on official Chinese rhetoric and policy, and how it can affect even top-level diplomatic relations:

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<sup>131</sup> Stenseth, 1998, p 95.

<sup>132</sup> *Ibid.*, p 1.

<sup>133</sup> Interview with Li Guoqiang, 12 January 2011.

“Nowadays, public opinion is driving rhetoric and policy. Let’s look at the recent dispute with Japan over the Diaoyu Islands, which cover an area of only 2 km<sup>2</sup>. If you want to know why last year the rhetoric became stronger, look at how Chinese bloggers criticised the Chinese government. That’s why later in Hanoi Wen Jiabao actually cancelled a meeting with the Japanese Prime Minister! Public opinion interfered with the highest levels of decision making! The same is true for the South China Sea issue. Any government, any leaders who shows a soft attitude on this issue will be publicly criticised, so that is what is behind any perceived assertiveness on the issue.”<sup>134</sup>

Indeed, the latest international clashes in the SCS and the ECS appear to show that issues of disputed sovereignty and maritime jurisdiction have assumed pride of place in the mindset of Chinese nationalists, and perhaps even those from Japan.<sup>135</sup> Prior to this, Chinese nationalists tended to base their anti-Japanese ire on war atrocities.

Despite draconian web censorship in China, the internet has of course been the major channel for nationalists to vent their opinions and indignation and, to a certain extent, Beijing has been happy to keep the views of such people on Internet as long as that keeps the streets quiet, thus maintaining at least a facade of control.<sup>136</sup> There is also a view that the lack of personality cult in China nowadays with no insuperable paramount leader as in the days of Mao or Deng also leaves more opportunity for public opinion and the resultant nationalism to play a greater part in decision- and policy-making.

If proof were needed that the Chinese themselves believe that nationalism is having a major impact on foreign and, in particular, SCS policy, then it comes from no less an authority than the Global Times itself, which stated in an editorial on 27 July 2010 that “the Chinese public often sees ‘joint development’ [of SCS resources] as a violation of China’s sovereignty and interests. A strong public mood sometimes leaves government with a limited choice when it comes to diplomatic moves.” If ever there was a firm indication from state-controlled media that popular nationalism has a direct impact on foreign policy-making, there it is. If China is able somehow to tame this nationalism

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<sup>134</sup> Interview with Wu Shicun, 17 January 2011.

<sup>135</sup> Manicom, 2010,

and its harmful effects on the country's external image and reputation, that would then go some way towards decreasing tensions in the SCS and East Asia in general.

#### **4.5.1.1 Government legitimacy**

Closely linked to nationalism in China and its effect on foreign policy is the concept of government legitimacy, as the party-state tries to boost its justification to rule in the eyes of the people by pandering to nationalist demands and sentiments. There are a number of reasons why the Chinese government is becoming increasingly tense and concerned about losing its legitimacy to govern, and is thus seeking ways to increase it. Firstly, as the population becomes wealthier with a large swathe of urbanites approaching or even moving into 'middle-class' status or life style and a civil society firmly taking root, the fear exists that the people will be far less likely to blindly accept the diktats of a non-elected regime. This fear is exacerbated by the fact that, despite far-reaching internet censorship, the Chinese people nowadays have a myriad of sources at their disposal for seeing how upwardly mobile sections of society in other countries are living comfortably and more democratically under less authoritarian regimes.<sup>137</sup> In some ways, it seems that Beijing is now more concerned with the covert, 'soft' interventions of issues such as human rights and democratisation, than it is with potential 'hard' military interventions by foreign countries in China's sovereignty and territorial integrity issues, because the former could have a far more adverse effect on its legitimacy than the latter.<sup>138</sup>

Secondly, 2012 will see the transition from the fourth to the fifth generation of leaders in of course another undemocratic selection process. The new regime will be under greater scrutiny than at any time since the birth of the People's Republic to justify its unhindered accession, and bellicose rhetoric aimed at nationalists (or what the Chinese like to call 'patriots') about protecting territorial integrity and sovereignty in disputed areas will doubtless be seen as one good method of enhancing legitimacy.

