



**NAVAL
POSTGRADUATE
SCHOOL**

MONTEREY, CALIFORNIA

THESIS

**A TREND ANALYSIS: RISING THRESHOLD FOR CHINA
TO USE FORCE IN TERRITORIAL DISPUTES IN SOUTH
AND EAST CHINA SEAS**

by

Sahin Ciplak

December 2012

Thesis Advisor:
Second Reader:

Alice L. Miller
Robert Looney

Approved for public release; distribution is unlimited

THIS PAGE INTENTIONALLY LEFT BLANK

| REPORT DOCUMENTATION PAGE | | | Form Approved OMB No. 0704-0188 | |
|--|--|---|---|--|
| Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503. | | | | |
| 1. AGENCY USE ONLY (Leave blank) | | 2. REPORT DATE December 2012 | 3. REPORT TYPE AND DATES COVERED Master's Thesis | |
| 4. TITLE AND SUBTITLE A TREND ANALYSIS: RISING THRESHOLD FOR CHINA TO USE FORCE IN TERRITORIAL DISPUTES IN SOUTH AND EAST CHINA SEAS | | | 5. FUNDING NUMBERS | |
| 6. AUTHOR(S) Sahin Ciplak | | | | |
| 7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000 | | | 8. PERFORMING ORGANIZATION REPORT NUMBER | |
| 9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A | | | 10. SPONSORING/MONITORING AGENCY REPORT NUMBER | |
| 11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB Protocol number ____N/A____. | | | | |
| 12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution is unlimited | | | 12b. DISTRIBUTION CODE | |
| 13. ABSTRACT (maximum 200 words) This thesis analyzes the political, economic, energy and military determinants of China's use of force policy in South and East China Seas in the post-Cold War era. Considering China's international behavior throughout the Cold War years, three possible explanations are formulated at the beginning of the study. The first one posits that China has not changed its realist international attitude after the Cold War and its conciliatory behaviors are only exceptional for other reasons. The second postulates that China has displayed behavior different from its earlier approaches to the regional disputes since 1990s. The third suggests that China has not behaved consistently and it is not possible to determine any single pattern. Since the end of the Cold War, deepening political and economic integration and increasing investment in alternative energy resources discouraged Chinese decision-makers from resorting to the military forces at first place to settle the disputes and forced Beijing to adopt more cooperative strategies. However, regarding the regional militarization, it is difficult to determine the effects of military balance on the Chinese international crisis behaviors. After evaluating the determinants and China's dispute behavior together last two decades, this thesis concludes that the threshold of the Chinese use of force in South and East China Seas has elevated and Beijing has not behaved so belligerently since 1990s as it did during the Cold War years. | | | | |
| 14. SUBJECT TERMS Use of force, conciliatory, territorial dispute, confrontational, diplomatic, political institutions, economic interdependence, energy relations, military balance, security context, and threshold. | | | 15. NUMBER OF PAGES 105 | |
| | | | 16. PRICE CODE | |
| 17. SECURITY CLASSIFICATION OF REPORT Unclassified | 18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified | 19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified | 20. LIMITATION OF ABSTRACT UU | |

THIS PAGE INTENTIONALLY LEFT BLANK

Approved for public release; distribution is unlimited

**A TREND ANALYSIS: RISING THRESHOLD FOR CHINA TO USE FORCE IN
TERRITORIAL DISPUTES IN SOUTH AND EAST CHINA SEAS**

Sahin Ciplak
First Lieutenant, Turkish Army
B.S., Turkish Military Academy, 2004

Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(FAR EAST, SOUTHEAST ASIA, AND THE PACIFIC)**

from the

**NAVAL POSTGRADUATE SCHOOL
December 2012**

Author: Sahin Ciplak

Approved by: Alice L. Miller
Thesis Advisor

Robert Looney
Second Reader

Harold A. Trinkunas
Chair, Department of National Security Affairs

THIS PAGE INTENTIONALLY LEFT BLANK

ABSTRACT

This thesis analyzes the political, economic, energy and military determinants of China's use of force policy in South and East China Seas in the post-Cold War era. Considering China's international behavior throughout the Cold War years, three possible explanations are formulated at the beginning of the study. The first one posits that China has not changed its realist international attitude after the Cold War and its conciliatory behaviors are only exceptional for other reasons. The second postulates that China has displayed behavior different from its earlier approaches to the regional disputes since 1990s. The third suggests that China has not behaved consistently and it is not possible to determine any single pattern. Since the end of the Cold War, deepening political and economic integration and increasing investment in alternative energy resources discouraged Chinese decision-makers from resorting to the military forces at first place to settle the disputes and forced Beijing to adopt more cooperative strategies. However, regarding the regional militarization, it is difficult to determine the effects of military balance on the Chinese international crisis behaviors. After evaluating the determinants and China's dispute behavior together last two decades, this thesis concludes that the threshold of the Chinese use of force in South and East China Seas has elevated and Beijing has not behaved so belligerently since 1990s as it did during the Cold War years.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

| | | |
|-------------|--|-----------|
| I. | INTRODUCTION..... | 1 |
| | A. QUESTIONS | 1 |
| | B. IMPORTANCE..... | 1 |
| | C. PROBLEMS AND HYPOTHESES | 2 |
| | D. LITERATURE REVIEW | 4 |
| | E. METHODS AND SOURCES | 10 |
| II. | CHINA’S INTERNATIONAL BEHAVIOR..... | 11 |
| | A. COLD WAR YEARS..... | 11 |
| | 1. Frequency of the Militarized Interstate Dispute (MIDs) | 11 |
| | 2. The Influence of the International Developments on China’s Behaviors | 12 |
| | 3. Characteristics of the MIDs | 13 |
| | B. SOUTH CHINA SEA AND EAST CHINA SEA POST-1993 | 16 |
| | 1. Continuation of the Disputes..... | 16 |
| | 2. Levels of Hostility and Military Action..... | 16 |
| | <i>a. South China Sea.....</i> | <i>20</i> |
| | <i>b. East China Sea.....</i> | <i>22</i> |
| III. | INSTITUTIONS AND SECURITY ALLIANCES | 25 |
| | A. SOUTH CHINA SEA | 26 |
| | 1. ASEAN- China Rapprochement..... | 26 |
| | 2. The Effects of ASEAN on China’s Use of Force Trend..... | 27 |
| | 3. China’s Other-than-Force Approaches | 28 |
| | <i>a. Administrative Means</i> | <i>28</i> |
| | <i>b. Diplomatic Means</i> | <i>29</i> |
| | 4. The Reasons of Occasional Escalations..... | 30 |
| | <i>a. Responses to Other Claimants.....</i> | <i>30</i> |
| | <i>b. The United States Strategic Re-Orientation.....</i> | <i>31</i> |
| | <i>c. Revisiting Realpolitik Calculations</i> | <i>32</i> |
| | 5. Realities Outweigh Possibilities in Favor Conciliation..... | 33 |
| | B. EAST CHINA SEA | 34 |
| | 1. Regional Relations | 34 |
| | 2. Limiting Factors on China’s Assertiveness | 35 |
| | <i>a. The United States-Japan Alliance.....</i> | <i>35</i> |
| | <i>b. Regional and Global Opinion.....</i> | <i>36</i> |
| | <i>c. Mutual Relations.....</i> | <i>37</i> |
| | 3. Display of Force Rather than Use of It | 38 |
| IV. | ECONOMIC INTERDEPENDENCE AND ENERGY RELATIONS | 41 |
| | A. ECONOMY | 41 |
| | 1. The Interdependency: A Deterrent | 41 |
| | 2. Financial Crisis: Opportunity or Legitimacy? | 44 |
| | 3. Post-Crisis Period: Increasing Assertiveness | 46 |

| | | |
|-----|---|----|
| 4. | Regional Response to China’s Post-Crisis Beligerency | 47 |
| 5. | Bilateral China-Japan Relations | 49 |
| B. | ENERGY | 51 |
| 1. | Reasons that may Stimulate Assertiveness | 51 |
| a. | <i>High Energy Demands and Securing Supply Lanes in South China Sea</i> | 51 |
| b. | <i>The Importance of East and South China Seas</i> | 54 |
| c. | <i>The Rare Earth Elements in South China</i> | 54 |
| 2. | Initiatives that may Abate Tensions..... | 55 |
| a. | <i>The Advent of Unconventional Resources</i> | 55 |
| b. | <i>Increasing the Share of Renewable Energy Resources while Decreasing the Others</i> | 56 |
| V. | MILITARY BALANCE AND SECURITY ENVIRONMENT | 59 |
| A. | MILITARY BALANCE AND ITS IMPLICATIONS FOR CHINA’S USE OF FORCE POLICY..... | 60 |
| 1. | China’s Improving Military Capabilities and Deficiencies..... | 60 |
| 2. | Regional Reactions..... | 62 |
| 3. | Implications for Use of Force Policy | 63 |
| a. | <i>Prospect of the Further Militarization of the Disputes</i> | 63 |
| b. | <i>Realities versus Prospects</i> | 65 |
| B. | SECURITY STRUCTURE | 66 |
| 1. | Chinese Threat Perception in East Asia | 66 |
| 2. | Implications of the Security Context for China’s Use of Force Policy | 68 |
| VI. | CONCLUSION | 71 |
| A. | POLITICAL AND INSTITUTIONAL FACTORS | 71 |
| B. | ECONOMIC RELATIONS | 73 |
| C. | ENERGY | 74 |
| D. | MILITARY BALANCE AND SECURITY CONTEXT | 74 |
| E. | POSSIBLE WAYS TO PROMOTE COOPERATION | 77 |
| F. | INEVITABILITY OF CONFRONTATION..... | 77 |
| G. | OTHER FACTORS | 78 |
| | LIST OF REFERENCES | 81 |
| | INITIAL DISTRIBUTION LIST | 87 |

LIST OF FIGURES

| | | |
|------------|--|----|
| Figure 1. | Average Hostility Score per MID in Each Five Year Period (From Johnston, 1998, p. 12)..... | 13 |
| Figure 2. | Frequency of Chinese MIDs by Dispute Type per Five Year Period (Type 1 = Territory; Type 2 = Policy; Type 3 = Regime) (From Johnston, 1998, p. 11). | 14 |
| Figure 3. | Chinese MID Hostility Level by Dispute Type (From Johnston, 1998, p.16). | 14 |
| Figure 4. | Chinese MID Action Level by Dispute Type (From Johnston,1998, p.17)..... | 15 |
| Figure 5. | Comparative Level of Actions in South and East China Seas (Author’s own calculations from data in Table 3 and 4)..... | 19 |
| Figure 6. | Comparative Level of Hostility in South and East China Seas (Author’s own calculations from data in Table 3 and 4)..... | 19 |
| Figure 7. | South China Sea Action Level China as Originator (Author’s own calculations from data in Table 3) | 20 |
| Figure 8. | South China Sea Hostility Level China as Originator (Author’s own calculations from data in Table 3) | 20 |
| Figure 9. | Ratios of the Hostility Types in South China Sea (Author’s own calculations from data in Table3) | 21 |
| Figure 10. | The number of Incidents, the Average Action and Hostility Levels in South China Sea (Author’s own calculations from data in Table 3) | 21 |
| Figure 11. | East China Sea Action Level, China as Originator (Author’s own calculations from data in Table 4) | 22 |
| Figure 12. | East China Sea Hostility Level, China as Originator, (Author’s own calculations from data in Table 4) | 22 |
| Figure 13. | Ratios of the Hostility Types in East China Sea (Author’s own calculations from data in Table 4) | 23 |
| Figure 14. | Institutions in East Asia (From Ernest Bower,2010, p.2)..... | 25 |
| Figure 15. | South China Sea Action/Hostility Levels, China as Originator (Author’s own calculations from data in Table 3)..... | 28 |
| Figure 16. | Levels of Chinese Action and Hostility against Philippines and Vietnam (Author’s own calculations from data in Table 3)..... | 31 |
| Figure 17. | East China Sea Hostility Level, China as Originator, (Author’s own calculations from data in Table 4) | 35 |
| Figure 18. | East China Sea Action Level, China as Originator, (Author’s own calculations from data in Table 4) | 37 |
| Figure 19. | Ratios of Hostility Types in South and East China Seas (Author’s own calculations from data in Tables 3 and 4) | 39 |
| Figure 20. | Ratios of MIDs’ Hostility Levels in the Cold War (From Johnston, 1998, p. 16). | 39 |
| Figure 21. | PRC’s Manufacturing Trade with East Asian Countries, 1992–2007 (percent) (From Athukorala, 2010, p. 61.)..... | 42 |
| Figure 22. | Trade between China and ASEAN-5 (From Devadason, 2010, p. 657)..... | 43 |

| | | |
|------------|--|----|
| Figure 23. | The Trend of Hostility and Action in South and East China Seas (Author’s own calculations from data in Tables 3 and 4) | 43 |
| Figure 24. | Growth of Merchandise Trade: East Asia, Developing East Asia, and ASEAN, January 2008–July 2009 (Y-O-Y, percent) (From Athukorala, 2010, p. 62). | 45 |
| Figure 25. | Foreign Direct Investment Inflows and Outflows in 2008–10 (From <i>Asia-Pacific Trade and Investment Report 2011</i> , pp. 32 and 39). | 47 |
| Figure 26. | Foreign direct investment inflows to the regional “giants” in 2008–2010 (From <i>Asia-Pacific Trade and Investment Report 2011</i> , p. 33)..... | 48 |
| Figure 27. | Foreign Direct Investment to the People’s Republic of China (From Kim and et al., 2009, p. 27)..... | 50 |
| Figure 28. | Energy Demand Forecast (From Busby, 2009, p. 26). | 52 |
| Figure 29. | Shares of Energy Types in China’s Total Consumption and its Investment on Renewable Ebergy Resources | 57 |
| Figure 30. | Military Expenditures (From Mahadevon, 2012, pp. 26 and 33). | 59 |
| Figure 31. | Strategic Security Situation in East Asia (From Mahadevon, 2012, p. 31)..... | 67 |

LIST OF TABLES

| | | |
|----------|--|----|
| Table 1. | Frequency of MIDs (From Johnston, 1998, p.9). | 12 |
| Table 2. | Hostility and Action Levels (From Faten Ghosn and Scott Bennett, http://www.correlatesofwar.org/COW2%20Data/MIDs/Codebook%20for%20Dyac%20MID%20Data%20v3.10.pdf , accessed October 13, 2012). | 17 |
| Table 3. | South China Sea after the End of the Cold War Source (Author's own calculations from the events list, http://www.cnas.org/flashpoints/timeline)..... | 18 |
| Table 4. | East China Sea after the End of the Cold War (Author's own calculations from the events list, http://www.cnas.org/flashpoints/timeline). | 18 |
| Table 5. | Destination Markets of Exports and Origins of Imports (From <i>Asia-Pacific Trade and Investment Report 2011</i> , pp. 16 and 17)..... | 48 |
| Table 6. | Range of the Ballistic Missiles (From Busby, 2009, p. 62). | 61 |
| Table 7. | Armed Forces and the Number of ICBMs in Asia (Table available at http://www.nbr.org/publications/strategic_asia/pdf/SA12_Bythenumbers.pdf)..... | 63 |

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|--------|--|
| NDWP | National Defense of White Paper |
| C4ISR | Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance |
| NFU | No-First-Use |
| MID | Militarized Interstate Dispute |
| CR | Cultural Revolution |
| ASEAN | Association of Southeast Asian Nations |
| WTO | World Trade Organization |
| UNCLOS | United Nations Convention on the Law of the Sea |
| FDI | Foreign Direct Investment |
| HREE | Heavy Rare Earth Element |
| SLOC | Sea Lines of Communication |
| SCO | Shanghai Cooperation Organization |
| LNG | Liquefied Natural Gas |
| CSB | Caspian Sea Base |
| CNOOC | Chinese National Overseas Oil Company |
| NOC | National Oil Company |
| PLAN | People's Liberation Army Navy |
| PLAAF | People's Liberation Army Air Force |

THIS PAGE INTENTIONALLY LEFT BLANK

ACKNOWLEDGMENTS

I dedicate this work to my wife, Merve, and to my daughter, Neda. I would like to thank specifically to my wife Merve for her personal support and motivation throughout my education at Naval Postgraduate School and during the thesis process. My daughter Neda also spirited me by becoming a member of our family at the hardest time of my studies. I also want to thank my parents, sister, and her husband for their encouragements.

I offer my great thanks to all of the professors from whom I took courses and benefited during my education at the Naval Postgraduate School. Particularly, I want to express my deepest appreciation and sincerity to Professor Alice Lyman Miller, Professor Robert Looney, and Professor Robert Weiner for their incredible wisdom and whole-hearted assistance and friendly approach throughout this process and my studies at NPS.

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

A. QUESTIONS

Scholars have analyzed China's behavior in disputes since 1949. Some of them, such as John Mearsheimer, Avery Goldstein, and Thomas Christensen, conclude that China has displayed assertiveness and belligerence in most of its international disputes, that realist calculations have dominated PRC leaders' thinking, and that they likely will continue to do so. On the other hand, Taylor Fravel has pointed out that China used force only six out of twenty three territorial conflicts and offered concessions in seventeen of them since 1949.¹ Furthermore, Alastair Iain Johnston has shown that China's growing military and economic power has not increased its proneness to use military force even while territorial integrity and international status remain essential determiners of China's use of force decisions from 1949 to 1992.²

Amidst the debate between these two camps, this thesis seeks to answer two major questions: (1) What factors determine China's use of force decision? (2) Which one of the two trajectories, confrontational or conciliatory, has China pursued since the end of the Cold War?

B. IMPORTANCE

Although Chinese leaders state that China will not collide with other powers and will contribute to international system by its "peaceful rise," the question whether China will comply with the international and regional order or challenge it remains unanswered.³ Arguably, the PLA's expanding new missions indicate Beijing's

¹ M. Taylor Fravel, "Power Shifts and Escalation Explaining China's Use of Force," *International Security* 32, no. 3 (Winter 2007/08): 46.

² Alastair Iain Johnston, "China's Militarized Interstate Dispute Data," *The China Quarterly*, no. 153 (March, 1998), 28.

³ The National Institute for Defense, China Security Report, (Tokyo: The National Institute for Defense Studies, 2011), 14, <http://www.nids.go.jp>. [hereafter cited as CSR]; David Lai and Marc Miller, "Introduction," in *Beyond The Strait: PLA Missions Other Than Taiwan* (Carlisle, Pennsylvania: Strategic Studies Institute, 2009), 22; Michael Kiselycznyk and Phillip C. Saunders, "Assessing Chinese Military Transparency," *China Strategic Perspectives* 1 (Washington: National Defense University, 2010), 4, www.ndu.edu/inss.

abandonment of “low profile,” “biding-time” approach, and its increasing demands on the international system.⁴ Thus, China’s new international and regional posture since President Hu Jintao’s declaration of the PLA’s new missions in 2004 has become increasingly important.

It is commonly believed that China’s behavior will likely determine the regional and (arguably) the international stability. Therefore, identifying the factors that may influence China to adopt more assertive approaches to international disputes and trying to understand the emerging tendency in PRC thinking may facilitate our estimation of the course of the future. This thesis lays out the political, economic, energy, and military determinants of China’s use of military force decisions and evaluates their effects on PRC behavior in recent disputes. At the end, it assesses whether there has been an evolution in Chinese thinking or not.

C. PROBLEMS AND HYPOTHESES

Scholars analyzing China’s decisions to use its military power to settle international disputes since 1949 have suggested various frameworks to explain why and when China resorted to military force and how it may do so in the future as well. Proponents of power transition theory argue that when a “dissatisfied” China feels strong enough to cope with the United States, it will project its power to establish its own international order. These scholars see conflict over territorial issues as inevitable between dominant powers.⁵ Others apply preventive strike theory to PRC history. Aside from their varied interpretations, they basically argue that, contrary to the power transition theory, China has used its military power when it felt itself vulnerable to its

⁴ Lai and Miller, “Introduction,” 20; Elinor Sloan, “U.S.-China Military and Security Developments,” *International Journal* 66, no. 2 (Spring 2011): 271–272.