Thirdly, the current regime bases much of its legitimacy on socioeconomic success and so has little to worry about as long as the economy continues to boom, year-on-year growth rates continue to pepper the 10 per cent mark, and the majority of the population

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<sup>136</sup> Interview with Douglas H Paal, 9 November 2010, [<http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=41907>] - accessed 4 May 2011.

<sup>137</sup> Cheng, 2010.

<sup>138</sup> Wu Zhong, 2009.

feels that it is benefiting from the policies under which it lives. Market saturation will mean, however, that such growth rates cannot be sustained indefinitely, and when things begin to level off, the government will require other credible pillars upon which to base its right to govern.

Nonetheless, the majority of government legitimacy in China still comes from economic sources and that seems unlikely to change in the short- to medium term. In recent years, even in cases where China could have been more assertive in territorial issues, such as in the dispute with Japan over the Senkaku/Diaoyu Islands, it has generally chosen to maintain workable diplomatic relations even at the cost of its nationalist credentials.<sup>139</sup> If, however, the fifth-generation regime contains a greater number of foreign policy 'hawks' than the present one does, and economic slow-downs or social strife begin to erode government legitimacy, then an assertive focus on territorial issues such as the SCS or ECS to boost that legitimacy may not be totally out of the question.<sup>140</sup>

The more likely scenario, however, is continued regime stability, emphasising economic growth and non-confrontational international relations for some time yet to come. Current nervousness prevalent amongst both the outgoing fourth generation and the incoming fifth generation of leaders is, however, presently contributing to more assertive rhetoric, particularly in regard to the SCS and ECS, and is thus a factor in the increasing international tension that was so evident in 2010.

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<sup>139</sup> Strecker & Saunders, 1998, p 145.

## Chapter Five - Findings

### 5.1 The ‘core interests’ debate – a ploy by the US to assist it back to Southeast Asia?

So with all the tension-increasing factors detailed above, some of them China’s responsibility and some not, it is easy to see why 2010 was seen by many as the tensest year between the US and China since before the ping-pong diplomacy of 1971, so in no way can it be maintained that the tension was mainly a result of increasing Chinese assertiveness in the SCS and other littoral waters.

Certainly the ‘core interests’ debate was a major factor in deteriorating Sino-US relations in 2010 but, as we have seen, the evidence that China stated even unofficially even once that the SCS was a new core interest is sparse in the extreme. And yet, as we have also seen, once the ‘SCS as a core interest’ idea was leaked to the Western media, it was pounced upon and quoted almost without exception as if it were an official Chinese statement of new policy. Even reputable publications like *Intelligence Quarterly* referred to “Beijing’s assertion a few months earlier that the whole South China Sea was a core [Chinese] national interest.”<sup>141</sup> The whole issue then seemed to take on a life of its own.

So as asked in the introduction, why was it that the world showed such great alarm at the unsubstantiated use of a two-word phrase in a private meeting in 2010, when in 1995 it had all but completely ignored a flagrant act of Chinese aggression when China seized and forcibly occupied Mischief Reef in the Spratly Islands, well within the exclusive economic zone of the Philippines? The answer, I believe, lies in the mighty American publicity machine that appears to have the power to make the world believe more or less anything that it wants it to believe. Had Dai Bingguo stood up at an official press conference and proclaimed that the South China Sea was now a Chinese core interest, all the subsequent furore would have been justified, but that was not the case. The US merely proclaimed that China had said it, therefore it must be true.

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<sup>140</sup> Stenseth, 1998, p 95.

<sup>141</sup> *Intelligence Quarterly*, 24 August 2010. [<http://www.intelligencequarterly.com/2010/08/beijing-debates-%E2%80%9Ccore-interests%E2%80%9D-and-sino-u-s-relations>] - accessed 4 May 2011.

The launching of the 'core interest' debate onto an unsuspecting world was accompanied by much scaremongering from the US. In January 2011, Wikileaks mysteriously got hold of a diplomatic cable dated January 2009 from the US Embassy in Beijing forecasting rapid Chinese military modernisation in the next three decades. "The PLA thirty years from today will likely have sophisticated anti-satellite weapons, state-of-the-art aircraft, aircraft carriers and an ability to project force into strategic sea lanes," the cable read in an alarmist tone.<sup>142</sup> Just prior to that, the Office of the Secretary of Defence had issued a report to Congress, 'Military and Security Developments Involving the People's Republic of China- 2010', in which it warned that "China is developing and fielding large numbers of advanced medium-range ballistic and cruise missiles, new attack submarines equipped with advanced weapons, increasingly capable long-range air defence systems, electronic warfare and computer network attack capabilities, advanced fighter aircraft, and counter-space systems." After a list like that, who would not get the message?

So why was the US so keen to play up the China threat at this point in time? It clearly wanted to convince the world that that Chinese rhetoric was substantially more incendiary and its nationalism more unbridled in 2010 than ever before, which was simply not the case. As far back in 1990 in the wake of the Beijing Spring, the Chinese government mounted a major propaganda campaign to appeal to nationalism in an effort to shore up its legitimacy. On June 3, 1990, CCP General Secretary Jiang Zemin warned about the threat of 'peaceful evolution' from hostile forces at home and abroad, urging people to 'carry forward' China's tradition of patriotism.<sup>143</sup> As for US claims that only now was China starting to project its naval power further afield, as far back as 1987 China was first advocating a 'blue water' navy. On 13 February 1987, China's then naval chief, Liu Huaqing, submitted a doctrine entitled 'On the question of establishing naval strategy' in which he extended the navy's combat mission from coastal defence to offshore power projection.<sup>144</sup>

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<sup>142</sup> "Wikileaks cable reveals China's modernising military might," [<http://ipsnews.net/news.asp?idnews=54123>, 13 January 2011] – accessed 10 June 2011.

<sup>143</sup> "Patriotism and the Mission of Chinese Intellectuals—Speech by Jiang Zemin at a Report Meeting Held by Youth in the Capital to Commemorate 'May 4th,'" Xinhua, May 3, 1990, in FBIS, Daily Report: China, May 4, 1990, pp. 8–13.

<sup>144</sup> You, 2005, p 79.

Quite simply, it served American objectives very well if the world believed that it was facing a more threatening China than ever before. Obama is facing mounting domestic problems in addition to the lingering economic woes, such as rising unemployment, problems with health care reform, and while nobody is questioning his legitimacy to govern, many are questioning his ability to do so. In the eyes of many in the world, the US is a fading power, adversely mirroring China's rise. At the same time, a hideously expensive military campaign of questionable success and legal basis in Iraq is drawing to a close and, while the reputation of the US at home and in Iraq is severely tainted, there is one region of the world where for decades it has reigned supreme and where it can still appear to shine as the world's mightiest military if not economic power: East and Southeast Asia. Against a background of increasingly close regional co-operation in the region, however, in order to be accepted back in strength, it needs to continue to cultivate in the minds particularly of ASEAN nations the idea that China is still very much a threat and, without the US to back them up, they will be increasingly at the mercy of an increasingly powerful and hegemonistic China. So far, it has been relatively successful in this, Vietnam moving visibly closer to the US in 2010 with the signing of the US-Vietnam 123 Nuclear Cooperation Agreement, and Japan and the South Korea firmly back under US umbrella.

The US has cleverly mixed the fears of ASEAN countries of China's aggressiveness regarding their conflicting SCS claims with its own purported concerns regarding freedom of navigation, at the same time stepping up its military intelligence gathering activities in China's exclusive economic zone. China has of course reacted angrily to this, as the US would do if China were performing similar activities in its 'backyard', but in the West the Chinese reaction has been painted as nothing but aggression. The activities of US EP-3 aircraft and navy ships, the Bowditch and the Impeccable, have included the active 'tickling' of China's coastal defences to provoke and observe a response, including interference with shore-to-ship and submarine communications and tracking China's new nuclear submarines for targeting as they enter and exit base.<sup>145</sup>