⁵ Avery Goldstein, “Power Transition, Institutions, and China’s Rise in East Asia,” in *The United States and Northeast Asia*, 51–55; Jack S. Levy, “Power Transition Theory and the Rise of China,” in *China’s Ascent*, 13–14.

adversaries' increasing power.⁶ Finally, some scholars emphasize "status discrepancy." They argue that the wider the gap between a state's "self-conception" and "ascribed status," the more likely this country may resort to aggressive ways to close this discrepancy.⁷

The overlapping argument of these theories is that power differences, either in positive or negative direction, may stimulate China's assertiveness. Power transition theory anticipates this discrepancy as a result of China's growing power vis-à-vis regional powers and the United States while the preemptive strike and status-inconsistency theorists watch for comparative power decline. Admittedly, it is difficult to measure this gap objectively and determine the size that may lead to the use of military force. Additionally, a similar gap may result in different outcomes at the same time. For example, Mao may have seen favorable balance of power over Paracel Islands in 1974 and used military force to settle the territorial dispute preemptively, but a similarly advantageous position may not prompt Chinese leaders to behave in this manner due to some other conditions. It is obvious that the threshold for using military power is not fixed and changes under different circumstances. This thesis aims to determine the regional factors and their influence on Chinese decision decision-making.

Basing on the research questions, three hypotheses may be formulated. The first one posits that China has not changed its traditional international posture and distinct behaviors are only exceptional for other reasons. In that case, any military confrontation is likely to occur at any time. The second hypothesis postulates that China has displayed behavior different from its earlier approaches to the regional disputes, since 1990s. In that case, one should not expect China to occupy Scarborough Shoal in 2012 as it did Mischief Reef in 1994. The third suggests that China has not behaved consistently and it is not possible to determine any single pattern. The conclusion of this study is that the

⁶ Thomas J. Christensen, "Windows and War: Trend Analysis and Beijing's Use of Force," in *New Directions in the Study of Chinese Foreign Policy*, ed. Alastair Iain Johnston and Robert S. Ross (Stanford, 2006), 53; M. Taylor Fravel, "Power Shifts and Escalation Explaining China's Use of Force," *International Security* 32, no. 3 (Winter 2007/08): 46.

⁷ Nicholas Scott Bauer, "How Do You Like Me Now? Status-Inconsistency Theory as an Explanation for China's Use of Force in Territorial Disputes" (Master thesis, Georgetown University, 2010), 7-11.

threshold of using military force has risen for China. Regional political, economic, energy, and military relations caused this change.

D. LITERATURE REVIEW

In the existing literature, scholars' arguments coalesce around several factors that are posited as influencing China's use of force decisions. The theories described above also utilize some of these factors as foundations for their arguments. China's level of satisfaction with the existing international structure, its growing military capabilities thanks to its military modernization efforts, its sensitivity about sovereignty and territorial integrity, the transformation of its defense strategy in accordance with its increasingly advanced weapons, PLA leaders' perceptions of the domestic and international issues, Beijing's threat perception in its changing security environment, the country's needs to sustain its economic growth, and China's endeavor to attain "great power" status seem to affect Beijing decisions with regard to resorting to military options to solve problems.

Scholars have differing views about China's "peaceful development." While some reveal concerns, others are more relaxed. Scobell and Wortzel argue that the United States military policy influences China's international behavior.⁸ Additionally, China's level of satisfaction with the international structure and its level of integration into this system also matter, and this affects PRC military and expansionist strategies to establish its own regional hegemony.⁹ Conversely, Zhu Liqun and Bitzinger are confident that a "neo-internationalist" pattern is dominant in China for now. Zhu further argues that

⁸ Andrew Scobell and Larry M. Wortzel, *China's Growing Military Power: Perspectives on Security, Ballistic Missiles, and Conventional Capabilities* (Carlisle, Pennsylvania: Strategic Studies Institute, 2002), 102.

⁹ Richard A. Bitzinger, "Analyzing Chinese Military Expenditures," in *The People's Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.

despite China's economic prosperity and growing military capability, PRC leaders are not inclined to follow "military adventures."¹⁰

China's international posture is debated also within PRC. Some Chinese commentators advocate that a more powerful China be "more proactive, assertive, and candid." Despite the U.S. decline, China still lacks a sufficiently assertive approach. China should have taken a stronger position against U.S.-South Korea joint exercises in Yellow Sea in 2010 and during other South China Sea tensions, in accordance with its expanding comprehensive national power and growing international status. They argue that China's security interests have changed drastically since the Deng era and Beijing must implement firmer policies vis-à-vis the United States. On the other hand, others support Deng Xiaoping's legacy from the early 1990s. That is, China should "observe calmly; secure our position; cope with affairs calmly; hide our capabilities and bide our time; be good at maintaining a low profile; and never claim leadership."¹¹

The PLA's growing capabilities as a result of its military modernization efforts, which flow from China's expanding national interests and increasing security needs, worry the region. These worries are compounded by the lack of transparency regarding its intentions and actual capabilities. Yang states that after 2002, military modernization has become as important as economic growth in Chinese thinking.¹² It is assumed that PRC leaders may resort to assertive behaviors once they feel confident about their capabilities. Mitchell describes the PLA's increasing abilities as capable of "unprecedented power projection" in the PLA's history."¹³ Furthermore, Pradun argues that China's missile technology and C4ISR architecture are much more ambitious than

¹⁰ Bitzinger, "Analyzing Chinese Military Expenditures"; Zhu Liqun, "China's Foreign Policy Debates," *Chaillot Papers* (September 2010) (Paris: Institute for Security Studies, 2010): 50–51. www.iss.europa.eu.

¹¹ Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China* (Washington, D.C.: Government Printing Office, 2011), 17–19. [hereafter cited as OSD Report].17–19.

¹² Andrew Yang, "The Military of the People's Republic of China: Strategy and Implementation," *UNISCI Discussion Papers* 17 (May 2008): 191–192, <http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/224081458?accountid=12702>.

¹³ Derek J. Mitchell, "Military Modernization," in *China's Rise: Challenge and Opportunities* (Washington: Center for Strategic and International Studies and Peterson Institute for International Economics, 2008), 197–199.

denial strategy.¹⁴ In addition, some commentators are clear in their predictions that the PLA wants these capabilities to take initiative, prevent escalation, and “contain or control war,” in addition to sustaining sea and area denial, conducting preemptive strikes.¹⁵

China’s sensitivity over sovereignty and territorial integrity has been the main cause of China’s militarist adventures. Evan Medeiros and his colleagues argue that “sovereignty” includes territorial claims in South China Sea, according to the PLA literature.¹⁶ The 2011 OSD report to Congress on China military power explicitly states that China is preparing its military for any potential crisis in South and East China Seas. Beijing wants to establish a buffer zone to prevent an attack and advance its territorial claims in these regions.¹⁷ Cozad points out any possible solution to the Taiwan question or changing strategic priorities may result in reorientation of the PLA toward South and East China Seas.¹⁸ Contrary to these prevalent concerns about China’s assertive maritime territorial claims, as seen in the 2010 Senkaku Islands confrontation, the 2011 OSD report also points out that the Chinese government wants to treat the maritime territorial disputes as “law enforcement issue,” not a military rivalry, but those disputes are still central in PLA planning.¹⁹

China’s developing military strategy is thought to include elements of use of force in some ways. China’s overall “active defense” military strategy envisions preemptive strike if another country has even hostile “political” ambitions with respect to China’s sovereignty and territorial integrity. China’s readiness to use force in the South and East

¹⁴ Vitaliy Pradun, “From Bottle Rockets to Lightning Bolts: China’s Missile Revolution and PLA Strategy against U.S. Military Intervention,” *Naval War College Review* 64. 2. (Spring 2011): 15–16. <http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/857079307?accountid=12702>.

¹⁵ Keith Crane et al., *Modernizing China’s Military: Opportunities and Constrains*, (Santa Monica: RAND Corporation, 2005), 200, <http://www.rand.org>; Scobell and Wortzel, *China’s Growing Military Power*, 85; Lonnie D. Henley, “War Control: Chinese Concepts of Escalation Management,” in *Shaping China’s Security Environment: The Role of the People’s Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006), 6.

¹⁶ Crane et al., *Modernizing China’s Military*, 198.

¹⁷ OSD Report, 59–60.

¹⁸ Mark Cozad, “China’s Regional Power Projection: Prospects For Future Missions in the South and East China Seas,” in *Beyond The Strait PLA Missions Other Than Taiwan* (Carlisle, Pennsylvania: Strategic Studies Institute, 2009), 306.

¹⁹ OSD Report, 15.

China Seas under a “preemptive strategy” causes great concerns.²⁰ Accordingly, the PLA focuses on naval warfare to carry out operations in the first and second island chains in order to implement “offshore defense,” in other words, a “near seas defense” strategy. These operations include the Yellow Sea, East China Sea, and South China Sea regions.²¹

PLA leaders’ opinions are also believed to affect China’s decision-making with regard to assertiveness and use of force. Some commentators argue that professionalization may make the PLA leaders more nationalistic. Becoming more dominant, nationalistic commanders may see territorial issues as more vital than economic growth, while the CCP leaders are mostly concerned with the latter. As a result, the PLA leaders may urge use of force to carry out “new missions.”²² As David Lai states, some “hawkish” commanders who are encouraged by the PLA’s growing power assert that China should abandon its posture of low profile, hiding intentions, and biding time. Instead, it should show its “true colors.”²³ However, others argue that PLA leaders do not display a monolithic approach to the issues.²⁴ How PLA leaders’ perspectives can influence the China’s strategic thinking therefore is not easy to answer.

Threat perception is another determinant with regard to China’s power projection when it needs. Territorial defense against an imminent surprise attack from South and East China Seas and winning the local wars under “informationized” conditions to secure

²⁰ James R. Lilley, “Introduction,” in *People’s Liberation Army after Next*, edited by Susan M. Puska (Carlisle, Pennsylvania: Strategic Studies Institute, 1999), 7–8.

²¹ OSD Report, 22–25; Sloan, “U.S.-China Military and Security Developments,” 272.; Nan Li, “PLA Conservative Nationalism,” in *The People’s Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.

²² Crane et al., *Modernizing China’s Military*, 192; Stephen J. Flanagan and Michael E. Marti, “The PLA in a Changing China: An Overview,” in *The People’s Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm; James J. Mulvenon, “The PLA Army’s Struggle for Identity,” in *The People’s Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.

²³ David Lai, “Coming of Chinese Hawk,” (Carlisle, Pennsylvania: Strategic Studies Institute, 2010), 1–3.

²⁴ OSD Report, 35; CRS, 3; Kiselycznyk and Saunders, “Assessing Chinese Military Transparency,” 4; Lai and Miller, “Introduction,” 22.

China's national interests and unity require PLA involvement in the disputes.²⁵ A perceived U.S. containment policy and military capabilities to project power, the U.S.-Japan security alliance, perceptions of Japan's resurgent militarism, the U.S.-Southeast Asian security alliances, India's growing influence in South Asia, and its regional hegemony are major threats that China perceives in the region.²⁶ Consequently, these threats stimulate Beijing to advance its military capabilities and its preparations for any contingency. These threats also prioritize military perspectives toward the region. As Robert Sutter points out, Beijing perceives Sino-Japanese rivalry in a security and historical context rather than as economic and diplomatic.²⁷ PLA leaders are enthusiastic about curbing India's influence and regional hegemony.²⁸ Although China prefers to use its soft power in Southeast Asia, the PLA's capabilities strengthen the Chinese presence and advance country's security interests in the region.²⁹

Some scholars argue that sustaining economic growth may also require China to use military force. As Hu Jintao has repeated, economic development is China's central objective and the PLA is obliged to provide a favorable security environment to achieve this goal. The 2011 OSD report states that, according to 2010 National Defense White Paper (NDWP), the PLA will maintain its "active defense" principle and its "no first use

²⁵ Crane et al., *Modernizing China's Military*, 192; Yang, "The Military of the People's Republic of China," 194; Mark A. Stokes, "Foundations of Strategic Modernization," in *China's Strategic Modernization: Implications for the United States* (Carlisle, Pennsylvania: Strategic Studies Institute, 1999), 13.

²⁶ Crane et al., *Modernizing China's Military*, 193–199; Susan M. Puska, "Assessing America at War: Implications for China's Military Modernization and National Security," in *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006), 6; David M. Filkelstein, "China's 'New Concept of Security,'" in *The People's Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.

²⁷ Robert G. Sutter, "The PLA, Japan's Defense Posture, and the Outlook for China-Japan Relations," in *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006), 9.

²⁸ Srikanth Kondapalli, "The Chinese Military Eyes South Asia," in *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006), 10.

²⁹ Larry M. Wortzel, "China And Southeast Asia: Building Influence, Addressing Fears," in *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006), 11, 12.

(NFU)” nuclear strategy to enhance the “national strategic capabilities” to foster secure environment.³⁰ Michael McDevitt claimed in 1999 that “China is in the strategic dilemma between continuing economic development by taking advantage of its continental dominance and investing in militarization and expanding toward maritime Asia.³¹ However, Lai and Miller argue that China’s economic development itself required power projection to protect expanding economic interests and resource supply lines in maritime Asia. Protecting import routes for resources and energy is critical for sustaining economic development, in addition to other maritime interests.³² Therefore, China links its economic welfare and national security in the maritime domain on SLOC protection operations.³³

China’s desire to realize the “great power status” seems another compelling factor with respect to its interests in power projecting, upgrading its military, and expanding toward open seas.³⁴ Many observers believe that China wants an “intimidating” military capacity to change the balance of power in the region, to develop powerful naval forces equal to its growing national power, to meet the country’s growing trade and resource needs, to cover the distance to its territorial claims and first island chain defense, and to discourage the U.S. surveillance activities and other nations’ claims on the islands.”³⁵ Mitchell argues that China’s growing international stature stimulates it to develop its

³⁰ OSD Report, 47.

³¹ Michael McDevitt, “Geographic Ruminations,” in *The Chinese Armed Forces in 21st Century*, ed. Larry M. Wortzel, (Carlisle, Pennsylvania: Strategic Studies Institute, 1999), 5.

³² CSR, 42; Lai and Miller, “Introduction,” 10.

³³ OSD Report, 57–58; Sloan, “U.S.-China Military and Security Developments,” 269.

³⁴ Crane et al., *Modernizing China’s Military*, (xxii); Stokes, “Foundations of Strategic Modernization,” 13; Ellis Joffe, “China’s Military Buildup: Beyond Taiwan?,” in *Shaping China’s Security Environment: The Role of the People’s Liberation Army* (Carlisle, Pennsylvania: Strategic Studies Institute, 2006),4; James R Holmes and Yoshihara Toshi, “China And The United States “in *The Indian Ocean: An Emerging Strategic Triangle?*” *Naval War College Review* 61.3, (Summer 2008): 40, http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/2_05941763?accountid=12702.

³⁵ Scobell and Wortzel, *China’s Growing Military Power*, 65; David Lai, “China’s Maritime Quest,” (Carlisle, Pennsylvania: Strategic Studies Institute, 2009), 1–2; John Tkacik, “Taiwan Politics and Leadership,” in *The People’s Liberation Army and China in Transition*, ed. Stephen J. Flanagan et al. (Washington: National Defense University, 2003), http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.

military capability more conspicuously.³⁶ The 2011 OSD report states that this trend manifests either a shift from “offshore defense” to “far seas defense” or adjustment in “offshore defense” and seen as “historic task” for the PLA. The report also argues that, although China’s maritime interests such as territorial claims, resource interests, and SLOC dependence are in Asia, China seeks global missions. According to the report, this tendency shows China’s desire to be a “great power.”³⁷

E. METHODS AND SOURCES

This thesis focuses on the major confrontations in South and East China Sea regions, which may prefigure new Chinese approaches to territorial disputes, if any, since the end of the Cold War. In this thesis, I analyze the cases by utilizing the factors outlined in the literature review. In order to narrow down the scope of the study, I concentrate on the importance regional political, economic, energy, and security variables. After evaluating the developments, I reach some conclusions about the Beijing’s evolving attitudes toward the disputes and the trajectory it is following.

Throughout this thesis, I use the think-tank reports and publications, journals of reputable scholars, and reliable historical and contemporary information from some Internet sources. I also utilize the Correlates of War Project’s actions and hostility scales to rate the intensity of the confrontations in South and East China Seas. Regarding the evidence, I look at China’s behaviors in current political and institutional structure, its economic relations with the other claimants, the implications of China’s growing energy needs on its behavior, and regional military balance in the security context. In the end, I try to find out the pattern that China has pursued since the end of the Cold War by evaluating its behaviors in South China Sea and East China Seas.

³⁶ Derek J. Mitchell, “China and the World,” in *China’s Rise: Challenge and Opportunities* (Washington: Center for Strategic and International Studies and Peterson Institute for International Economics, 2008), 226.

³⁷ OSD Report, 57–59.

II. CHINA'S INTERNATIONAL BEHAVIOR

Strategic culture implies “consistent and persistent historical patterns in the way particular states (or state elites) think about the use of force for political ends.”³⁸ Naturally, it imposes on decision-makers to behave in certain ways and limits their strategic choices that the conjectural strategic environment may offer. Because it includes decisions about use of force, military culture is not outside of the strategic culture’s sphere of influence. Regarding China, it has been widely asserted that the Chinese have a “nonviolent” strategic culture inherited from tradition, preferring diplomatic means rather than coercive measures. Beijing uses defensive and deterrent methods, and when it needs to use force, it employs it in controlled a manner. According to this view, the Chinese do not believe in the “efficacy of the violent” to achieve their strategic goals. They emphasize Confucianism which promotes the ruler’s moral integrity and good governance.³⁹ However, the frequency of the militarized interstate disputes (MIDs) China has been involved in the Cold War era and their characteristics falsify this prevalent assertion, but the post-Cold War trend of its behaviors needs to be further investigated.

A. COLD WAR YEARS

1. Frequency of the Militarized Interstate Dispute (MIDs)

It is obvious that *realpolitik* calculations dominated the Chinese strategic thinking throughout the Cold War. During the post-1949 period, China’s international dispute behavior revealed highly militarized characteristics, contrary to its supposedly constrained strategic culture. According to Militarized Interstate Dispute (MIDSs) data of Correlates of War Project, China is the second most dispute-prone state when we compare it with the other great powers both in the Cold War period and since the

³⁸ Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (New Jersey: Princeton University, 1995), 1.

³⁹ *Ibid.*, 22–27; Alastair Iain Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992: A First Cut at the Data,” *The China Quarterly*, no. 153 (1998), 7.

Napoleonic Wars.⁴⁰ When we look at the disputes during the Cold War, China was the challenger state in 50.5 percent of the confrontations while being targeted in 49.5 percent of them.⁴¹

| Comparative Frequency of MIDs during the Cold War | | | Comparative Frequency of MIDs | | |
|---|---------|------|-------------------------------|-----------|------|
| U.S. | 1946–92 | 3.93 | USSR | 1918–1992 | 3.22 |
| China | 1949–92 | 2.74 | China | 1949–1992 | 2.74 |
| UK | 1946–92 | 1.89 | India | 1947–1992 | 1.87 |
| India | 1947–92 | 1.87 | U.S. | 1815–1992 | 1.75 |
| USSR | 1946–92 | 1.72 | UK | 1815–1992 | 1.44 |
| France | 1946–92 | 0.94 | France | 1815–1992 | 0.94 |

Table 1. Frequency of MIDs (From Johnston, 1998, p.9).

2. The Influence of the International Developments on China’s Behaviors

Some important developments in international society affected PRC’s belligerency. For example, as we see in the figures below, China’s involvement in MIDs and the hostility rate increased during 1954–58 and 1964–68 periods. It can be argued that Beijing was trying to break up the United States-Taiwan alliance in the former.⁴² Furthermore, Mao may have tried to change a trend and shape the security environment after 1954–55 Taiwan Strait crisis.⁴³ Regarding the 1964–68 period, Alastair Johnston points out that due to Mao’s efforts to consolidate the regime during Cultural Revolution (CR) China increased its assertiveness.⁴⁴ In addition to this “diversionary war” argument, PRC’s international posture may have played a role as well. China’s predicament between two great powers after 1960 Sino-Soviet split and the encouragement after its

⁴⁰ Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992,” 8, 9.

⁴¹ Faten Ghosn, Glenn Palmer and Stuart Bremer, “Pre 1993 MID Data v.2.1.EE,” in *Conflict Management and Peace Science*, no. 21 (2004), October 13, 2012, <http://www.correlatesofwar.org/>.

⁴² Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992,” 10.

⁴³ Christensen, “Windows and War,” 59.

⁴⁴ Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992,” 10.

first atomic bomb test in 1964 may have increased its assertiveness. On the contrary, the frequency and average hostility score decreased during 1969–73 period (Figure 1 and Figure 2). Among other reasons, the difference between China’s desired status and the one the international system gave seems to have determined PRC’s behavior during this period.⁴⁵ Although Johnston relates the falling rate to the CR, it is apparent that China’s international recognition as a result of its accession to United Nations must be the primary reason.