So why, when the US relies so heavily on China for much of its economic wealth, should it currently be so bent on aggravating it? There are several theories about this. Firstly, the US is so accustomed to being number one in the world, it will do all it can to

prevent another power from rising past it. It will therefore use negative psychology to exaggerate the potential instability resulting from China as the largest power, be it globally or merely in the limited sphere of the SCS.<sup>146</sup> Secondly, China's development path is so globally and historically unprecedented, there is no clear reference point by which others can judge it, so they naturally question the ultimate stability it will provide and are unwilling to let it proceed unopposed.<sup>147</sup> Thirdly, with US domination of global and Asian affairs in slow but steady decline, its hold on China's first island chain surrounding the South China Sea is beginning to be pried loose. Local populations have become less agreeable to the presence of foreign troops in their midst. The rise of China makes Beijing intimidating and appealing at once, mixed feelings that could complicate the United States' bilateral relations with its Pacific allies.<sup>148</sup> The strength of US forces on land in Asia will inevitably decline. After all, its continuing paramount military position in the Asia-Pacific region is an outdated legacy of World War Two, and the devastation then suffered by China, Japan and the Philippines. Its presence in Korea too is a by-product of a war that ended more fifty years ago.<sup>149</sup> As its land-based forces diminish, continued US influence in Asia will be dependent on its maritime forces, and in particular those patrolling in and around the SCS, hence its current resolve to remain naval 'top-dog' there.

The US has officially stated that, in foreign affairs, it is now pursuing a policy of 'smart power', a concept developed by Joseph Nye in 2003, combining hard and soft power in an integrated strategy.<sup>150</sup> This means a mixture of hard power (the ability to coerce through a country's military and economic might) and soft power (influence through the attractiveness of a country's culture, political ideals and policies).<sup>151</sup> At her confirmation hearings for her job as US Secretary of State, Hillary Clinton said, "I believe that American leadership has been wanted but is still wanted. We must use what has been called 'smart power', meaning the full range of tools at our disposal, diplomatic, economic, military, political, legal and cultural, picking the right tool or combination of tools for each situation." Could it be that, in order to ensure the

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<sup>145</sup> Valencia, 2010.

<sup>146</sup> Wu Xinbo, 2011.

<sup>147</sup> Da Wei, 2011..

<sup>148</sup> Kaplan, 2010.

<sup>149</sup> Ibid.

<sup>150</sup> Nye, 2009.

<sup>151</sup> Nye, 2004.

continuance of US leadership in East and Southeast Asia, the unjustified spreading of fear and mistrust for one's own ends could be classed as 'smart power'?

## 5.2 Why China is unlikely to adopt an aggressive maritime policy

There are many arguments to refute the US-led scaremongering over China's alleged aggressive maritime plans. Firstly, despite Western claims to the contrary, China's defence spending is still at a low level in relation to its size compared with many other large and powerful nations. China's military spending is kept at a low level in comparison with other countries. In 2010, China's military expenditure only accounted for 2.2 per cent of its GDP in comparison with 4.7 per cent for the US, 2.8 per cent for Russia and 2.5 per cent for the UK. It was even lower than other major emerging economies such as India (2.8 per cent) and Brazil (1.6 per cent). Between 2009 and 2010 it only grew by 3.8 per cent, having increased by 18.7 per cent the previous year and 10.2 per cent the year before that.<sup>152</sup>

Experts whom I interviewed also explained why it is unlikely that China will unilaterally turn to shows of force outside its land borders. Many referred to the fact that China is not and has never been a country of international conquest and the Confucian mentality generally dictates adherence to peace and harmony and only reactive military force. Shan Zhiqiang of *Chinese National Geography* says:

“The entire waters around the Paracels are full of oil, and with its current strength China is fully capable of drilling into these places. As for naval strength, if we can send the Chinese Navy to escort ships from the Gulf of Aden, we are fully capable of taking control of regions in the South China Sea and exploiting them. In a military conflict, the other littoral countries in the South China Sea would be no match for China but the Chinese government's attitude in these areas is to proceed carefully and maintain a harmonious situation in the region.”<sup>153</sup>

Professor Liu Nanlai backs him up:

“In the conflict with Vietnam over the Paracels in 1974, China was in fact very restrained. Once it was over, many people advocated the use of this opportunity

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<sup>152</sup> SIPRI (Stockholm International Peace Research Institute) Military Expenditure Database 2011.

to further expand into the Spratlys, but thus far China's occupation of the Spratlys has been minimal in comparison to other countries. We could say, 'yes, let's go and occupy a lot more, it's perfectly possible, so why not do it?' This is all evidence of China's non-aggressive attitude."<sup>154</sup>

Professor Li Guoqiang mentions another reason why China would be foolish to use force in the South China Sea:

"In a war, once you've taken something by force it will be difficult to defend. After all, objectively speaking, the Spratlys are very far from the Chinese mainland while Vietnam, the Philippines and Malaysia, are relatively close. So if we win then by force, how can we keep them? How can we exploit them? We'd be very restricted in what we could do. In the absence of a sound security environment, you can try drilling for oil but under what circumstances? Neighbouring countries will pose a continual threat to your security."<sup>155</sup>

A point that seems to be passing the world's media by, or that they are deliberately ignoring is the fact that assertiveness is more a question of how you behave than what you say.<sup>156</sup> For the Chinese truly to be seen as being on a path to a more assertive policy in the SCS, there would need to be something overtly aggressive or offensive taking place, rather than the occasional naval exercises conducted in response to much larger US 'war games' with China's neighbours on its very doorstep, or the building of a new Chinese submarine base on its own southern shoreline.

Another reason why the West worries about the 'China threat' is that the PLA is viewed as having a much more prominent role in policy-making in China than armed forces do in many other countries. However, the role of the PLA in government has been on the decline for some time. It has been substantially narrowed by decades of institutional reform, focused on the professionalisation of the armed forces and the deliberate distancing of military leaders from civilian decision-making processes. 53 Military officers retiring from powerful CPC positions in the 1980s and 1990s were replaced

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<sup>153</sup> Interview with Shan Zhiqiang, 11 January 2011.

<sup>154</sup> Interview with Liu Nanlai, 13 January 2011.

<sup>155</sup> Interview with Li Guoqiang, 12 January 2011.

with civilians, culminating in the retirement of PLA Navy (PLAN) commander Liu Huaqing from the Politburo Standing Committee (PSC) in 1997. Since then the PLA has not been represented on the PSC.<sup>157</sup> It also has a very low level of representation in other top Party organs; in the 25-member Politburo 22 have no military background, and the powerful Party Secretariat has no PLA presence.<sup>158</sup>

As previously stated, however, a war over the scraps of land that make up the Spratlys would simply not serve Chinese purposes, either now or for some time to come. The economic star status of ASEAN states along with the Spratlys' vital geopolitical and commercial location would guarantee a major international outcry and heavy-handed intervention by the invincible US Seventh Fleet, along with the shattering of China's carefully crafted public relations image. It would indeed be a sorry way to start 'the Pacific century'.<sup>159</sup>

As stated in the introduction, since 1949 China has offered substantial compromises in 17 of its 23 territorial disputes and thereby successfully resolved them without coming close to taking up arms. 16 of those were over land-based borders.<sup>160</sup> Offshore in the SCS, the incentive to resolve disputes is simply not there because no citizens are affected, the islands cost little to dispute and to maintain a status quo at home according to which the islands are Chinese is preferable to entering into compromise that might result in the official loss of half of them. Fighting for them would appease the few million ultra-nationalists in China but the rest of the world, and indeed the majority of Chinese would look on in horror. Aggression is simply not worth it, and, in an increasingly globalised and interdependent world, it is hard to see a time even in the more distant future when it would be worth it.

### **5.3 The South China Sea a 'litmus test' for the assertiveness of overall Chinese foreign policy**

During my research, the question arose about why the world kicked up such a storm in 2010 over the issue of China perhaps including the SCS as a core interest. While it is

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<sup>156</sup> Interview with Ramses Amer, 17 January 2011.

<sup>157</sup> Jakobson & Knox, 2010, p. 12.

<sup>158</sup> Rajan, 2010.

<sup>159</sup> Gallagher, 1994, p. 194.

obviously an important body of water for China and other littoral nations, its significance for the West would on the surface appear to be limited to the fact that it is the site of major sea routes linking East and Southeast Asia to the outside world. Even if China were to assert itself more vigorously over the sea, however, surely it would not wish to suffocate the trade that represents the life-blood of its economic development.

Based on my research, I believe that the West views Chinese policy towards the SCS as a litmus test for the assertiveness of overall Chinese foreign policy. The West expects an uncompromising assertive stance from China on the intrinsically internal issues of Taiwan, Tibet and Xinjiang, but if China does start getting assertive over the more international issue of the SCS, then that could be a sign of an increasingly assertive overall trend, hence the apparently disproportionate interest in the matter.

The US believes that China has made a decision that control of the SCS is of vital importance to its near and long-term future. It believes that China believes that, with its population continuing to grow, land-based resources in irreversible decline and a reputed 80 per cent of the world's resources hidden in the oceans, China has made an as yet unproclaimed resolution that it will gain control of as much of the SCS as possible. This will not necessarily be for the benefit of its people now or even within decades but in one hundred or even one thousand years' time.<sup>161</sup> The US believes that China feels it must realise its historical rights to sovereignty over the SCS, because if the sea were divided amongst other littoral states, then China's role in Southeast Asia and even Asia as a whole would be much reduced. On the other hand, with control of the SCS almost to the shorelines of the Philippines, Malaysia and Vietnam, China can become a Southeast Asian nation as well as an East Asian one, in the same sense that the US is both an Atlantic and a Pacific one and Russia is both a European and Far Eastern one.<sup>162</sup>

So far, however, evidence of a sustained push by China to reclaim the SCS has not yet been forthcoming, and indeed in recent years other countries have been more assertive than China in their claims. To the West, and to the US in particular, this is because China has not yet fully shaken itself from the shackles of its *tao guang yang hui* low-

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<sup>160</sup> Fravel, 2005, p 46.

<sup>161</sup> Garver, 1992, p. 1020.

<sup>162</sup> Ibid. p. 1028.

profile foreign policy. The West believes, however that one day it will and the SCS will then be the first target on China's list of conquests. To the West, assertiveness in the SCS will be the sign that China is at last truly to beginning to adopt a foreign policy that will one day see it become the world's greatest military and diplomatic power to correspond to its position as the world's greatest economic power. For the West, this is the 'litmus test' that makes the SCS such a crucial geopolitical element in the East and South East Asian power games.

A desire to maintain the friendly international relations that are of vital importance to its continued economic development is one of the reasons for China's hitherto surprising lack of assertiveness in the SCS, but another reason is that it, like the USA, is currently undergoing a period of transition and uncertainty. In China there is a real debate going on about precisely how strong it is, how its new-found power should be employed, and what the risks of greater international involvement may be.<sup>163</sup> Beijing is not yet sure of the way ahead. China's total GDP of almost USD 5 trillion certainly should make it a great power but its GDP per capita of just USD 3,250 puts it merely on the dividing line of 'lower middle income' and 'upper middle income' countries.<sup>164</sup> China is as confused as anyone about exactly how significant it is and the path it should take. Any increased assertiveness in the SCS, however, will be seen as a sign that China has finally come to terms with its new-found power, is sure of the direction in which it wishes to go, and that shifts towards more forceful policies in many spheres are imminent.

## **Conclusion**

The title of this thesis is 'China's 'Assertive' South China Sea Policy and Rhetoric: Proactive, Reactive or Myth?' I have shown that on occasion there have undoubtedly been times during the last two years when China has been assertive in respect of the SCS, so it is clearly not a myth. On almost every occasion, however, Chinese assertiveness was in reaction to the assertiveness of others, not vice-versa.

Media handling of China's alleged reference to the SCS as a core interest was one of the main factors in 2010 that raised the idea of Chinese aggression and 'the China threat' in the minds of the West and other SCS littoral nations. As we have seen, however, the

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<sup>163</sup> Buckley, 2010.

<sup>164</sup> Naughton, 2010, p. 130.

reference was made in a meeting closed to the press, so subsequent mass quoting by the international press asserting beyond doubt that China had actually called the SCS a core interest is misleading in the extreme. Chinese sources claim that Dai Bingguo said that the SCS ‘affects China’s core interests’, and it is highly plausible that this could have been a reference to Taiwan, as control of the SCS will undoubtedly play a key role in how the Taiwan question unfolds. Increased Chinese naval manoeuvres in the SCS from 2009 onwards can also be seen as reactive in response to the lodging by Vietnam and Malaysia in that year of a joint submission for extended continental shelf rights with the United Nations Commission on the Limits of the Continental Shelf. They are also a clear response to an increase in the latter half of 2010 in the frequency of US naval exercises right on China’s door step in the Yellow Sea with South Korea and Japan and in the SCS with Vietnam. It is inconceivable to think that the US would not have reacted far more assertively had China been doing similar things in international waters near its own ‘core interests’.