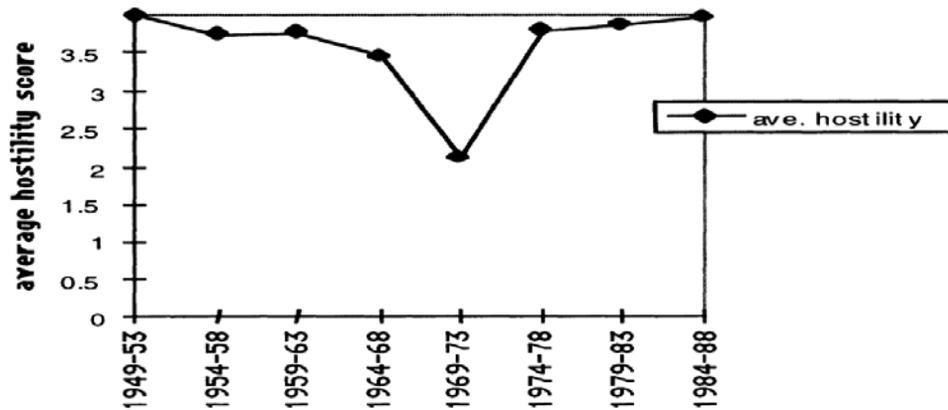


Figure 1. Average Hostility Score per MID in Each Five Year Period
(From Johnston, 1998, p. 12).

3. Characteristics of the MIDs

The historical record indicates that the possibility of China’s use of military forces to settle the disputes is very high.⁴⁶ As the Correlates of War Project classifies them, China engaged in three different types of MIDs since 1949. The first one is “territorial” disputes. China involved in more territorial dispute than the other two types especially by 49 percent in its first decade (see Figure 3). The percentages of the other two types of disputes are 42.3 percent and 7 percent for “policy” and “regime,” respectively. The territorial issues have been the essential part of China’s core interests and PRC leaders have remained staunch reaching a compromise over them. However, China’s readiness to

⁴⁵ Ibid., 2.

⁴⁶ Michael D. Swaine, “China’s Assertive Behavior Part One: On “Core Interests,” *China Leadership Monitor*, no. 34 (February), 7.

use force to realize its territorial ambitions became slightly lower than resorting to its military power in policy and regime disputes. As we see in the Figure 4, China used force in 80 percent of policy and regime issues while in 65 percent of the territorial disputes.⁴⁷

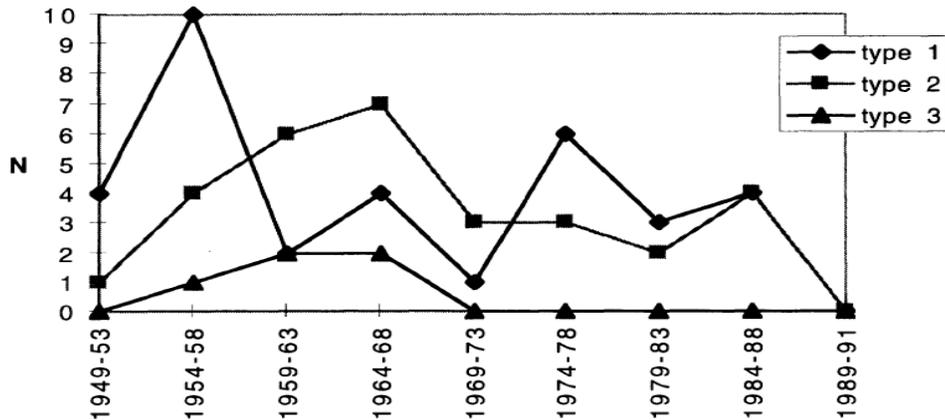


Figure 2. Frequency of Chinese MIDs by Dispute Type per Five Year Period (Type 1 = Territory; Type 2 = Policy; Type 3 = Regime) (From Johnston, 1998, p. 11).

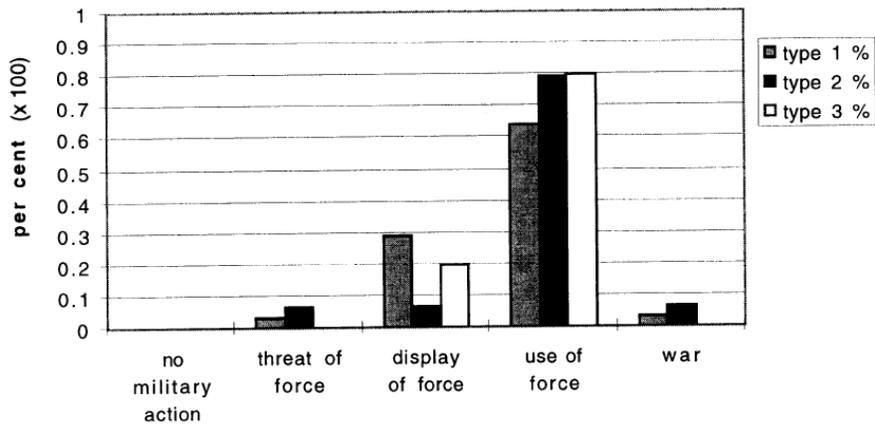


Figure 3. Chinese MID Hostility Level by Dispute Type (From Johnston, 1998, p.16).

⁴⁷ Johnston, "China's Militarized Interstate Dispute Behavior 1949-1992," 15.

The key characteristics of Chinese use of force were: (1) surprise attacks to catch the enemy unprepared, to assert its standpoint, and to create psychological and political shock, as in Korea War in 1950 and India in 1962;⁴⁸ and (2) opportunistic timing, as PLA employed attacks in Paracel Islands in 1974, the Spratly Islands in 1988, and Mischief Reef in 1995.⁴⁹ Therefore, we can say that China may resort to its military force when it sees its adversaries as unprepared to defend their interests. Arguably in line with this logic, as we see in the Figure 5, China “clashed” only in 48 percent of the territorial disputes and mostly implemented other levels of actions.⁵⁰ In other words, as history suggests, if its military power cannot achieve the goals above, it refrains from using it. Naturally, these international behaviors also imply that the Chinese leaders evaluate some variables and act accordingly. Even if it may be possible to create a model and find a pattern that could explain how and when China uses force, identical political, economic, and security circumstances may not produce the same outcomes. It means that the threshold of choosing military options may differ from time to time. Especially after the Cold War, the threshold of the Chinese use of force in South and East China Seas changed.

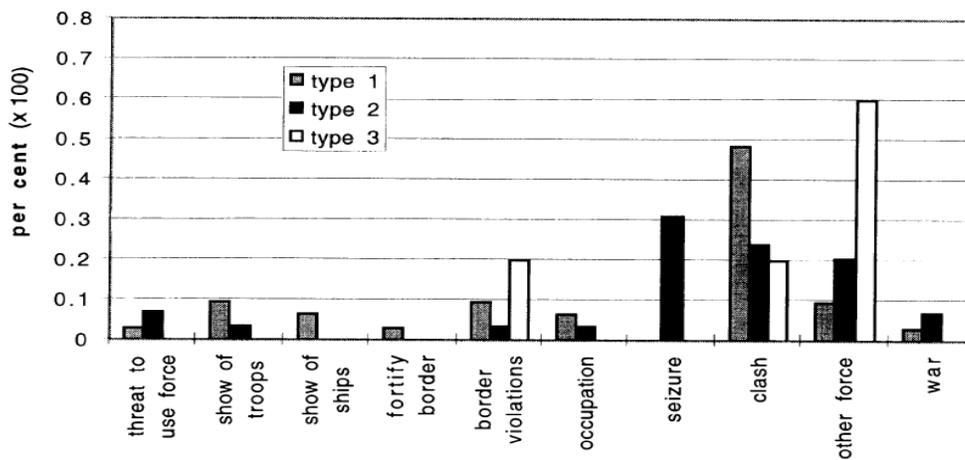


Figure 4. Chinese MID Action Level by Dispute Type (From Johnston, 1998, p.17).

⁴⁸ Mark Burles and Abram N. Shulsky, *Patterns in China's use of Force* (Washington, D.C.: RAND, 2000), 5,10.

⁴⁹ *Ibid.*, 15.

⁵⁰ Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992,” 17.

B. SOUTH CHINA SEA AND EAST CHINA SEA POST-1993

1. Continuation of the Disputes

Alastair Johnston argues that the more PRC consolidated its power, the less it involved in territorial disputes.⁵¹ However, since the end of the Cold War China, Beijing started to feel itself more capable, thanks to the economic growth and subsequent weapon procurements and modernizations, but nevertheless it has not refrained from resorting to force to realize its territorial claims. Although the PLA's involvement and use of force in territorial disputes have been gradually decreasing since 1950s and 1960s, compared to regime and policy types of disputes, PRC still employs PLA forces in South and East China seas. Additionally, Johnston points out that China's dispute-prone posture has not increased as its military and economic power grew since 1980s. In other words, the gap between its ascribed and desired international status decreased, so the number of MIDs. Therefore, a more powerful China does not necessarily mean more belligerent China.⁵² On the contrary, it seems that the economic and military growth is not enough to close this gap. This time, China started to be harsher in its claims as a result of over-confidence deriving from its increasing hard power capabilities.

2. Levels of Hostility and Military Action

If we evaluate the major incidents in South and East China Seas according to the hostility and action levels of Correlates of War analyses in Table 2, we have the results in Table 3 and Table 4. Then, we will be able to see the trend of last two decades in these troubled waters.

⁵¹ Ibid., 28.

⁵² Ibid., 29.

| Hostility Level Description | Action Level Description [Hostility level] | |
|-----------------------------|--|--------------------------------|
| 1 No militarized action | 0 No militarized action [1] | 11 Fortify border [3] |
| 2 Threat to use force | 1 Threat to use force [2] | 12 Border violation [3] |
| 3 Display of force | 2 Threat to blockade [2] | 13 Blockade [4] |
| 4 Use of force | 3 Threat to occupy territory [2] | 14 Occupation of territory [4] |
| 5 War | 4 Threat to declare war [2] | 15 Seizure [4] |
| | 5 Threat to use CBR weapons [2] | 16 Attack [4] |
| | 6 Threat to join war | 17 Clash [4] |
| | 7 Show of force [3] | 18 Declaration of war [4] |
| | 8 Alert [3] | 19 Use of CBR weapons [4] |
| | 9 Nuclear alert [3] | 20 Begin interstate war [5] |
| | 10 Mobilization [3] | 21 Join interstate war [5] |
| | | -9 Missing [-9] |

Table 2. Hostility and Action Levels (From Faten Ghosn and Scott Bennett, <http://www.correlatesofwar.org/COW2%20Data/MIDs/Codebook%20for%20Dyac%20MID%20Data%20v3.10.pdf>, accessed October 13, 2012).

| A | B | Type | StMon | StYear | Act. Lev. | Host. Lev. | Ori A | Ori B |
|-----|-----|------|-------|--------|-----------|------------|-------|-------|
| CHN | VIE | 1 | 6 | 1992 | 15 | 4 | 1 | 0 |
| CHN | VIE | 1 | 7 | 1992 | 14 | 4 | 1 | 0 |
| CHN | VIE | 1 | 7 | 1994 | 7 | 3 | 0 | 1 |
| CHN | PHI | 1 | | 1994 | 14 | 4 | 1 | 0 |
| CHN | MAL | 1 | 3 | 1995 | 16 | 4 | 0 | 1 |
| CHN | PHI | 1 | 3 | 1995 | 0 | 1 | 0 | 1 |
| CHN | PHI | 1 | 1 | 1996 | 17 | 4 | 1 | 0 |
| CHN | PHI | 1 | 3 | 1997 | 10 | 3 | 1 | 0 |
| CHN | PHI | 1 | 4 | 1997 | 7 | 3 | 1 | 1 |
| CHN | PHI | 1 | 1 | 1998 | 15 | 4 | 0 | 1 |
| CHN | PHI | 1 | 5 | 1999 | 1 | 2 | 1 | 0 |
| CHN | PHI | 1 | 5 | 1999 | 10 | 3 | 1 | 1 |
| CHN | PHI | 1 | 6 | 1999 | 10 | 3 | 1 | 1 |
| CHN | PHI | 1 | 5 | 2000 | 16 | 4 | 0 | 1 |
| CHN | PHI | 1 | 1 | 2001 | 15 | 4 | 0 | 1 |
| CHN | PHI | 1 | 3 | 2001 | 7 | 3 | 0 | 1 |
| CHN | USA | 2 | 3 | 2009 | 10 | 3 | 1 | 0 |
| CHN | USA | 2 | 6 | 2009 | 10 | 3 | 1 | 0 |
| CHN | INS | 1 | 5 | 2010 | 15 | 4 | 1 | 1 |
| CHN | INS | 1 | 6 | 2010 | 10 | 3 | 0 | 1 |
| CHN | PHI | 1 | 2 | 2011 | 7 | 3 | 1 | 0 |
| CHN | PHI | 1 | 3 | 2011 | 1 | 2 | 0 | 1 |

| | | | | | | | | |
|-----|-----|---|----|------|-----------|---|---|---|
| CHN | VIE | 1 | 6 | 2011 | <u>7</u> | 3 | 0 | 1 |
| CHN | VIE | 1 | 7 | 2011 | <u>16</u> | 4 | 1 | 0 |
| CHN | PHI | 1 | 10 | 2011 | 16 | 4 | 0 | 1 |
| CHN | VIE | 1 | 3 | 2012 | <u>15</u> | 4 | 1 | 0 |
| CHN | PHI | 1 | 4 | 2012 | <u>10</u> | 3 | 1 | 1 |
| CHN | PHI | 1 | 4 | 2012 | 7 | 3 | 0 | 1 |

Table 3. South China Sea after the End of the Cold War Source (Author's own calculations from the events list, <http://www.cnas.org/flashpoints/timeline>).

| A | B | Type | StMon | StYear | Act. Lev. | Host. Lev. | Ori A | Ori B |
|-----|-----|----------|-------|--------|-----------|------------|----------|----------|
| CHN | JPN | <u>1</u> | 8 | 1995 | <u>7</u> | <u>3</u> | <u>1</u> | 1 |
| CHN | JPN | <u>1</u> | 7 | 1996 | <u>7</u> | <u>3</u> | <u>1</u> | 1 |
| CHN | JPN | <u>1</u> | 5 | 1999 | <u>7</u> | <u>3</u> | 1 | <u>1</u> |
| CHN | JPN | 1 | 11 | 2003 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 1 | 2004 | 16 | 4 | 0 | 1 |
| CHN | JPN | 1 | 6 | 2004 | <u>1</u> | 2 | 1 | 0 |
| CHN | JPN | 1 | 11 | 2004 | <u>10</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 9 | 2005 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 9 | 2005 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 9 | 2005 | <u>7</u> | 3 | 1 | 0 |
| CHN | USA | 2 | 10 | 2006 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 12 | 2008 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 4 | 2010 | <u>7</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 5 | 2010 | <u>1</u> | 2 | 1 | 1 |
| CHN | JPN | 1 | 9 | 2010 | <u>16</u> | 4 | 1 | 0 |
| CHN | ROK | 1 | 12 | 2010 | <u>17</u> | 4 | 1 | 0 |
| CHN | JPN | 1 | 3 | 2011 | <u>10</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 3 | 2011 | <u>1</u> | 2 | 1 | 0 |
| CHN | JPN | 1 | 8 | 2011 | <u>12</u> | 3 | 1 | 0 |
| CHN | JPN | 1 | 11 | 2011 | 15 | 4 | 0 | 1 |
| CHN | JPN | 1 | 2 | 2012 | <u>13</u> | 4 | 1 | 0 |

Table 4. East China Sea after the End of the Cold War (Author's own calculations from the events list, <http://www.cnas.org/flashpoints/timeline>).

When we look at the level of actions in South and East China seas, in which China as the originator, we realize that, until 2010, the tension rose either in South China

Sea or East China Sea, but not simultaneously (Figure 6). While China had intensifying disputes in South China especially in 1996–99, 200–03, and 2006–09, East China Sea was comparatively tranquil, and the PLA engaged in serious confrontations with the Japanese forces in 2003–07. Regarding the level of hostilities, whereas China has resorted to the use of force more in South China Sea, it mostly displayed its forces in East China Sea. The PLA seems to have threatened Japan to use force more frequently than it did against other countries in South China Sea (Figure 7).

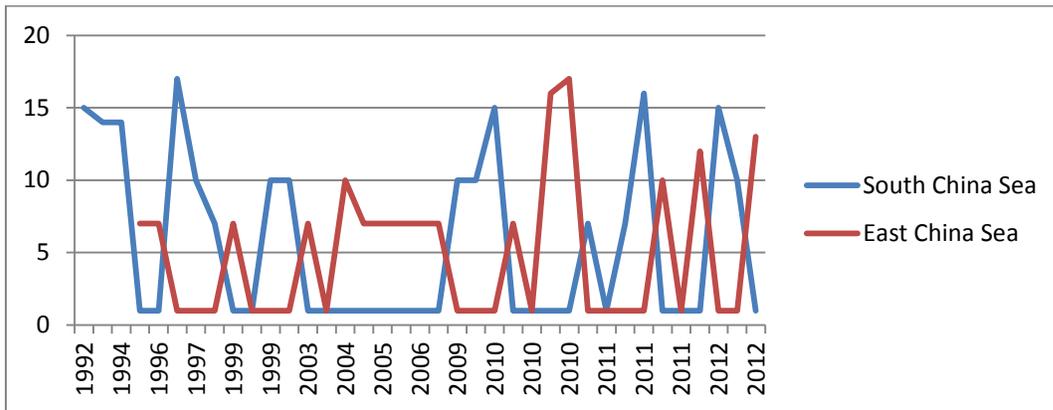


Figure 5. Comparative Level of Actions in South and East China Seas (Author’s own calculations from data in Table 3 and 4)

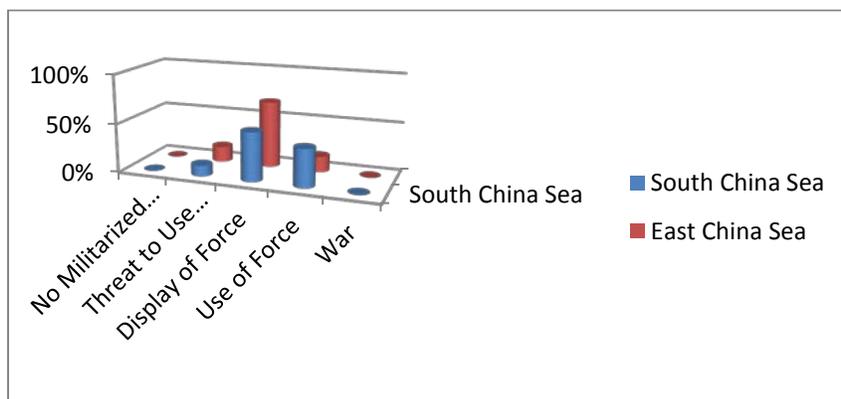


Figure 6. Comparative Level of Hostility in South and East China Seas (Author’s own calculations from data in Table 3 and 4)

a. South China Sea

In the South China Sea particularly, China displayed a rising and falling pattern of assertiveness. Except for the years in 1997–99 and in most of the 2011, it showed belligerency above the average level of actions and hostility (Figures 8 and 9).

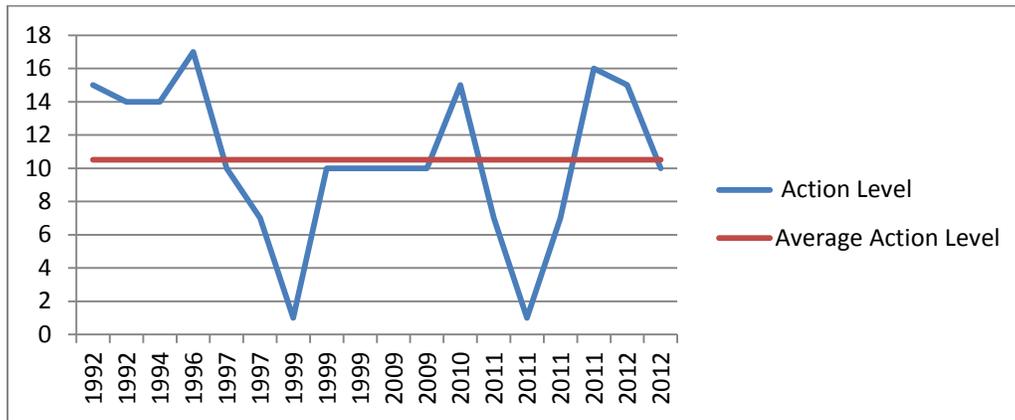


Figure 7. South China Sea Action Level China as Originator (Author’s own calculations from data in Table 3)

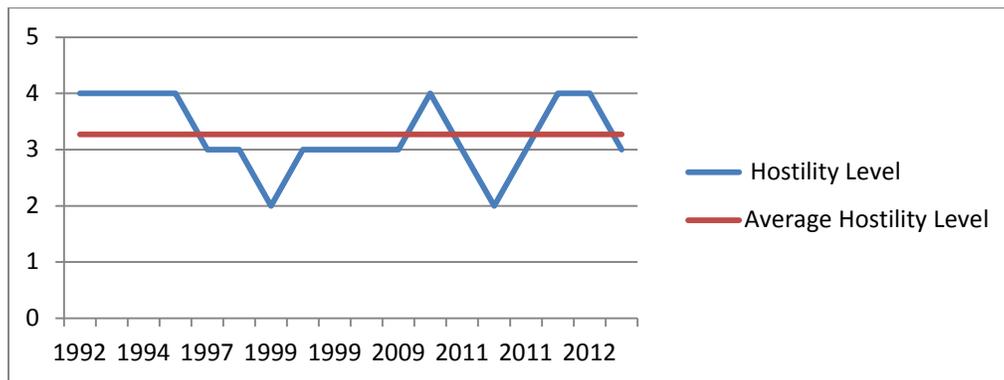


Figure 8. South China Sea Hostility Level China as Originator (Author’s own calculations from data in Table 3)

As we see in the Figure 10, China threatened to use force in 11 percent and used force in 39 percent of the major incidents while displaying its force in 50 percent of the confrontations.

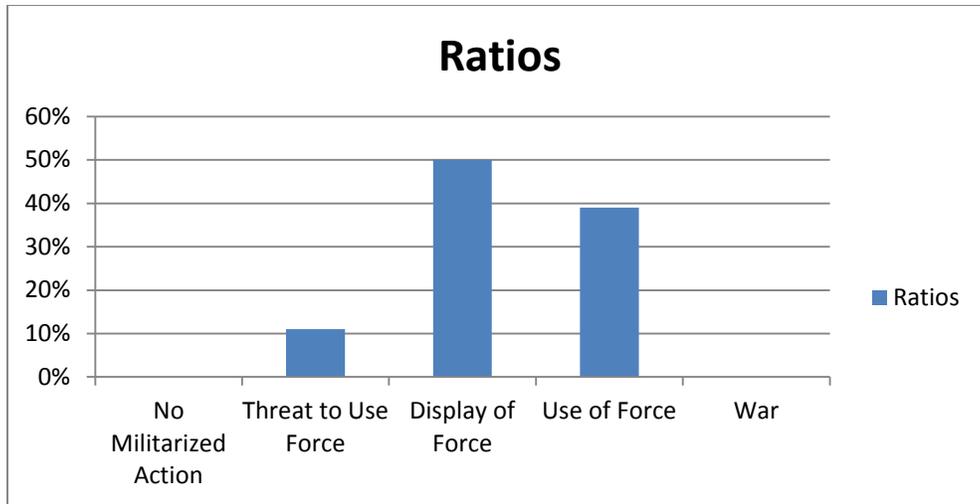


Figure 9. Ratios of the Hostility Types in South China Sea (Author's own calculations from data in Table3)

More specifically, China confronted with Philippines and Vietnam more frequently than the other claimants, 17 and 6 out of 28 major MIDs respectively. PLA employed more assertive behaviors against Vietnam which is followed by the U.S. and Philippines. The single confrontation with Malaysia was an exception, whose Royal Navy patrol opened fire on Chinese fishing boats in Malaysian Exclusive Economic Zone in March 16, 1995 (Figure 11).

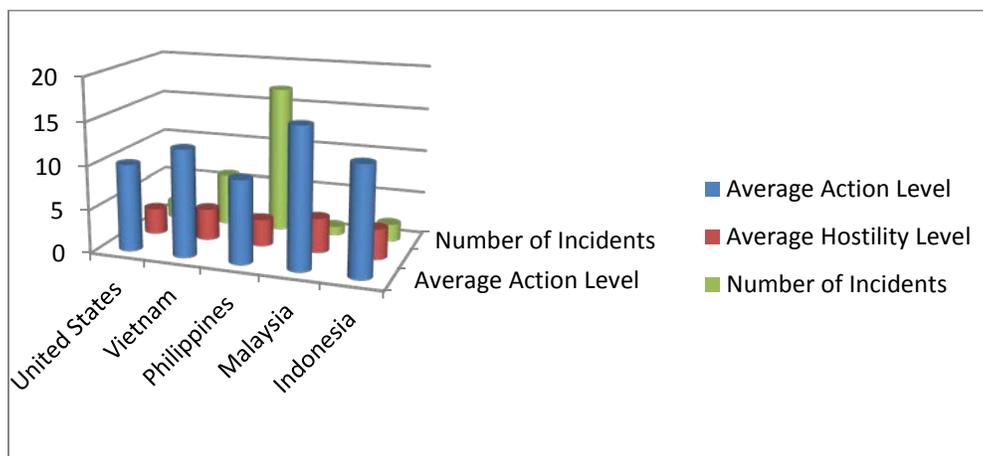


Figure 10. The number of Incidents, the Average Action and Hostility Levels in South China Sea (Author's own calculations from data in Table 3)

b. East China Sea

China's assertiveness was below the average level of action and hostility most of the time in East China Sea except for occasional escalations in 2004 and in most of 2010 (Figure 12 and 13). China displayed its forces rather than using them in 68 percent of the incidents while compared to 16 percent of threat to use of force and the use of force (Figure 14).

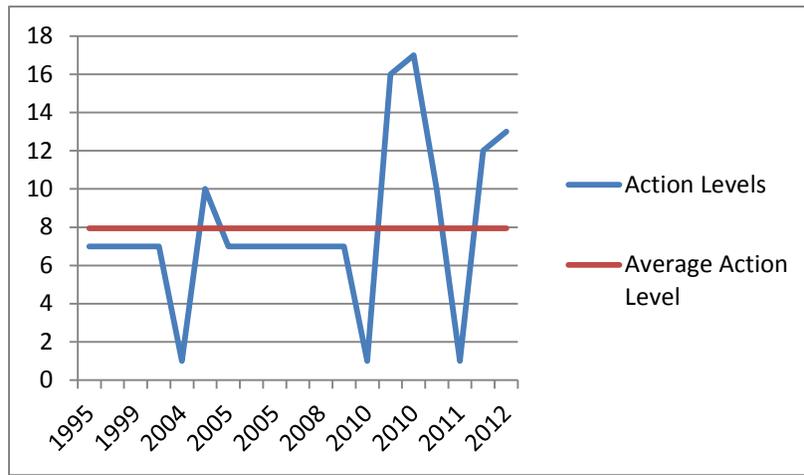


Figure 11. East China Sea Action Level, China as Originator (Author's own calculations from data in Table 4)

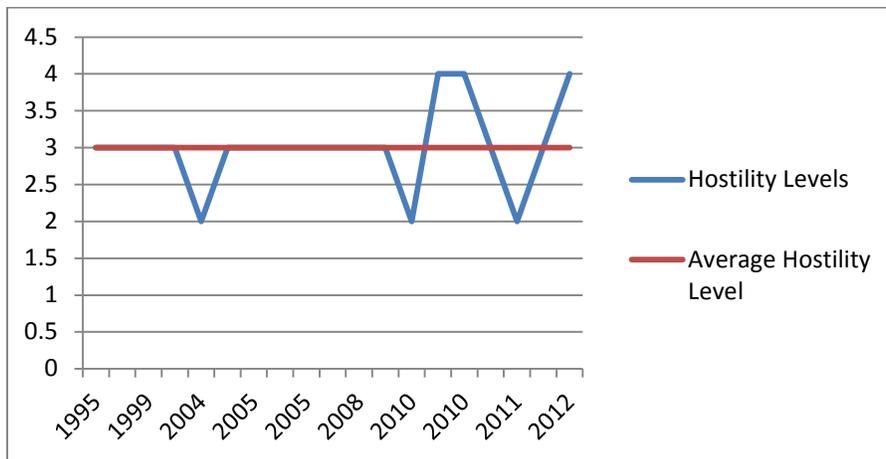


Figure 12. East China Sea Hostility Level, China as Originator, (Author's own calculations from data in Table 4)

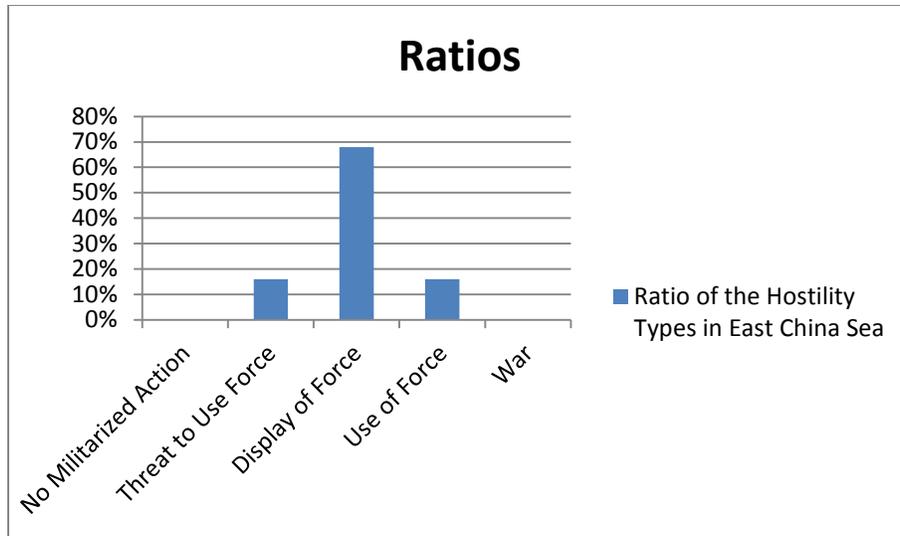


Figure 13. Ratios of the Hostility Types in East China Sea (Author’s own calculations from data in Table 4)

After analyzing these statistical data above, we need to look at some regional variables that affected China’s behaviors and may do so in the future as well. At the end of our evaluation, we will be able to reach three conclusions with respect to China’s international behavior. First, China’s realpolitik evaluations of the events and confrontational approaches continue and it has not changed its Cold War international behavior since. Second, China has been behaving in increasingly conciliatory manner and its assumed strategic culture is likely to be more influential than during the Cold War era. Third, China has not been behaving consistently, these approaches are conjectural and pragmatic, and it is therefore not possible to determine any one of the first and second conclusions. In order to understand the events and draw meaningful conclusions, we need to look at some regional factors which are likely to influence the China’s use of force decisions in South and East China Seas, such as alliances, institutions, increasing economic interdependence, and regional military balance.

THIS PAGE INTENTIONALLY LEFT BLANK

III. INSTITUTIONS AND SECURITY ALLIANCES

The American security structure in Asia built in the Cold War has been the focus of events since the Cold War ended. Although the U.S. shield against the Soviet Union and Chinese expansionism have gone, Washington still retains its bilateral security treaties with Japan, South Korea, Philippines, and Australia, while, arguably, China and Russia challenge the U.S. dominance in the region. Moreover, as it is often asserted, the U.S. is polishing its relations with Japan, Philippines, and Australia to counter the rising China since its strategic pivot to Asia-Pacific region.⁵³ Thus, the presence of the U.S. in the region still determines the level and the course of the actions and hostilities in East and South China Seas. Although it seems unlikely due to economic interdependence, multilateral or bilateral agreements, and burgeoning institutionalization, the prospect of a conflict between the rising continental (and increasingly maritime) power China and the maritime power the U.S. or other actors still exists.⁵⁴

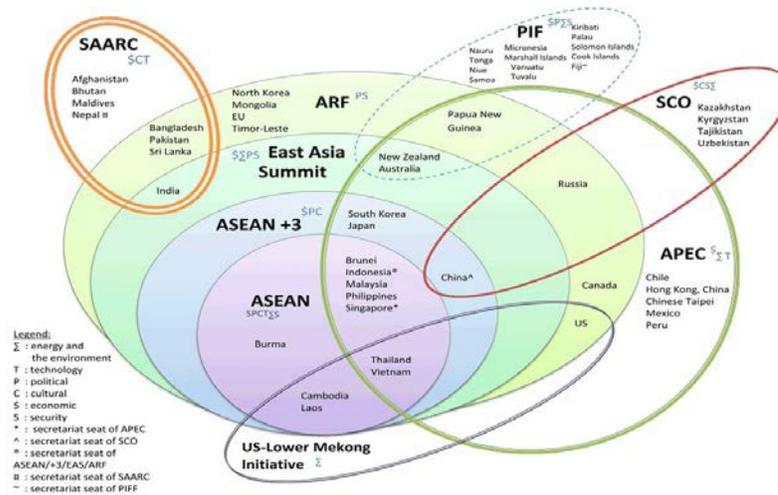


Figure 14. Institutions in East Asia (From Ernest Bower, 2010, p.2).

⁵³ Yong Wang, “Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions,” *Asian Development Bank (ADB) Paper Series on Regional Economic Integration*, no. 68 (December 2010), 2–4.

⁵⁴ Woosang Kim, “Korea as a Middle Power in Northeast Asia,” in *The United States and Northeast Asia*, eds. G. John Ikenberry and Chung-In Moon (Maryland: Rowman and Littlefield Publishers, 2008), 123–124.

Fortunately, at least for now, confrontations continue between China and regional actors at the low- intensified levels with rare escalations. Therefore, regional political and diplomatic factors seem to deescalate the tension vis-à-vis great power antagonism which are likely to embitter it. Whereas ASEAN and plus versions serve as an important institutional framework and influence China's behavior in the South China Sea, the absence of an institutional structure indigenous to Northeast Asia is the main characteristic of this sub-region. Despite this stark difference, some similar administrative, diplomatic, and bilateral relations have effects on China's behavior in both regions.

A. SOUTH CHINA SEA

1. ASEAN- China Rapprochement

Neo-realists argue that states may implement two types of balancing. First, they may practice "internal balancing" by improving their military capabilities. Second, they may resort to "external balancing" by revitalizing old alliances or establishing new ones. Besides these realpolitik calculations, institutions are increasingly playing important roles in Asian affairs. Southeast Asian countries have not balanced against the U.S. by allying with PRC or vice-versa. Instead, they accommodate China economically and militarily. There is little evidence to justify internal or external balancing behaviors of Philippines, Vietnam, and Indonesia, in spite of their historical, territorial, political disputes with China.⁵⁵ Instead of military balancing, ASEAN initiated multilateral security dialogues and tried to constrain China's behaviors by institutional norms and rules.⁵⁶

The 1997–98 financial crisis and China's accession to WTO in 2001 brought China and ASEAN together. After its accession to WTO, China increased political and economic diplomacy to deepen the regional integration further and actively participated

⁵⁵ Wang, "Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions," 2–4.

⁵⁶ Nalanda Roy, "Troubled Waters, Anniversary Parade, PLA's Power Projection," *Journal of Defense Studies* 6, no. 2 (June 2012), 51, 52.

at “ASEAN-led” East Asia integration.⁵⁷ During the ASEAN+PRC summit in 2002, China signed four important agreements: the Declaration on Conduct in the South China Sea, the Joint Declaration on Cooperation in the Field of Nontraditional Security Issues, the Framework Agreement on Comprehensive Economic Cooperation, and the Memorandum of Understanding on Agricultural Cooperation. One year later, at the 2003 summit, the PRC “formally acceded” to ASEAN by signing Treaty of Amity and Cooperation, as the first non-ASEAN state. During the same summit they also signed the Joint Declaration on Strategic Partnership for Peace and Prosperity, which had political, social, economic, and security content. Finally, they initiated the world’s largest free trade zone in 2010.⁵⁸

2. The Effects of ASEAN on China’s Use of Force Trend

Shambaugh argues that PRC relations with ASEAN mean Beijing’s choice of multilateral relations and regional interests at the expense of limiting its sovereign interests. Moreover, by the signing of the Declaration on Conduct in the South China Sea, ASEAN managed to engage a rising power by its own principles of non-aggression, non-interference, non-use of force, and settling the disputes by peaceful meanings.⁵⁹ When we look at the action and hostility levels of major confrontations in the region since China’s interaction with ASEAN, --in other words, the post-1997–98 financial crisis era which includes China’s accession to WTO in 2001 and to ASEAN in 2003-- we do not see any escalation, except for PLA’s live fire exercises around Spratly Islands and the Chinese vessels’ first appearance off the Scarborough Shoal in May 2001. In both cases, Beijing assured Philippines that it did not intend to increase its military presence in the area.⁶⁰

(Figure 16)

⁵⁷ Wang, “Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions,” 17.

⁵⁸ Ibid., 10.

⁵⁹ Ibid., 11.

⁶⁰ Faten Ghosn, Glenn Palmer and Stuart Bremer, “Dispute Narratives,” *Conflict Management and Peace Science*, no. 21 (2004), 10/13/2012, 38. <http://www.correlatesofwar.org/>.

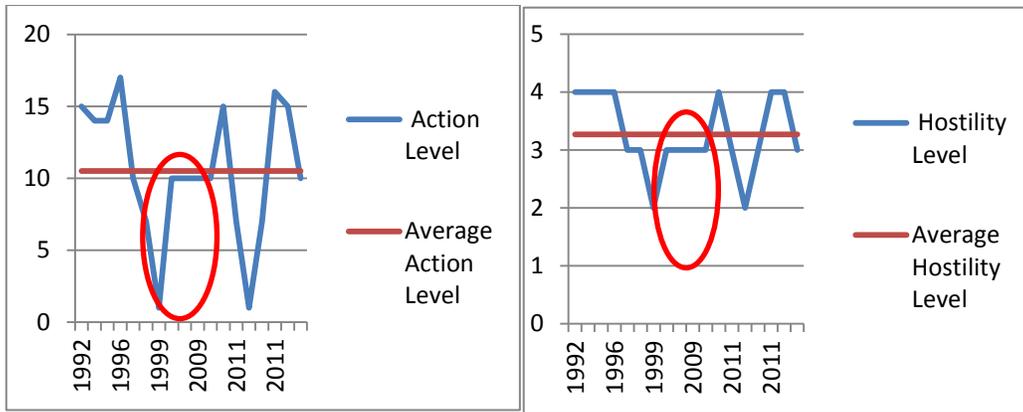


Figure 15. South China Sea Action/Hostility Levels, China as Originator (Author’s own calculations from data in Table 3)

3. China’s Other-than-Force Approaches

a. Administrative Means

China’s low posture also continued after the hey-day of the incipient institutional ties at the turn of the century. Since mid-2000, China has mostly used administrative means together with the civil maritime law enforcement agencies in the disputes.⁶¹ During the latest tension which began in 2007 and heightened in between 2009 and 2011, China did not use naval forces actively. Instead, it utilized civilian maritime law enforcement agencies such as the State Oceanic Administration’s China Marine Surveillance force and the Ministry of Agriculture’s Fisheries Law Enforcement Command. For example, five Chinese vessels—a naval intelligence ship, a government fisheries patrol vessel, a state oceanographic patrol vessel, and two small fishing trawlers surrounded and harassed *USNS Impeccable* approximately 75 miles south of Hainan

⁶¹ M. Taylor Fravel, “China’s Strategy in the South China Sea,” <http://taylorfravel.com/2012/01/chinas-strategy-in-the-south-china-sea/> (accessed October 13, 2012).

Island in March 8, 2009, and the seized the illegal fishing boats by Chinese fishing management vessels in July 2010.⁶² Its goal was to prevent escalation while consolidating its claims.⁶³

b. Diplomatic Means

China's diplomatic efforts seem to be more impressive in recent years. Beijing explained its South China Sea stance in three documents submitted to U.N.: two *notes verbale*, in May 2009 and April 2011, and a preliminary declaration of claims to an extended continental shelf in May 2009. As Fravel and Swaine state, contrary to some comments, those documents do not imply any sign of escalation for a few reasons. First, they are not China's unilateral actions, but the obligation of submitting its perspectives to the U.N. at a scheduled time. Second, except for the continental shelf issue, the arguments in the declarations are not new. On the contrary, they show the Chinese willingness to handle the issues on the common ground of international criteria, UNCLOS definitions, and according to the Declaration on the Conduct of the Parties in the South China Sea (DOC), signed between China and ASEAN in 2002.⁶⁴ These declarations intend to force all claimants to solve the dispute according to international laws, by peaceful means, negotiations, consultations, but not the use of force. Another diplomatic document about South China Sea dispute is a joint statement between China and Vietnam signed in 2008. This document emphasized mutual understanding, good neighborhood relations, mutual trust, economic cooperation, information exchange between the militaries, and so on.⁶⁵ As a result, China's endeavors to solve the disputes are note-worthy.

⁶² Center for a New American Century, "Flashpoints in East and South China Seas," Center for a New American Century, <http://www.cnas.org/flashpoints/timeline> (accessed October 14, 2012).