It is true that Chinese SCS rhetoric became angrier in the late summer of 2010, with Foreign Minister, Yang Jiechi, getting particularly annoyed in July at the ASEAN Regional Forum in Hanoi, but this was in direct response to Hillary Clinton claiming that the freedom of navigation in the SCS was a national interest of the US, and that the US could perhaps mediate the SCS disputes in a multilateral setting. These statements were both clearly designed by the US to rile China and to curry the favour of China’s fellow-claimants in ASEAN.

China has had multiple opportunities in the past two decades to act assertively in the SCS. Its military and naval forces are far superior to those of other littoral countries, yet the Philippines and Vietnam have been much more assertive than China in cementing their claims to the Spratlys and both countries presently occupy substantially more Spratly features than China does.

At present it is clear that China both wishes and needs to maintain a low-profile foreign policy that does not ‘rock the boat’ with any of its potential trading partners, meaning therefore just about every country in the world. China proudly proclaims that it adheres

to an 'Independent Foreign Policy of Peace'.<sup>165</sup> It states that 'the fundamental goals of this policy are to preserve China's independence, sovereignty and territorial integrity, create a favourable international environment for China's reform, opening up and modernisation construction, maintain world peace and propel common development.' It also specifically states that China does not 'establish military groups with other countries, or engage in arms race and military expansion.' China saw what happened to Germany and Japan in the wake of their military aggression of the early- and mid 20<sup>th</sup> century, and is resolute that it will not follow that path. This has not, however, reassured many doubters in the past year of China's peaceful intentions. Chinese policy-making is very much based on the idea that theory should guide practice (理论指导实践).<sup>166</sup> China's foreign policy is conceived as part of a world order into which it and all other nations must fit, something that may sound to the outside world as if China expects them to fall in line with what it expects of them, hence the perhaps justified cynicism over China's officially stated policies.

Quite simply, on the back of its supremely strong economy that was a major factor in preventing the world from falling even deeper into recession in 2008-09, China does have a higher international profile these days, and such a power needs a navy commensurate to its size, influence and prestige, as why should it now allow itself to be bossed around by anyone? Memories of its meek subjugation and humiliation in the 19<sup>th</sup> and 20<sup>th</sup> centuries are too fresh in the memory to allow them to happen again, particularly now that China is a leader rather than the follower it was then. At present its defence spending as a percentage of GDP is still lower than less globally influential countries like India and Brazil, a state of affairs that is not acceptable to China. Increased defence spending is therefore a natural by-product of its economic rise, but certainly does not mean it will be taking the world or even the SCS by storm any time soon.

China does definitely want to be the strongest country in the SCS, especially in the region of the Malacca Straits right at the southern tip of its sovereignty claim, in order to ensure trade channels, oil revenues and a solid defence shield against blue water

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<sup>165</sup> Ministry of Foreign Affairs of the People's Republic of China, 'China's Independent Foreign Policy of Peace, issued 18 August 2003

<sup>166</sup> Dittmer, 2010, p. 40.

navies, and persisting in its historical claims helps it in this. If it gave up any of its claim without a shot being fired, it would seem weak in the eyes of its people, not only the nationalists. Maintaining the status quo, therefore, according to which, in Chinese eyes, it has sovereignty over the SCS, is preferable to entering into negotiations that will inevitably end in it having to relinquish some of its claims.

This is not to say, of course, that events might one day dictate that China does use its ever-increasing naval power for combative purposes. Certainly if it perceives that another country, in particular the US but also Japan and the other SCS littoral countries, is acting too assertively and grabbing territory to which it is not entitled, then China's new 'military dragon' will undoubtedly display its fire, but that again will be reactive rather than proactive. As this thesis has shown, the basic Chinese mentality, demonstrated in martial arts philosophy, is that the natural state of affairs is peace and harmony and power should only be used defensively, not offensively. China certainly wishes to bolster its sphere of influence in the South China Sea, but as for territorial conquest, the last decade has shown that a mature, economically and diplomatically developing China will not be looking that way for some time to come, if ever.