⁶³ M. Taylor Fravel, "The PLA in the South China Sea," <http://taylorfravel.com/2012/06/the-pla-in-the-south-china-sea/> (accessed October 13, 2012).

⁶⁴ Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior Part Two: The Maritime Periphery," *China Leadership Monitor*, no. 35 (September 2011), 3–5.

⁶⁵ Swaine, "China's Assertive Behavior Part One: On 'Core Interests,'" *China Leadership Monitor*, no. 34 (February), 24.

4. The Reasons of Occasional Escalations

a. *Responses to Other Claimants*

PLA forces have not always been the originator of the incidents. China's increasing fishing bans, patrols, exercises, and surveillance activities are only responses to the activities of the other claimants, especially since 2007. For example, China ordered patrol vessels to "demonstrate sovereignty" after the Philippine Congress passed an archipelagic baseline law in 2005. PLA increased its exercises in 2010 as a reaction to Vietnam's initiatives for internationalizing the dispute to gain international support.⁶⁶

When we look at the actions and hostility levels of the MIDs of China-Philippines and China-Vietnam dyads roughly between 2000 and 2010, which are China's most frequent challengers, we see that China did not escalate tension with both of them simultaneously. As we see in the Figure 17, there was tranquility between China and Vietnam while the tension was high between China and Philippines roughly in the same period of time. The reason might be these two countries' bilateral ties with the U.S. Although the United States withdrew its forces from Philippines in the early 1990s, it has been enhancing its security relations with Manila in recent years and it plans to increase military aid to its ally in coming years. Vietnam is also another country the United States seeks to strengthen bilateral relations especially since its strategic re-orientation to Asia-Pacific region.

⁶⁶ Swaine and Fravel, "China's Assertive Behavior Part Two: The Maritime Periphery," 7.

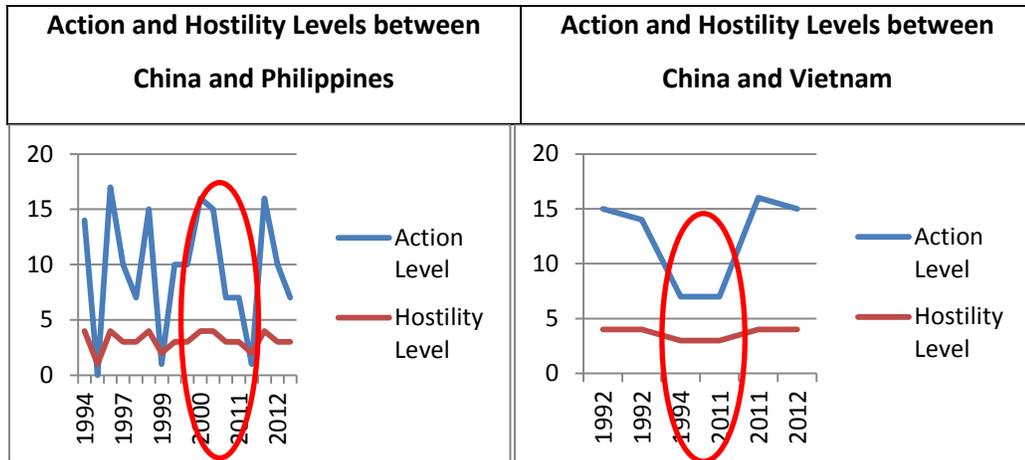


Figure 16. Levels of Chinese Action and Hostility against Philippines and Vietnam (Author's own calculations from data in Table 3)

b. The United States Strategic Re-Orientation

The other thing that could affect China's behavior in two seas is the improving security ties of the other claimants with the U.S. If China perceives any increase in their assertiveness, it may react with coercive measures.⁶⁷ As PRC strategic history suggests, China may resort to use of force if it perceives threats to its long-term security interests. As Christensen convincingly argues, China may use force, without any provocation, either to prevent the penetration of potential dangers through the opening window of vulnerability or to attain goals before closing window of opportunity.⁶⁸ Therefore, encouraged by its improving military capabilities and frustrated by the rapprochement between the U.S. and the regional countries, Chinese leaders may feel compelled to guarantee Beijing's long-term political and security interests.⁶⁹

Besides the provocations of regional countries, the U.S. strategic approach to the region may also escalate the tension in the disputes. Michael Auslin's "Concentric Triangles" type of strategies may further alienate China in the region. The strategy includes two triangles that share "common concerns." The outer triangle links

⁶⁷ Fravel, "China's Strategy in the South China Sea."

⁶⁸ Christensen, "Windows and War," 51.

⁶⁹ Ibid., 77.

Japan, South Korea, India, and Australia while the inner triangle includes Indonesia, Malaysia, Singapore, and Vietnam. The countries in the big triangle have political stability, economic strength, and military capability. Therefore, the report suggests that the U.S. may enhance its military cooperation with those countries. They should first respond the threat in their immediate areas and then call for the others to come in following phases of the escalation. On the other hand, the countries in the smaller triangle need the U.S. assistance from many perspectives. For example, the strategic locations of Vietnam and Malaysia dictate intelligence, surveillance, and reconnaissance (ISR) support. Besides these individual relationships with each triangle, the United States should promote economic partnerships and exchanges among all of them on the ground of common regional norms, behaviors, and coordination.⁷⁰

c. *Revisiting Realpolitik Calculations*

In that case, institutions may become irrelevant and ineffective in the Chinese thinking.⁷¹ As Yong Wang argues, ASEAN's regional role should be evaluated within the realpolitik security structure of the region at this point.⁷² The occupation of Mischief Reef in late 1994 may serve as a good example of this perspective. As many scholars believe, China's desires to compete with the U.S. and to increase its strategic influence in the Western Pacific led to the occupation in 1994. Besides that, China may have wanted to have a strategic negotiation power vis-à-vis the U.S. and Japan who are believed to counterbalance China's growth by ASEAN.⁷³ Furthermore, China may have occupied the reef to test the U.S. and ASEAN's reaction and the U.S. willingness to foster "pro-western security structure" in newly beginning post-Cold War era.⁷⁴ Although

⁷⁰ Michael Auslin, *Security in the Indo-Pacific Commons: Toward a Regional Strategy* American Enterprise Institute, December 2010, 23–25.

⁷¹ Mark Burles and Abram N. Shulsky, *Patterns in China's use of Force* (Washington, D.C.: RAND, 2000), 34.

⁷² Wang, "Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions," 6.

⁷³ Daojiong Zha and Mark J. Valencia, "Mischief Reef: Geopolitics and Implications," *Journal of Contemporary Asia* 31, no. 1 (2001), 92.

⁷⁴ Ian James Storey, "Creeping Assertiveness: China, the Philippines and the South China Sea Dispute," *Contemporary Southeast Asia* 21, no. 1 (Apr 1999), 101.

some rejects the idea that the occupation of Mischief Reef was another step of the Chinese naval hegemony in South China Sea, some others interpret this event as China's ambition to regain its lost status in the region.⁷⁵ Moreover, some argues that it is the Chinese first step to become a global maritime power.⁷⁶ In any case, the occupation is also a good example from Christensen's window logic perspective because, undeniably, the U.S. withdrawal from Philippines in 1992 provided China with a great opportunity to seize the reefs. In sum, the U.S. position and way of approach to the challenges may instigate realist reactions from China.

5. Realities Outweigh Possibilities in Favor Conciliation

While the seizure of Mischief Reef seems to be an example of the continuation of China's past "window of opportunity" approach in territorial disputes, Beijing's conciliatory international behavior gained momentum after the Taiwan-strait crisis in 1995–96. Since the mid-1990s, although China delays the resolution to the disputes and strengthens its position, it aims to prevent the escalation at the same time.⁷⁷ The PRC's main goal is to consolidate its claims and deter others' claims by bilateral talks rather than multilateral negotiations on the base of ASEAN.⁷⁸ Since then, three major events seem to have determined China's use of force attitudes in South China Sea until 2007: the 1997–98 financial crisis, China's accession to WTO in 2001, and the elaboration of ASEAN-China relations. Thanks to the treaties and agreements of ASEAN, China behaved in decorum in most of the confrontations and contented itself with diplomatic and administrative measures. Contrary to its relatively amicable posture in the first half of the decade, Beijing reacted in forceful ways against the other claimants especially after 2007. Philippines and Vietnam remained as main contenders in the region. Admittedly, the U.S. strategic re-orientation toward Asia and its enhancing security relationships with the regional countries are likely to irritate Beijing further in coming years. But if

⁷⁵ Zha and Valencia, "Mischief Reef: Geopolitics and Implications," 97; Leni Stenseth, "The Imagined Threat of China in the South China Sea," *Security Dialogue* 30, no. 3 (1999), 349.

⁷⁶ Shee Poon Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia* 19 (1998), 380.

⁷⁷ Fravel, "China's Strategy in the South China Sea."

⁷⁸ Roy, "Troubled Waters, Anniversary Parade, PLA's Power Projection," 51, 52.

Washington incorporates Beijing into the structures further, it may repel Chinese antagonism. For now, China's behavior in South China is pragmatic with respect to the region's political situation. As Jiang Zemin announced in 2002, the first two decades of 21st century became the period of "strategic opportunity" for China. China will have to wait until an escalated confrontation becomes less costly than present.

B. EAST CHINA SEA

1. Regional Relations

As is frequently seen, the rise of China and territorial conflicts inevitably co-exist in Northeast Asia. Nationalism nourishing from historical hatreds and the perception of sovereignty feed the assertiveness of China and Japan. According to realist international relations theories, the United States may be expected to enhance its existing ties with Japan and South Korea while seeking to create a "net" consisting of countries from Central Asia, Southeast Asia, South Asia, and even from the Middle East to balance the rising China.⁷⁹ The trilateral dialogue between the U.S., Japan, and India and the expansion of Pacific partnership with Australia to Indo-Pacific region are the recent American initiatives perceived by China as a kind of containment policy. However, as we see in the Figure 18, the level of hostility in East China Sea since beginning of 2011 did not decrease contrary to the U.S. strategic re-orientation to Asia and enhancing its political and diplomatic presence. Therefore, PRC seems to voice its claims at louder levels to assure itself that everybody lined against it hears them.

⁷⁹ Jaeho Hwang, "China's Future and South Korea's Security Implications," *Journal of East Asian Affairs* 21, no. 2 (Fall/Winter 2007), 100.

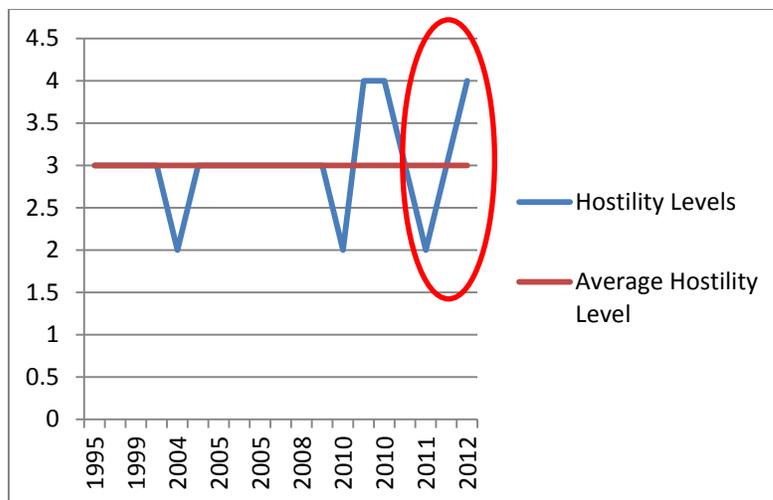


Figure 17. East China Sea Hostility Level, China as Originator, (Author’s own calculations from data in Table 4)

The U.S. ongoing security treaties with Japan and South Korea have been the source of anxiety for China for decades. Furthermore, The United States- Japan-South Korea trilateral relations are believed to be increasingly important in the region, but South Korea’s influence in East China disputes has not been as critical as it was surmised. China seems to have weakened this coalition by utilizing its growing economic relation with South Korea. Therefore, among the regional bilateral relations, the United States-Japan alliance has always been crucially important with respect to China’s behavior in East China Sea and likely to remain so.

2. Limiting Factors on China’s Assertiveness

a. *The United States-Japan Alliance*

Japanese leaders discuss whether to continue “entanglement” or to adopt “abandonment” strategy with respect to its relations with the U.S. Depending on its domestic political situation; Japan may behave in nationalist, patriotic, self-strengthening, and pro-alliance or UN-oriented and pacifist manners.⁸⁰ In any case, Japan may increase

⁸⁰ Takashi Inoguchi and Paul Bacon, “Rethinking Japan as an Ordinary Country,” in *The United States and Northeast Asia*, eds. G. John Ikenberry and Chung-In Moon (Maryland: Rowman and Littlefield Publishers, 2008), 94.

the process toward being a “normal state” by revising its constitution (Article 9) and upgrading the Self Defense Forces (SDF), which will ultimately encourage Japan to participate to the disputes in the region and use of force when it is necessary. Furthermore, if Japan realizes any insufficiency in the American protection against DPRK and China, Tokyo is believed to instigate a conventional and nuclear arms race across Asia, which could result in accelerating the regional militarization and this outcome will be contrary to the U.S. interests.⁸¹ Aside from these possibilities, the current U.S. presence undeniably influences Chinese behavior in East China Sea. As Fravel argues, this alliance has deterred China from using coercive measures to take the control of Senkaku Islands. Obviously, Washington’s emphases on the Article V of the 1960 Mutual Security Treaty and the repetition of the Japanese administration on the islands during the rising tensions in 2004 and 2009 caused China to decrease its assertiveness.⁸²

b. Regional and Global Opinion

“The trend of time” and global opinion are also other constraints on states’ behaviors. They may urge states to find rapid solutions to the problems and not to use force in the first place.⁸³ China is one of these states and it does not want to endanger its “peaceful rise” image. This concern is also effective on China’s “detering strategy” in Senkaku Islands. As Fravel argues, Beijing does not want to be the “aggressor” side of the confrontation and endanger its “peaceful development.”⁸⁴ As it is argued with respect to Taiwan issue, we can also say that China would both debilitate the credibility of its own strive for de-militarized international politics and endanger its “great power rise” if

⁸¹ T. J. Pempel, “Japan: Divided Government, Diminished Resources,” in *Strategic Asia 2008–09: Challenges and Choices*, eds. Ashley J. Tellis, Mercy Kuo and Andrew Marble (Washington, D.C.: The National Bureau of Asian Research, 2008), 132.

⁸² M. Taylor Fravel, “Explaining Stability in the Senkaku (Diaoyu) Islands Dispute,” in *Getting the Triangle Straight: Managing China--Japan--Us Relations* (Washington, D.C.: The Brooking Institute, 2010), 145–148.

⁸³ Burles and Shulsky, *Patterns in China’s use of Force*, 34, 35.

⁸⁴ Fravel, “Explaining Stability in the Senkaku (Diaoyu) Islands Dispute,” 151.

it behaved otherwise. In other words, the use of force may endanger China’s economic and social relations with the regional countries and accelerate the “normalization” of Japan.⁸⁵

c. Mutual Relations

China and Japan also have tried to decrease the tension by administrative and political initiatives. As a result of these policies, as we see in the Figure 19, there was relative calm in East China Sea between 2004 and 2010. For example they agreed on joint development of resources in East China Sea in 2008. Previously, China had forbidden the activists to go Senkaku/Diaoyu Islands in 2004.⁸⁶ During the Jiang Zemin’s visit to Japan in 1998, Chinese leaders realized the disastrous results of their emphasis on historical issues. Following the Premier Zhu Rongji’s trip to Japan 2000, China tried to improve its relations either by increasing bilateral interactions with Japan or through multilateral and institutional forums like ASEAN+3 and Northeast Asia Cooperation Dialogue.⁸⁷ As we see in the figure, the level of militarized actions was at the lowest points roughly between 2000 and 2004.

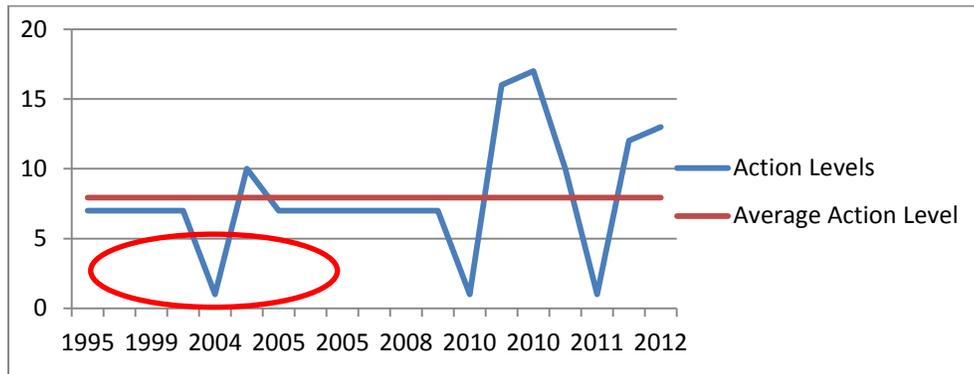


Figure 18. East China Sea Action Level, China as Originator, (Author’s own)

⁸⁵ Yong Deng, “Taiwan and China’s Rise,” in *China’s Struggle for Status* (Cambridge University Press, 2008), 247–248.

⁸⁶ Swaine and Fravel, “China’s Assertive Behavior Part Two: The Maritime Periphery,” 10.

⁸⁷ Susan L. Shirk, “When the Chinese People Get Angry, the Result is always Big Trouble,” in *China: Fragile Superpower* (New York: Oxford University Press, 2008), 166–168.

calculations from data in Table 4)

3. Display of Force Rather than Use of It

The threshold of using force in East Asia has been higher than in South China Sea. When we compare the ratios of the hostility types in South and East China seas, China seems to be mostly inclined to display of force in both waters. Besides, its tendency to use force in South China Sea is almost two times greater than the one in East China Sea. However, the ratio of displaying force in both seas is much higher than the percentage in territorial disputes since 1949. On the other side, the ratios of use for force in both East and South China seas are lower than the previous decades. Admittedly, the U.S. perennial security commitments to Japan and South Korea were the main deterrence for China. Besides that, Japan's "normalization" will likely to further discourage China from using force (See Figure 20 and 21). Ironically, the U.S. commitment to the region delayed the Japanese initiatives to have their own military forces and China was able to assert itself more comfortably in this status-quo. Therefore, the U.S. military presence has not been so frightening for the Chinese because it seems to have managed to trade-off this vulnerability by being the biggest debt holder of the U.S. However, the U.S. strategic re-orientation to the region may not only increase its political, economic, and military presence but also accelerate Japan's normalization. As a result, China may face with a stronger alliance which will certainly raise the threshold of using force, but this threshold may also drop very fast considering the Chinese use of force behaviors in the past. Until reaching this level, China is likely to continue display its forces rather than using them.

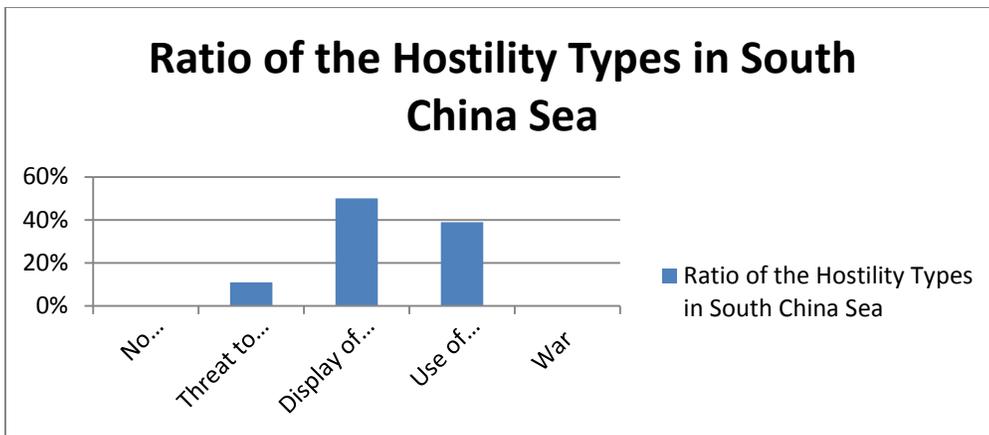
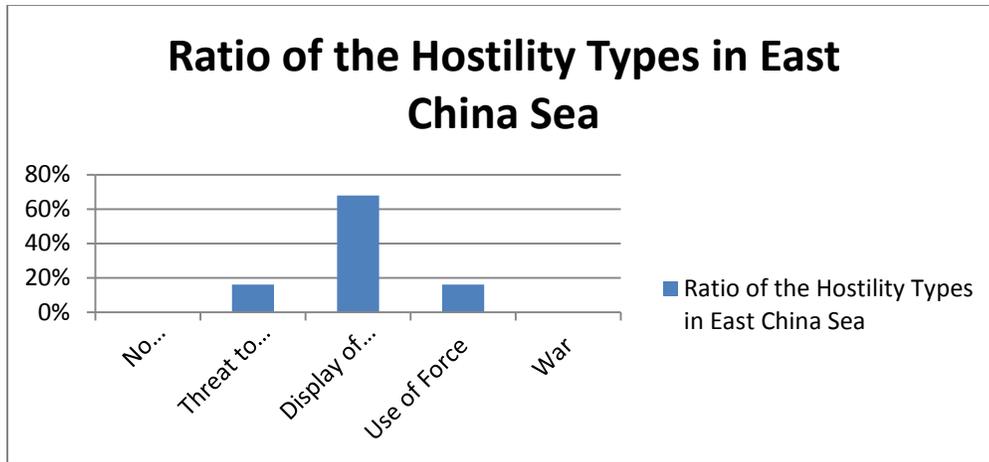


Figure 19. Ratios of Hostility Types in South and East China Seas (Author's own calculations from data in Tables 3 and 4)

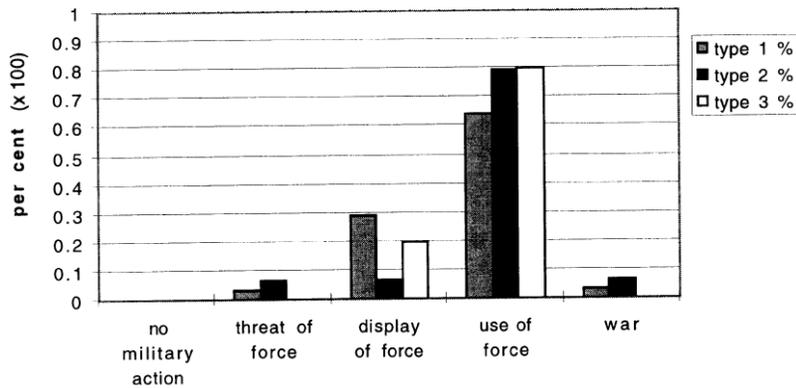


Figure 20. Ratios of MID's Hostility Levels in the Cold War (From Johnston, 1998, p. 16).

THIS PAGE INTENTIONALLY LEFT BLANK

IV. ECONOMIC INTERDEPENDENCE AND ENERGY RELATIONS

A. ECONOMY

In the 21st century, the diplomatic, economic, and security relations became more interdependent than in the past. Economic prosperity strongly depends on favorable diplomatic relations and economic concerns are one of the crucial parts of foreign policy considerations.⁸⁸ Countries have become much more worried about the adverse effects of a war on their economic development. Regarding China, the effects of the interdependent economic relations have required PRC to display more benign international behaviors. Although the 2008–09 financial crisis seems to be an opportunity for the Chinese to achieve their goals, Beijing has not exploited the vulnerability of the other claimants by using force, but rather has leveraged its economic importance for them. Its post-crisis assertiveness and trends in economic relations prove the reality of this assessment.

1. The Interdependency: A Deterrent

Interdependency theorists argue that increasing bilateral and multilateral economic relations, as an outcome of globalization, deter states from behaving irresponsibly and risking their gains. Because China's economy heavily relies on foreign trade, international markets, investment, and imported energy resources, it is believed that as long as China engages with the international economy and its institutions, Beijing's supposed belligerent "conflict behaviors" may transform into more conciliatory relationships.⁸⁹ The Figure 22 and 23 depict the ever-increasing trajectory of the trade between PRC and East Asian countries from the end of the Cold War until 2008 financial crisis.

When we compare the levels of militarized actions and hostility in East and South China Seas with the PRC's increasing trade relations with East Asian countries and

⁸⁸ Hillary Clinton, "America's Pacific Century," *Foreign Policy* (November 2011), October 13, 2011. http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century.

⁸⁹ Burles and Shulsky, *Patterns in China's use of Force*, 31–32; Johnston, "China's Militarized Interstate Dispute Behavior 1949–1992," 2.

China-ASEAN 5, we can conclude that the incidents in the troubled waters were not so intense as to adversely affect bilateral trade (see Figure 24). A professor at the PLA University of National Defense argues that the sides may seem adamant about concessions in the territorial disputes and use their all national strength, especially the military forces as a last choice, to accomplish their goals. However, different from the history, war is unlikely in the Asia-Pacific due to global economic integration. Therefore, the countries constrain their behaviors in order not to harm the economic benefits and as a result of this consideration, conflicts continue only at low-intensified levels. Even if there is possibility of armed clashes, they will be limited in scale.⁹⁰

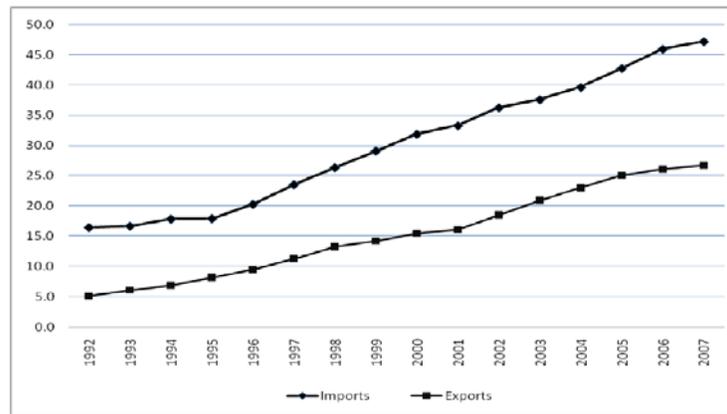


Figure 21. PRC's Manufacturing Trade with East Asian Countries, 1992–2007 (percent) (From Athukorala, 2010, p. 61.)

⁹⁰ Han Xudong, "Risk of Armed Asian Conflict on the Rise, but Trade Links Rule Out War," *Global Times*, 2012, <http://www.globaltimes.cn/content/735653.shtml> .

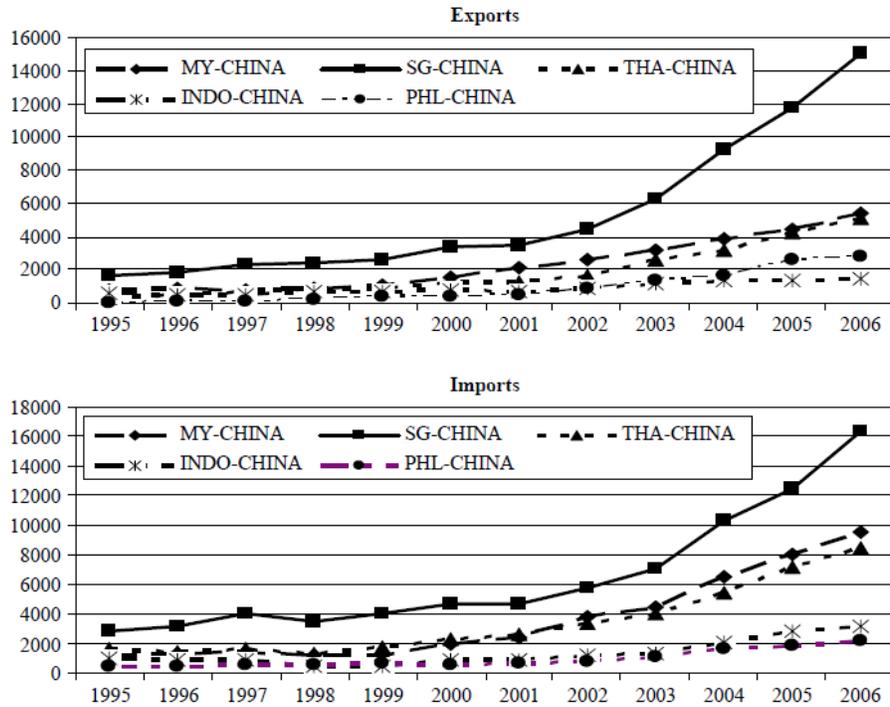


Figure 22. Trade between China and ASEAN-5 (From Devadason, 2010, p. 657).

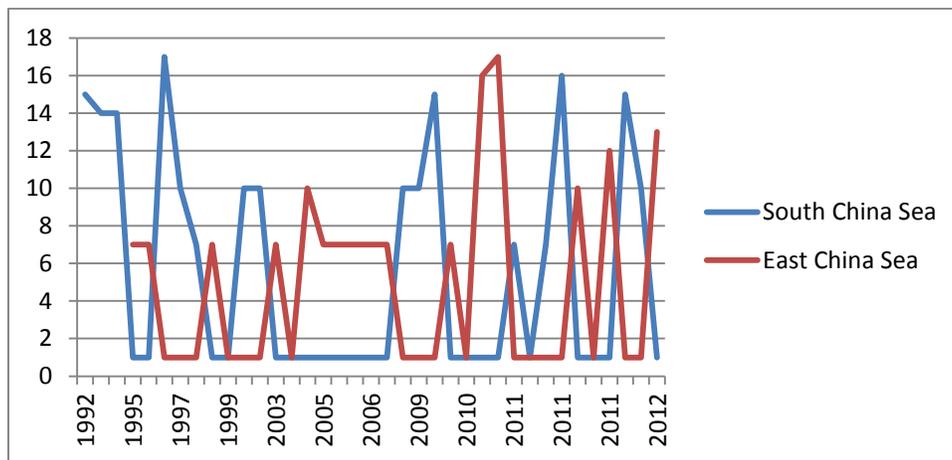


Figure 23. The Trend of Hostility and Action in South and East China Seas (Author's own calculations from data in Tables 3 and 4)

2. Financial Crisis: Opportunity or Legitimacy?

On the other hand, as it is clear in the Figure 25, the trend of hostility in South and East China Seas—in other words, China’s assertiveness—increased after the 2008 financial crisis. Some scholars argue that China may take the advantage of the U.S. vulnerability to keep China on the field to be able to weather the economic crisis.⁹¹ The United States has huge economic interests in Asia, whose dynamic economic nature and open markets are crucial for U.S. export, investment, trade, and access to technology. Given the global financial crisis and economic difficulties, it is essential for Washington to open new markets for American business firms and to keep the sea lanes free and secure for commerce and navigation in the South China Sea from where half the world’s merchant tonnage flows.⁹² This chance is also crucial given the fact that the largest U.S. bilateral trade deficits are with two Asian countries—China and Japan. Therefore, in line with Thomas J. Christensen’s “windows of opportunity” logic, during the post-financial crisis period, PRC leaders could have wanted to take advantage of the American’s predicament economic conditions before closing of the “window opportunity.” However, as Fravel points out, China would have also profited from the U.S. engagement with the Middle East since 2003 Iraq War to increase its belligerency, but it did not.⁹³ Therefore, Kai He’s legitimate-prospect explanations seem to be more persuasive than the window approach. As we see in the figure below, China itself was in the “domain of losses” during the financial crisis although Beijing was more successful at weathering the crisis than the U.S. and the European Union (EU).

⁹¹ Joshua W. Busby, “The Need for Power: Implications of Chinese Energy Security and Climate Change Policies for Sino-American Relations,” *China’s Arrival: A Strategic Framework for a Global Relationship*, September 2009, 9.

⁹² Clinton, *America’s Pacific Century*, October 13, 2011.

⁹³ Fravel, “Power Shifts and Escalation Explaining China’s Use of Force,” 78.

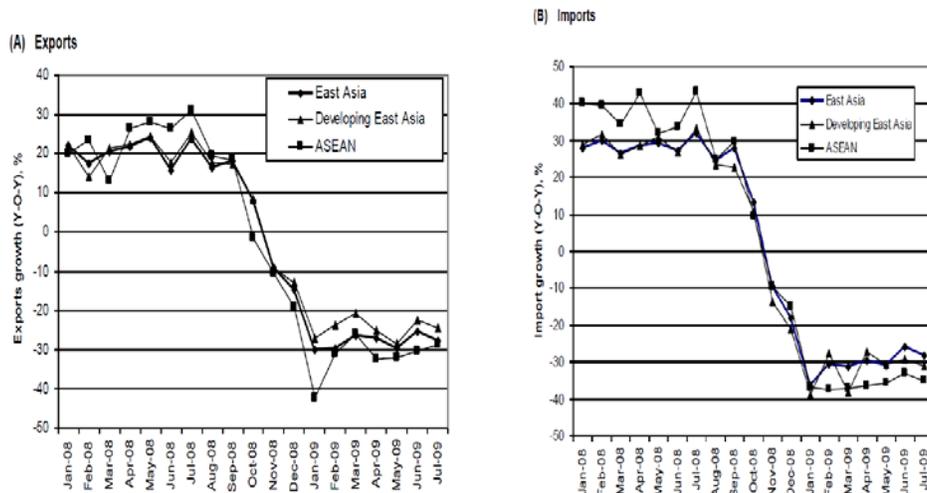


Figure 24. Growth of Merchandise Trade: East Asia, Developing East Asia, and ASEAN, January 2008–July 2009 (Y-O-Y, percent) (From Athukorala, 2010, p. 62).

The Chinese government’s main source of legitimacy has been the economic growth for decades. Therefore, the economic gains or losses, in other words, the legitimacy of the PRC leaders, may help us understand China’s crisis management attitudes and its subsequent behaviors. In accordance with Kai He’s legitimate-prospect model, as long as China maintain its economic growth and sustain its domestic legitimacy, PRC leaders may not want to endanger their gains by taking risky decisions in crises. Conversely, if it feels a decrease in the gains and exacerbation in the losses, Beijing may take more coercive and riskier diplomatic and military measures to reverse the decline. Besides that, according to the theory, international pressure plays as an important determiner on China’s behavior in a crisis. High international pressure during a severe confrontation increases the possibility of risky and coercive measures while more favorable environment during a milder conflict does not stimulate China to act belligerently. Therefore, the mutual economic gains seem to have kept the tension at low levels, but any potential damage to them may escalate the tension at any time.⁹⁴

⁹⁴ Kai He, “Decision Making during Crisis: Prospect Theory and China’s Foreign Policy Crisis Behavior After the Cold War,” *EAI Program Working Paper Series*, no. 33 (2012), 17.

3. Post-Crisis Period: Increasing Assertiveness

After the 2008 financial crisis, FDI inflows and outflows started to increase, as we see in the Figure 26. East and Northeast Asia's FDI inflows grew by 17 percent while Southeast Asia's one 109 percent.⁹⁵ Japan became the main investor in ASEAN region, which was followed by Singapore, China, and Hong Kong.⁹⁶ On the other side, FDI outflow also increased even if not so dramatic as the inflow did. Although it was still 10 percent below pre-crisis average level of 2005–2007 and 40 percent below the highest number in 2007, it grew 13 percent in 2010 with respect to 2008 and 2009.⁹⁷ Considering the fact that the tensions also increased both in East and South China Seas after the crisis, we can conclude that countries did not allow territorial disputes to weaken their trade relations. They tried to keep economic activities insulated from militarized actions which might have derived even from the personal discretionary decisions of the low-level military or administrative officers. Even if we think that China's recent belligerent military policies may weaken its free trade and economic development, it must be kept in mind that the senior officials take decisions after comparing the harms the crisis may cause and the desired outcome at the end of the confrontation.⁹⁸ This outcome seems to reflect the Chinese exploitation of the other claimants' increasing economic relations with China.

⁹⁵ Trade and Investment Division, *Asia-Pacific Trade and Investment Report 2011*, United Nations Economic and Social Commission for Asia and the Pacific, 32.

⁹⁶ *Ibid.*, 41.

⁹⁷ *Ibid.*, 39.

⁹⁸ Michael D. Swaine, "China's Assertive Behavior Part Four: The Role of the Military in Foreign Crisis," *China Leadership Monitor*, no. 37 (April 2012), 3; Arthur Waldron, "The Rise of China: Military and Political Implications," *Review of International Studies* 31, no. 4 (October 2005), 716.

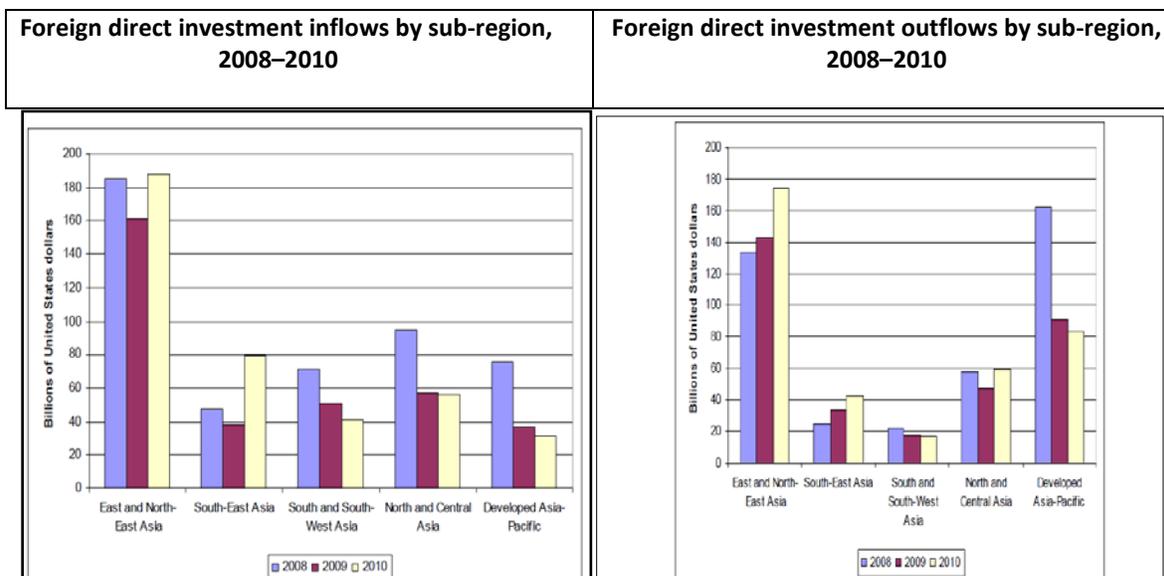


Figure 25. Foreign Direct Investment Inflows and Outflows in 2008–10 (From *Asia-Pacific Trade and Investment Report 2011*, pp. 32 and 39).

4. Regional Response to China’s Post-Crisis Beligerency

Regional economic and commercial responses to China’s increasing assertiveness have been not so negative. As we see in the Table 5 and the Figure 27, China’s export and import shares increased from 2008 to 2010 in Asia-Pacific region in addition to the FDI inflow growth from 2009 to 2010. On the other hand, the importance of the countries’ territorial claims continued to play an important role in decision-makers’ calculations. Eventually, it seems that they will neither let the confrontations undermine economic relations nor the bilateral trades and investment soften their nationalistic sovereignty claims. We can anticipate that as long as their mutual commercial and financial relations grow, so does the threshold of resorting to coercive measures in the confrontations. Therefore, from a pragmatic perspective, China is not likely to escalate the conflicts to a point where the confrontation may stymie economic relations while being determined to exploit the other claimants’ dependence on its commercial and financial ties at the same time. China seems to implement the first part of this logic against Japan in East China Sea and the second part vis-à-vis the other claimants in South China Sea.

| Destination markets of Asia-Pacific exports (in percentage share and percentage points) | | | | | Origins of Asia-Pacific imports (Percentage share and percentage point) | | | |
|--|--------------|-------------|------------|--------------------------|--|-------------|------------|--------------------------|
| Exporters | Asia-Pacific | | | | Asia-Pacific | | | |
| | Total | Developed | China | Developing Exc. China | Total | Developed | China | Developing Exc. China |
| AP 2000 | 43.0 | 10.6 | 4.9 | 27.5 | 51.2 | 14.7 | 11.9 | 24.6 |
| AP 2008 | 47.1 | 8.6 | 7.9 | 30.7 | 52.2 | 12.3 | 13.7 | 26.2 |
| <i>Change from 2000</i> | <i>4.1</i> | <i>-2.0</i> | <i>3.0</i> | <i>3.2</i> | <i>1.0</i> | <i>-2.4</i> | <i>1.8</i> | <i>1.6</i> |
| AP 2010 | 49.5 | 8.1 | 9.8 | 31.7 | 53.3 | 10.5 | 14.1 | 28.2 |

Table 5. Destination Markets of Exports and Origins of Imports (From *Asia-Pacific Trade and Investment Report 2011*, pp. 16 and 17).