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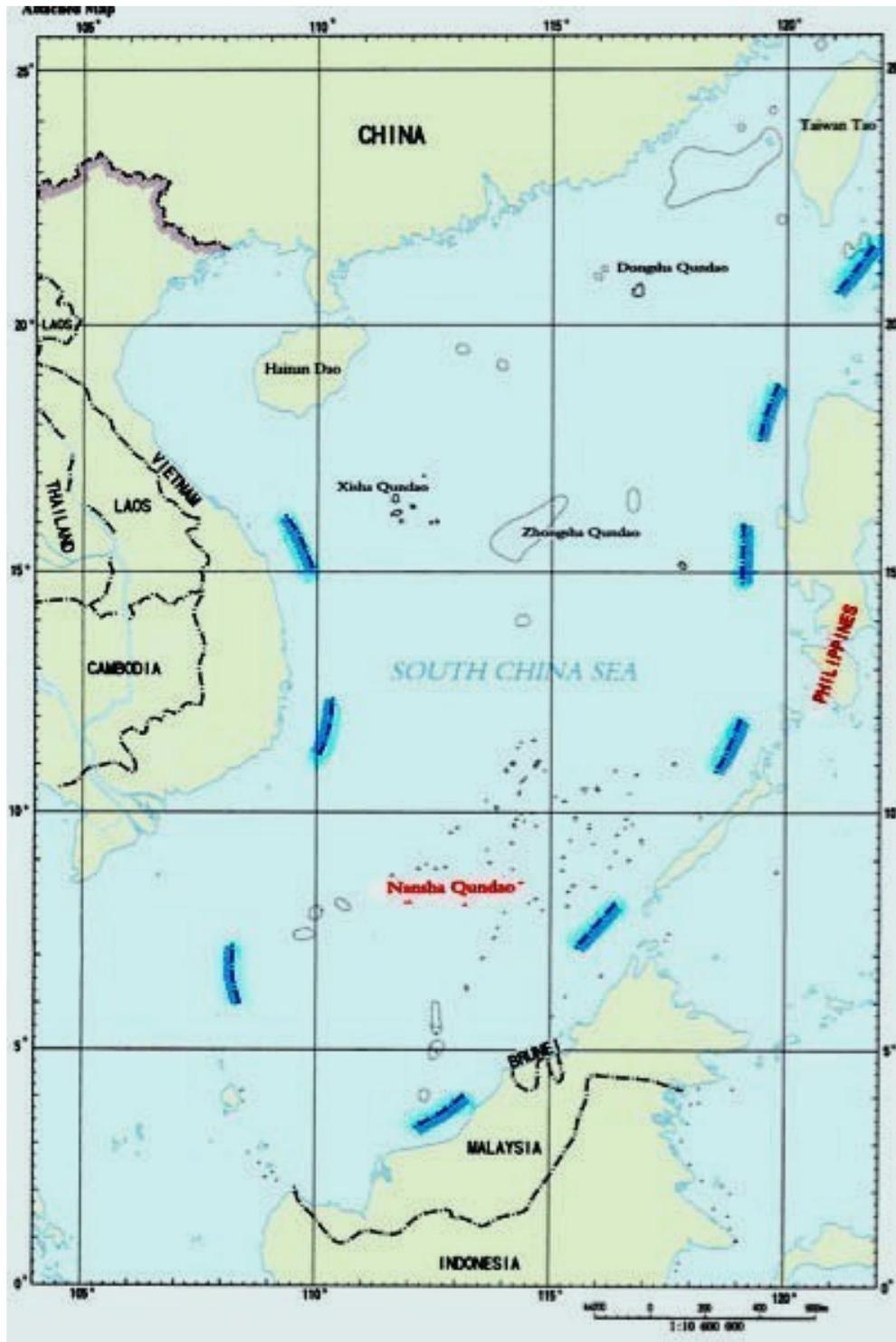
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## Appendix



The Nine-Dotted Line showing the Spratlys (Nansha Qundao), the Paracels (Xisha Qundao), Macclesfield Bank (Zhongsha Qundao) and the Pratas (Dongsha Qundao). James Shoal, the southernmost feature claimed by China is just above the southernmost 'dot', just off the coast of Malaysia. – Source: [www.newsbreak.ph](http://www.newsbreak.ph)