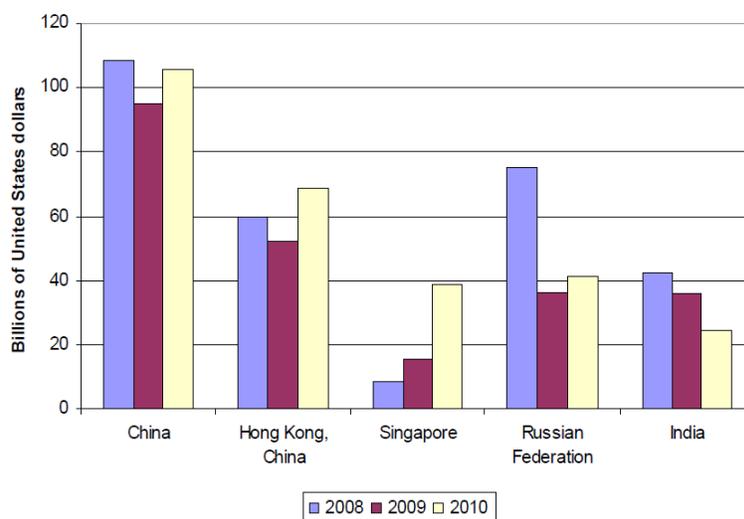


Figure 26. Foreign direct investment inflows to the regional “giants” in 2008–2010 (From *Asia-Pacific Trade and Investment Report 2011*, p. 33).

5. Bilateral China-Japan Relations

As Susan Shirk states, Northeast and Southeast Asian countries worry about a possible confrontation between the two regional powers—China and Japan-- which hold more than 80 percent of the total economies of the thirteen East and Southeast Asian countries.⁹⁹ This mutual economic interdependence plays an important role in China's policies toward Japan. Japan is one of the largest trading partners and sources of foreign direct investment. Arguably, the economic costs of hostile relations with Japan dissuade the Chinese government from furthering controversial issues.¹⁰⁰ Although Yinan He opposes the idea that economic interdependence can outweigh anti-Japanese nationalism, it is a fact that China minimized its historical assertions after realizing its adverse effects on the relations and tried to improve economic and political relations, as it was mentioned in the previous chapter.¹⁰¹

As the Figure 28 shows, the FDI from Japan to China seems small in the total FDI, but it grows and surpasses the U.S. shares. Japanese manufacturers prefer to base in China rather than the other parts of Asia.¹⁰² However, different from the case in South China Sea with ASEAN members, China-Japan confrontation does not seem to be insulated from the bilateral economic relations. The Japanese FDI started to increase after dipping in 1999 throughout the first half of the decade during which the tension between China and Japan was at the lower levels. China's two-sided approach, as described above, can explain this difference between East and South China Seas. While China is deescalating the tension in East China Sea to protect the economic gains, it is not refraining from intensifying the tension in South China Sea to exploit the adversaries' dependence on economic relations with China.

⁹⁹ Susan L. Shirk, "When the Chinese People Get Angry, the Result is always Big Trouble," in *China: Fragile Superpower* (New York: Oxford University Press, 2008), 151.

¹⁰⁰ *Ibid.*, 148, 149.

¹⁰¹ *Ibid.*, 168.

¹⁰² Soyoung Kim, Jong-Wha Lee and Cyn-Young Park, "Emerging Asia: Decoupling Or Recoupling," *Asian Development Bank (ADB) Paper Series on Regional Economic Integration* (June 2009), 11.

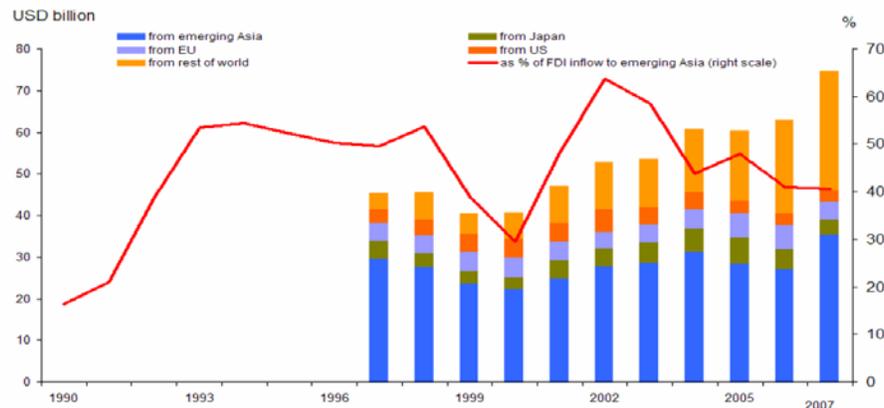


Figure 27. Foreign Direct Investment to the People’s Republic of China (From Kim and et al., 2009, p. 27).

Economic regionalization and security order are the future of Asia rather than power struggle and competition.¹⁰³ China-Japan economic interdependence prevented them from increasing hostility and limited the competition.¹⁰⁴ The tension between these two economic partners was not beneficial for them, so they have resumed high-level bilateral relations after 2010 incident. China benefits from the Japanese technology and investment while Japan continues its economic growth thanks to China’s leading performance. Inter-governmental and non-governmental relations have also improved. The two financial crises also brought them closer to weather them. For example, these two and other Asian countries had instigated a currency swap program of “Chiang Mai Initiative” after the 1997–98 financial crisis. These and other kinds of initiatives decreased competition even if not totally eradicated it. While it is difficult to reconcile these two regional powers, their relations will likely determine the economic future of East Asia.¹⁰⁵ In spite of occasional escalation, displaying force instead of using it may serve as a “mutually-assured-destruction” role in economic terms.

¹⁰³ Wang, “Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions,” 1.

¹⁰⁴ Ibid., 13.

¹⁰⁵ Ibid. 15, 16.

B. ENERGY

Increasing energy demand has determined China energy security policies. In order to meet this demand, Beijing has tried to diversify the suppliers by making purchase agreements with the foreign oil producers. As of 2002, China ordered its oil companies to “go out” and invest internationally.¹⁰⁶ At the same time, the energy security has increasingly become related to foreign policies and international cooperation in recent years.¹⁰⁷ Therefore, China’s need to secure energy supply lanes, especially through South China Sea, its energy exploration activities in East and South China seas, and the exclusively possession of large amount of heavy rare earth elements (HREE) in south China are likely to increase PRC’s belligerency. On the other hand, if its efforts to diversify energy supplies by utilizing unconventional resources give fruit and it increases the share of non-fossil fuel energy in its total energy consumption, we can expect decrease in its assertiveness.

1. Reasons that may Stimulate Assertiveness

a. High Energy Demands and Securing Supply Lanes in South China Sea

China has a huge energy demand compared to even the big powers of the region. China’s industry-driven energy demand surpassed four times than predicted and its share in the global energy demand increased from 10 percent in 2001 to 15 percent in 2006. The Chinese industry constituted 48 percent of its GDP in 2005 while the amounts were 20 percent in the U.S. and 27 percent in India. Thus, its energy intensity is four times greater than the U.S. and eight times greater than Japan. Together with the coal, which meets its 67 percent of all energy needs, oil has been another crucial energy resource. Although China was the fourth largest oil producer outside the Middle East and one of the exporters until 1993, it had to import half of its oil needs in 2006 and will continue to import 60–80 percent of its needs in 2020 according to the estimations.

¹⁰⁶ Busby, “The Need for Power: Implications of Chinese Energy Security and Climate Change Policies for Sino-American Relations,” 28.

¹⁰⁷ Zhang Jian, “China’s Energy Security: Prospect, Challenges, and Opportunities,” *Center for Northeast Asian Policy Studies Visiting Fellow Working Papers* (July 2011), 2.

Additionally, 43 percent of the world oil demand and 66 percent of the world coal demand are estimated to come from China between 2006 and 2030 (see Figure 29).¹⁰⁸

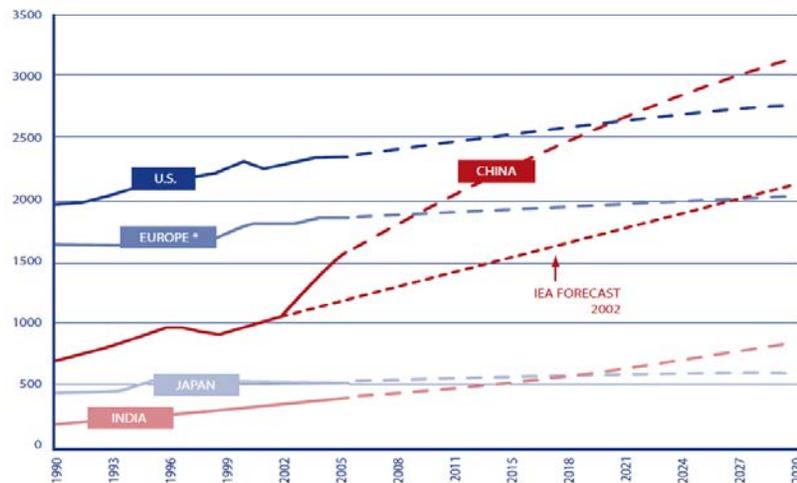


Figure 28. Energy Demand Forecast (From Busby, 2009, p. 26).

China’s economic development required military forces to protect expanding economic interests and resource supply lines which were established to meet this high demand. Protecting energy import routes has become critical for sustaining economic development besides other maritime interests. Obviously, China has linked economic welfare with national security by Sea Lanes of Communication (SLOC) operations. However, China’s diversification efforts of oil sources do not necessarily decrease the vulnerability of the transportation through the Strait of Hormuz and the Strait of Malacca. In other words, Middle East or Africa does not make any difference as long as China still needs to import oil through those chock points. What makes different is importing from Asia-Pacific region which has only 3percent share in the total oil import.¹⁰⁹ Otherwise, needless to say, China will remain preoccupied with the security of these straits and have another reason to sustain its claims on the islands. For example, according to some scholars, one of the reasons behind China’s Mischief Reef initiative

¹⁰⁸ Busby, “The Need for Power: Implications of Chinese Energy Security and Climate Change Policies for Sino-American Relations,” 24, 25.

¹⁰⁹ United States Energy Information Administration, *China Report*, [September 2012]), 8.

was trying to influence the sea lanes of communication in the region.¹¹⁰ Furthermore, the economic motivations were more important than military calculations and strategic concerns. They interpret the seizure as the result of China's "economic pragmatism."¹¹¹ At this point, China's energy relations with Central Asia, in the context of Shanghai Cooperation Organization (SCO), are note-worthy because it shows how China can secure its energy supply routes without having to resort to military force.

The SCO has not only influenced the balance of power in Central Asia but also directly affected Caspian Sea Base (CSB) resources.¹¹² SCO connects natural gas reserves like Russia and Iran with other Central Asian states.¹¹³ Thus, as the world's second biggest oil importer and consumer of natural gas and liquefied natural gas (LNG), China strongly needs SCO's cooperation over CSB energy sources to achieve a sustainable economic growth.¹¹⁴ Indeed, it was one of the main driving factors behind the establishment of SCO. China was not only trying to stabilize the region but also trying to improve energy transportation alternatives. At the end, SCO has facilitated China's interaction with the countries and enabled it to benefit from CSB energy resources. For example China National Petroleum Corporation was able to get of the 60 percent of the Kazakh oil firm Aktobemunaigaz in 2003, make an agreement to construct an oil pipeline from western Kazakhstan to Xinjiang, and attain onshore concession in Turkmenistan in 2006.¹¹⁵ It seems that China has obtained what it hoped from the establishment of the organization and eventually, this interdependence between the member states both improved the relations and eradicated any kind of military conflict.

¹¹⁰ Zha and Valencia, "Mischief Reef: Geopolitics and Implications," 92; Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia* 19 (1998), 380.

¹¹¹ Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia* 19 (1998), 378; Stenseth, "The Imagined Threat of China in the South China Sea," 347.

¹¹² Gregory Hall and Tiara Grant, "Russia, China, and the Energy-Security Politics of the Caspian Sea Region After the Cold War," *Mediterranean Quarterly* 20, no. 2 (2009), 127.

¹¹³ Shane Mulligan, "Energy, Environment, and Security: Critical Links in a Post-Peak World," *Global Environmental Politics* 10, no. 4 (2010), 94.

¹¹⁴ Edward C. Chow and Leigh E. Hendrix, *Central Asia Pipelines: Field of Dreams and Reality* National Bureau of Asian Research,[September 2010]), 36.

¹¹⁵ Gregory Hall and Tiara Grant, *Russia, China, and the Energy-Security Politics of the Caspian Sea Region After the Cold War*, 131.

b. The Importance of East and South China Seas

China projects power in East and South China seas which are believed to have rich energy resources. These offshore reserves constitute 15 percent of the Chinese oil production. Recently, the exploration and production (E&P) efforts have increasingly concentrated on Pearl River Mouth Basin in South China Sea and some areas in East China Sea, but to a lesser extent. In 2011, CNOOC discovered some oil fields in addition to the already-known rich gas reserves in Enping Trough and Liuhua regions of the Pearl River Mouth Basin.¹¹⁶ Among other islands, Spratlys, one of the four main island groups in South China Sea, maybe the most important one. It is on the lines of commercial ships from Indian to Pacific Ocean and crude oil tankers from Persian Gulf to Asia. It has estimated 105 or 213 billion barrels oil reserves and from 266 to 2000 trillion cubic feet (Tcf) gas reserves. It is also one of the richest fishing grounds in the world.¹¹⁷ As a result, China, Taiwan, Vietnam, Malaysia, Brunei, and the Philippines clash over the region. Conversely, Zha and Valencia point out that South China Sea is not China's major source of energy.¹¹⁸ But, in any case, islands in South China Sea remain as the focal points.

c. The Rare Earth Elements in South China

Heavy rare earth elements (HREE) management seems to be another candidate to cause tension between China and other countries which are dependent on these resources. South China is very rich of HREEs such as dysprosium, terbium, and yttrium. Having 95 or 97 percent of HREE reserves, which can be used in everything that has motor and battery technology, China may implement "resource coercion" against Japan and the U.S. If China cuts HREE supply, the U.S., Japan, and Taiwan suffer both economically and militarily. Furthermore, Shane Bilsborough argues that if this coercive energy policy compounds with China's strategic culture which is highly realist contrary to the Chinese arguments, then, security dilemma may emerge in the energy field.¹¹⁹

¹¹⁶ United States Energy Information Administration, *China Report*, 5–7

¹¹⁷ Roy, "Troubled Waters, Anniversary Parade, PLA's Power Projection," 47.

¹¹⁸ Zha and Valencia, "Mischief Reef: Geopolitics and Implications," 92.

¹¹⁹ Shane Bilsborough, "The Strategic Implications of China's Rare Earth Policy," *Journal of Strategic Security* 5, no. 3 (2012), 7–9.

However, China may want to benefit from its comparative advantage economically before escalating the tension and militarizing the issue. This probability of any confrontation bases on the assumptions and China has not displayed any hostility coming from this advantage. Although Bilsborough expects a confrontation between China and others over HREE management by referring to the Chinese strategic culture, the economic and energy interdependence may overcome those fears and commercial priorities may raise the threshold of using these elements as a weapon.

2. Initiatives that may Abate Tensions

a. The Advent of Unconventional Resources

Unconventional resources will decrease China's dependence on oil and gas imports as well as military build-up to secure the energy supply lanes. China's shale gas reserves will require China to import more natural gas than the oil. Chinese national oil companies (NOCs) will "go abroad" either to learn the technology for the shale gas development or to invest in open markets like the U.S. and Canada rather than trying to make deal with the Middle Eastern or Latin American petro-states. It has already invested U.S. \$16 billion in Canada's unconventional oil sands in 2010 and 2011. China is going to not only diversify its energy supply but also decrease its dependence on Strait of Hormuz and the Strait of Malacca by the advent of the unconventional energy because Canada will be able to supply China directly through East China Sea. In that case, it may not need to improve its naval capabilities to secure these strategic points, which worries the regional countries.¹²⁰ In the end, by the increasing usage of this energy, China may not need to patrol the straits or create "string of pearls" for energy security considerations. Despite the fact that the unconventional energy does not have as big share as the conventional energy resources, the trajectory seems to favor softening future conflicts and increasing interdependence in more acceptable ways than China's current vulnerabilities to long distances.

¹²⁰ Jonas Gratz, "Unconventional Resources: The Shifting Geographies and Geopolitics of Energy," *Strategic Trends 2012* (2012), 89–91.

b. Increasing the Share of Renewable Energy Resources while Decreasing the Others

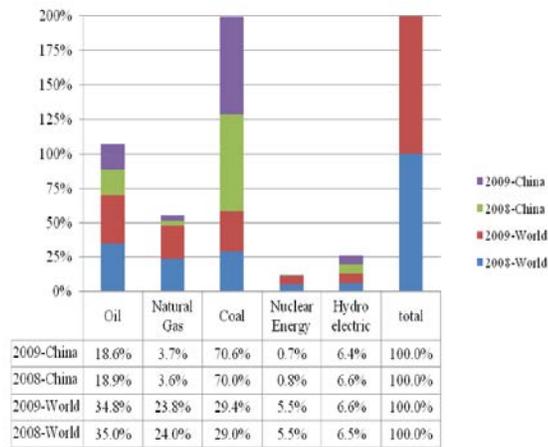
China has decided to increase the shares of hydroelectric sources, natural gas, nuclear power, and other renewable energy by 2015. Beijing targets to raise the non-fossil fuel energy consumption to 11.4 percent in 12th Five Year Plan. By the way, Energy Information Agency (EIA) estimates the share of coal to fall to 59% by 2035.¹²¹ Even before this plan, China had invested RMB 5–10 billion (about \$700 million–\$1.4 billion) 50 percent of which on R&D in its 11th Five Year Plan, between 2006 and 2010. Furthermore, the amount of the investment is expected to be RMB 5.4 trillion (\$800 billion) between 2009 and 2020.¹²² The Figure 30 shows the shares of the each renewable energy types in green power investment. Although the planned nuclear plants are estimated to meet only 4 percent of China’s electricity needs in 2030, it has the third largest allocation in the investment.¹²³ As in the unconventional energy case, the renewable energy resources are not sufficient enough to replace the fossil fuel energy consumption for now (see Figure 30). However, the more China produces its energy needs through renewable process, the less it depends on oil import and so on naval capabilities to secure the supply lanes.

¹²¹ United States Energy Information Administration, *China Report*, 1.

¹²² Elizabeth Nesbitt and et al., “China’s Vision for Renewable Energy: The Status of Bioenergy and in Bioproduct Research and Commercialization,” *Journal of International Commerce and Economics* 4, no. 1 (March 2012), 24.

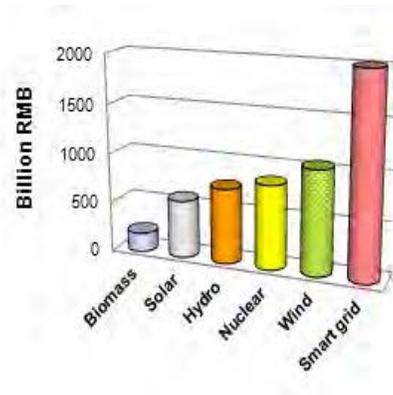
¹²³ Busby, “The Need for Power: Implications of Chinese Energy Security and Climate Change Policies for Sino-American Relations,” 25.

Global and China's Primary Energy Consumption



Source: (From Jian, 2011, p.31).

Green power investment:
Total 2009–20
(5.4 trillion RMB)



Source: (From Nesbitt and et al., 2012, p.31).

Figure 29. Shares of Energy Types in China's Total Consumption and its Investment on Renewable Energy Resources

Although China's current energy needs and supply policies require a strong military presence along the lanes of transportation and around the specific resource-rich valuable areas, improvements in alternative energy resources will likely to lower the tension. It is difficult to argue that these secondary resources will adequately meet China's energy needs, but they may increasingly satisfy China's energy appetite and decrease its heavy dependence on traditional resources. In the end, PRC will not have to build-up its military presence to protect supply lanes and, ultimately, this new level of necessity will decrease PLA's assertiveness in the region. The growing portion of renewable energy in its total energy consumption will lead to China's lowering level of use of force against the claimants in the South and East China Seas and the intruders on the way of the transportation lines.

THIS PAGE INTENTIONALLY LEFT BLANK

V. MILITARY BALANCE AND SECURITY ENVIRONMENT

Asia is the most militarized and nuclearized continent in the world (see Figure 31). Emerging powers like China and India have been modernizing their militaries and Japan has been discussing becoming “normal state” by which it may be able to employ its own military prowess. The United States has security treaties with Japan, South Korea, Philippines, and Australia. Besides that, the trilateral dialogues between the U.S., Japan, and India and the expansion of pacific partnership with Australia and Indo-Pacific have been enhanced. Under these circumstances, China seems to feel itself less secure and therefore needs to improve its military capabilities. Therefore, whether militarized disputes escalate into a war or not will likely to depend on China’s modernization efforts, the reactions of the U.S. and regional countries to the China’s procurement activities, and the eventual security context.

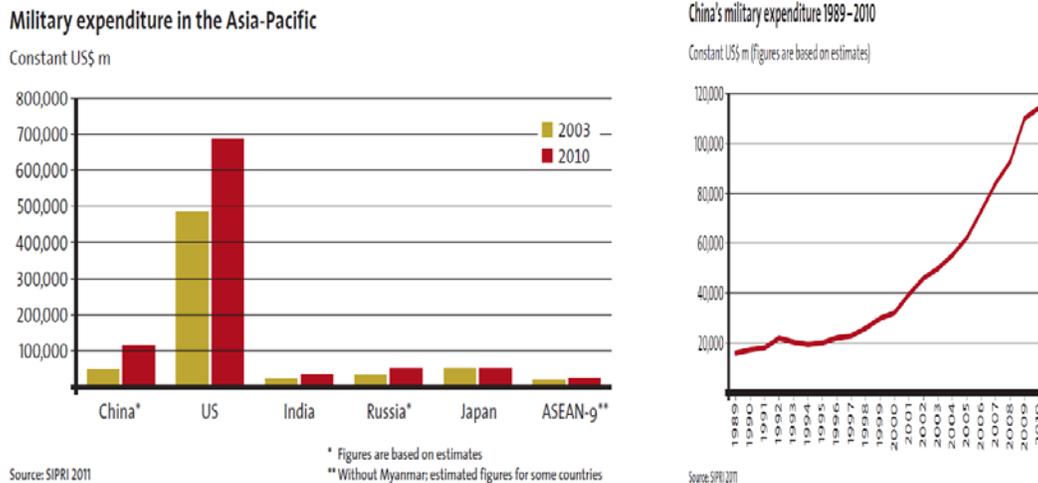


Figure 30. Military Expenditures (From Mahadevon, 2012, pp. 26 and 33).

A. MILITARY BALANCE AND ITS IMPLICATIONS FOR CHINA’S USE OF FORCE POLICY

1. China’s Improving Military Capabilities and Deficiencies

China’s military developments accelerated in late 1990s and in the first decade of the twenty first century during which the United States was dealing with terrorism in Afghanistan and the Middle East. It is commonly accepted that China primarily focused on curbing the influence of the U.S. and the other regional powers’ both quantitatively and qualitatively in the region.¹²⁴ It has sought an “intimidating” military capacity to change the balance of power, to retain powerful naval forces equal to its growing national power, to meet the country’s growing trade and resource needs, to cover the distance in which it has territorial claims (first and second island chains), and to deter the U.S. surveillance activities and other nations’ claims on the islands.¹²⁵ In other words, China’s growing international stature has stimulated it to develop its military capabilities. This ambition reveals itself in many of its procurement and modernization efforts: its investments in the nuclear-powered submarines, the aircraft carrier, new missile units, Airborne Early Warning and Control (AEW&C), the aerial-refueling programs, advanced destroyers and submarines, and improvements in space-based C4ISR systems and over-the-horizon sensors. Additionally, the location of Sanya base and Jin-class ballistic missiles deployment on it, and the size of the amphibious ships are also the indications of China’s overseas orientation.¹²⁶

The PLA has been improving certain capabilities that could affect the military balance in favor of PRC, but they also have some deficiencies. For example, PLAN is trying to increase the number of its Jin-class ballistic missile submarines from three to five or six, which are capable of reaching the west coast of the U.S. It also plans to have between three to six aircraft carriers to be able to fulfill the “Far Sea Defense” missions beyond the home waters. However, the PLAN is still far behind the U.S. Navy capabilities both qualitatively and operationally. The Chinese Shang-class submarines are

¹²⁴ Michael Auslin, *Security in the Indo-Pacific Commons: Toward a Regional Strategy* (American Enterprise Institute, December 2010), 11.

¹²⁵ Scobell and Wortzel, *China’s Growing Military Power*, 65.

¹²⁶ 2011 OSD Report, p. 33–37.

modern, but not capable in an antisubmarine warfare against the United States and Japan. Besides its naval forces, China is also improving its air force capabilities with the next generation of J-10 fighters, fifth generation twin-engine J-13 and J-14 stealth fighters, advanced fourth generation Su-35, and Su 30MKK multirole fighters. These weapons enable PLAAF to cover the Japanese home island, most of the Indochina, and northern part of the Southeast Asia. By aerial refueling and ground-control capabilities, PLAAF will be able to control South China Sea shipping lanes. Regarding its missile forces under the 2nd Artillery Corps, the PLA is capable of reaching northern parts of South China Sea, Japan, Philippines, and Southeast Asia, excluding Indonesia. Moreover, its long-range ballistic missiles can cover great amount of land masses, including the west coast of the U.S. China is also trying to support this hard forces by its cyber and asymmetric capabilities in the “local war under informationized conditions.”¹²⁷ Additionally, its ambitions in the space and the progress it has achieved for two decades indicate that China is likely to utilize the other dimensions of the warfare successfully as well. These asymmetric capabilities will likely to compensate the deficiencies of the conventional forces vis-à-vis the U.S. or the other regional actors.

| GROWTH IN MEDIUM RANGE BALLISTIC MISSILES BASED ON PENTAGON ANNUAL REPORTS ⁵ | | | | | | |
|---|-----------|-------|-------|-------|-------|-------|
| | | 2005 | 2006 | 2007 | 2008 | 2009 |
| CSS-2 (3000+km) | Missiles | 14–18 | 14–18 | 14–18 | 15–20 | 15–20 |
| | Launchers | 6–10 | 6–10 | 6–10 | 5–10 | 5–10 |
| CSS-3 (5400+km) | Missiles | 20–24 | 20–24 | 16–24 | 15–20 | 15–20 |
| | Launchers | 10–14 | 10–14 | 9–13 | 10–15 | 10–15 |
| CSS-5 (1750+km) | Missiles | 19–23 | 19–50 | 40–50 | 60–80 | 60–80 |
| | Launchers | 34–38 | 34–38 | 34–38 | 60 | 70–90 |

Table 6. Range of the Balistic Missiles (From Busby, 2009, p. 62).

¹²⁷ Auslin, Security in the Indo-Pacific Commons, 12–15.

2. Regional Reactions

The regional responses have become extremely important against China's military build-up. The rise of China has been a "convenient excuse" for India, Japan, and even for the U.S. to enhance their military capabilities.¹²⁸ Japan maintains its antisubmarine warfare (ASW) capabilities and wants to replace its F-4s, F-15s, and F-2s with next generation stealth fighters. It also seeks to improve its ballistic missile defense capabilities against China's long-range missiles. Although it is behind PLA capabilities, India is believed to be the main country that would balance China. In addition to the existing submarines, missile destroyers, frigates, corvettes, fighters, and aircrafts, India develops fifth generation stealth fighters and ground-attack aircraft with Russia. Regarding the Southeast Asian countries, they do not have any military forces capable enough to counterbalance China. Therefore, the United States remains the real balancer and the provider of the stability in Indo-Pacific. Congruent with its strategic reorientation toward Asia, the United States seeks to fortify its presence in the region by superior and forward-based military forces.¹²⁹ The U.S. Marines arrived in Darwin, Australia, and has carried out joint exercises with Philippines. Secretary of Defense states that "60 percent of the U.S. fleet would be deployed in the Pacific by 2020."¹³⁰

In fact, increasing Chinese activism and presence in the East and South China Seas are the natural outcome of its growing capabilities, but it is not unique to China. As we see in the Table 7, when we look at the active duty and military personal numbers, China has the most populous armed forces. The number of equipment and weapons in ground, air, and naval forces, together with missiles and satellites, are modest compared to the U.S. military forces in the region and not overwhelmingly greater than the military

¹²⁸ Wang, "Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions," 10.

¹²⁹ Auslin, Security in the Indo-Pacific Commons: Toward a Regional Strategy, 17–19.

¹³⁰ Ashley J. Tellis and Travis Tanner, "Strategic Asia by the Numbers," in *Strategic Asia 2012–13: China's Military Challenge* (Washington, D.C.: 2011), 386.
http://www.nbr.org/publications/strategic_asia/pdf/SA12_Bythenumbers.pdf

presence of India and Japan.¹³¹ However, the PLA’s capabilities still worry its neighbors and increase the perception of China’s assertiveness, and fear of Beijing’s use of force to settle the issues.¹³²

| | Armed forces (th) | | | | Rank | |
|---------------|-------------------|--------|--------|---------------------|------|------|
| | 1990 | 2000 | 2012 | 2011–12 change (th) | 1990 | 2011 |
| China | 3,030 | 2,470 | 2,285 | 0 | 2 | 1 |
| United States | 2,118 | 1,366 | 1,325 | 5 | 3 | 2 |
| India | 1,262 | 1,303 | 1,190 | 0 | 4 | 3 |
| North Korea | 1,111 | 1,082 | 1,159 | 0 | 5 | 4 |
| Russia | 3,988 | 1,004 | 956 | -90 | 1 | 5 |
| South Korea | 750 | 683 | 655 | 0 | 7 | 6 |
| Pakistan | 550 | 612 | 642 | 25 | 8 | 7 |
| Vietnam | 1,052 | 484 | 482 | 27 | 6 | 8 |
| Myanmar | 230 | 344 | 406 | 0 | 13 | 9 |
| Thailand | 283 | 301 | 306 | 0 | 10 | 10 |
| Indonesia | 283 | 297 | 302 | 0 | 10 | 11 |
| Taiwan | 370 | 370 | 290 | 0 | 9 | 12 |
| Japan | 249 | 237 | 248 | 0 | 12 | 13 |
| Sri Lanka | 65 | – | 161 | 0 | 14 | 14 |
| Bangladesh | 103 | 137 | 157 | 0 | 15 | 15 |
| World | 26,605 | 22,237 | 20,268 | -1,969 | N/A | N/A |

| | Number of ICBMs | | | |
|---------------|-----------------|------|------|----------------|
| | 1990 | 1995 | 2000 | 2012 |
| United States | 1,000 | 580 | 550 | 450 |
| Russia | 1,398 | 930 | 776 | 292 |
| China | 8 | 17+ | 20+ | 66 |
| India | – | – | – | In development |
| Pakistan | – | – | – | ? |
| North Korea | – | – | – | ? |

Table 7. Armed Forces and the Number of ICBMs in Asia (Table available at http://www.nbr.org/publications/strategic_asia/pdf/SA12_Bythenumbers.pdf)

3. Implications for Use of Force Policy

a. Prospect of the Further Militarization of the Disputes

As a result of China’s expanding national interests, increasing security needs, and growing military capabilities, it is widely believed that PRC leaders may reveal assertive behaviors after they feel confident about their military power.¹³³ If China

¹³¹ Dennis C. Blair, “Military Power Projection in Asia,” in *Strategic Asia 2008–09: Challenges and Choices*, eds. Ashley J. Tellis, Mercy Kuo and Andrew Marble (Washington, D.C.: 2008), 416.

¹³² Swaine and Fravel, “China’s Assertive Behavior Part Two,” 7.

¹³³ 2011 OSD Report, 9.

continues to success in its modernization efforts, Beijing is expected to prioritize military options in solving the problems in the region. Besides, the PLA's expanding new missions are interpreted as indications of China's abandonment of Deng Xiaoping's "low profile" and "biding-time" approach and its increasing demands on the international system.¹³⁴ Apparently, successfully modernized military forces would mean more capable and intimidating PLA in the confrontations with the regional powers or the U.S. Additionally, the lack of transparency about its actual capabilities and defense expenditures increases the concerns with respect to China's real intentions, behavior in the disputes, and its ultimate goals.

Moreover, China's transforming military strategy, as a result of improvements in the weapon systems, is likely to pose a threat to the region. China's overall "active defense" military strategy envisions preemptive strikes if another country has even hostile "political" ambitions over China's sovereignty and territorial integrity. China's readiness to use force in Taiwan, South and East China Seas by the implementation of "preemptive strategy" causes great concern.¹³⁵ Accordingly, the reason of the PLA's primary focus in naval warfare is for being able to carry out operations in the first and second island chains for "offshore defense" that includes Yellow Sea, East China Sea, and South China Sea.¹³⁶ Thus, improved capabilities may facilitate implementation of these strategies and increase the possibility of confrontation with other countries.

Needless to say, China's improving military capabilities will assist it in disputed regions. The PRC may be able to establish a buffer zone to prevent an attack while advancing its territorial claims in South and East China Seas.¹³⁷ Those improvements will enable China to take initiative, prevent escalation, and "contain or control war" in addition to sustaining sea and area denial, conducting preemptive strikes, and having credible nuclear weapons to deter other nuclear powers when it is

¹³⁴ Lai and Miller, "Introduction," 20.

¹³⁵ Lilley, "Introduction," 7-8.

¹³⁶ 2011 OSD Report, 7-8.

¹³⁷ *Ibid.*, 59,60.

necessary.¹³⁸ Basing on its improving capabilities, China is regarded as increasingly assertive in South China Sea, East China Sea, and Yellow Sea to achieve its goals by adequate level of military forces.

b. Realities versus Prospects

At the same time, China wants to debilitate the U.S. and other regional powers by impeding their activities in Indo-Pacific waters without having to use force if it can manage to do so.¹³⁹ China has a two-sided strategy in East and South China Sea: First, “avoiding conflict while deferring solution while being ready to use force to realize its claims;” second, defense against threats to its political, economic, and military interests in the regions. Because most of the claimants in South China Sea are weaker than China, diplomatic means rather than the use of force will be first choice.¹⁴⁰ However, China may still use force against a weaker states at an opportune time when it thinks that they are isolated from external support and the way of implementing it will not be different from using force against a stronger enemy. Burles and Shulsky argue that the confrontation in South China Sea is an exception to this prospect. China may directly use force to control the islands contrary to the case with respect to the stronger powers against which Beijing would first establish psychological and political superiority until growing strong enough to seizure what it wants. However, the using force against even the regional weak states seems not feasible in coming decades because Vietnam has much more interaction with its neighbors and the West than it had at the times of Spratlys Islands confrontation in 1988. After Mischief Reef incident, Philippines has reinforced its position by attaining ASEAN’s support and improved relations with the U.S.¹⁴¹ Alastair Iain Johnston states that militarily more capable China does not necessarily mean more belligerent China.¹⁴² However, China’s increasing assertiveness for last decade falsify this assumption. Therefore, it could be argued that comparative hard power superiority

¹³⁸ Crane et al., *Modernizing China’s Military*, 200.

¹³⁹ Auslin, Security in the Indo-Pacific Commons: Toward a Regional Strategy, 16,17.

¹⁴⁰ Swaine and Fravel, “China’s Assertive Behavior Part Two,” 15.

¹⁴¹ Burles and Shulsky, *Patterns in China’s use of Force* 40, 41.

¹⁴² Johnston, “China’s Militarized Interstate Dispute Behavior 1949–1992,” 28.

alone is not enough to encourage a country to behave in belligerent ways. The Chinese military build-up does not imply use of force to seize the islands, but strengthen China's bargaining power in the negotiations.¹⁴³ Thus, the security context is not less important variable than the material capabilities.

B. SECURITY STRUCTURE

1. Chinese Threat Perception in East Asia

The perception of the security environment also affects states' behavior and China is not an exception. Obviously, the territorial defense against an imminent surprise attack from South and East China Seas and winning local wars under "informationized" conditions have required the PLA to improve its capabilities. The perceived U.S. containment policy and its military capabilities, the U.S.-Japan security alliance, Japan's resurgent militarism, security alliances between the U.S. and Southeast Asian countries, India's growing influence in South Asia and its regional hegemony are some major threats that China perceives in the region.¹⁴⁴ Located in the world's most militarized continent, China modernizes its forces to be able to survive in the region and curb the adversaries' influence in the disputed issues. Furthermore, these perceived threats do not only necessitate military build-up but also affect PRC's international behavior.

Within the security context of the East Asia, China looks for converting its economic prosperity into a modernized strong military to close gap with the U.S. sophisticated military capabilities and deter Taiwanese pro-independence inclinations.¹⁴⁵ China's worries about Japan's "normalization" and abandoning its postwar pacifism also shape the CCP policies toward Japan. Chinese leaders fear that hostile attitudes may accelerate the rearmament of SDF and stimulate the expansion of Japanese operational capabilities which include Taiwan contingency.¹⁴⁶ Given the increasing Japanese

¹⁴³ Roy, "Troubled Waters, Anniversary Parade, PLA's Power Projection," 56.

¹⁴⁴ Crane et al., *Modernizing China's Military*, 191–199.

¹⁴⁵ Michael D. Swaine, "Managing China as a Strategic Challenge," in *Strategic Asia 2008–09: Challenges and Choices*, eds. Ashley J. Tellis, Mercy Kuo and Andrew Marble (Washington, D.C.: The National Bureau of Asian Research, 2008), 78.

¹⁴⁶ Susan L. Shirk, "When the Chinese People Get Angry, the Result is always Big Trouble," in *China: Fragile Superpower* (New York: Oxford University Press, 2008), 150.

awareness of Taiwan in the wake of 1995–96 crisis and since the strengthening relations between Tokyo and Taipei, especially during Lee Teng-hui’s tenure, China was concerned about confronting with Japan in addition to the U.S. in a unilateral attempt toward unification.¹⁴⁷ Meanwhile, there is a growing apprehension in Japanese thinking against China. In addition to the U.S. perennial security assurance against any kind of threats, Japan realizes the severe urgency of counterbalancing the Chinese increasing military prowess itself as well.¹⁴⁸ On the other hand, South Korea’s ambitions to have an autonomous strong military have ambiguous implications for ROK’s long-term role in the region and its relations with China and the U.S.¹⁴⁹

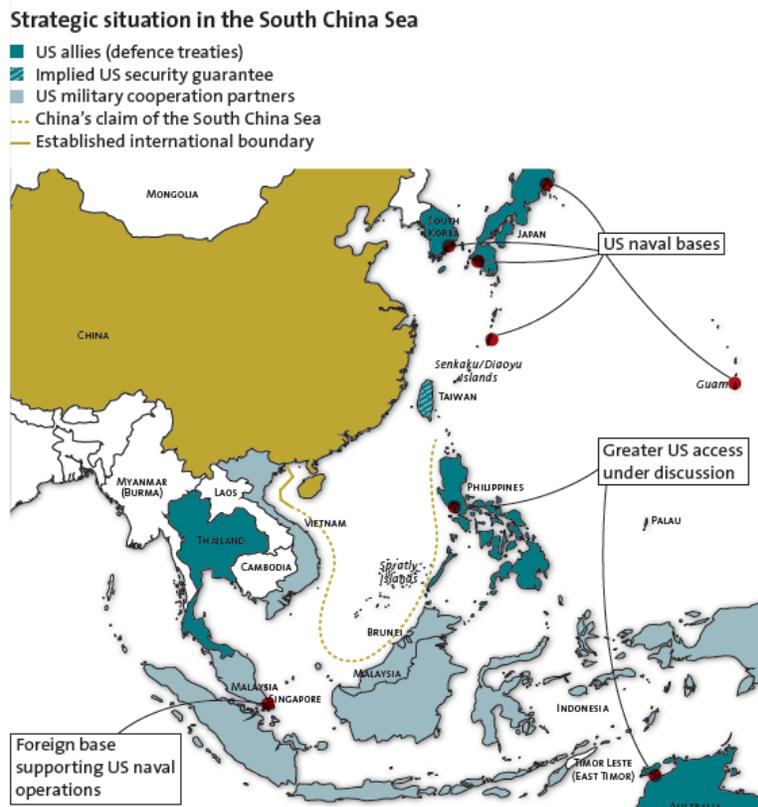


Figure 31. Strategic Security Situation in East Asia (From Mahadevon, 2012, p. 31).

¹⁴⁷ Yong Deng, “Taiwan and China’s Rise,” in *China’s Struggle for Status* (Cambridge University Press, 2008), 257.

¹⁴⁸ Swaine, “Managing China as a Strategic Challenge,” 84.

¹⁴⁹ Jonathan D. Pollack, “The Korean Peninsula in U.S. Strategy,” in *Strategic Asia 2008–09: Challenges and Choices*, eds. Ashley J. Tellis, Mercy Kuo and Andrew Marble (Washington, D.C.: The National Bureau of Asian Research, 2008), 161.

2. Implications of the Security Context for China's Use of Force Policy

History suggests the Chinese belligerency within both favorable and unfavorable security context. "Anti-Chinese" alliances may alienate Beijing and increase hostility. In that case, China may use its economic power as leverage and "punish" them.¹⁵⁰ On the other hand, in the worst case scenario, disputes in the South China Sea may escalate into a large-scale international conflict.¹⁵¹ Historically, China may use force even if the military balance is not favorable.¹⁵² Relative weakness does not deter China from using force. Except for its attempts to control the islands in South China Sea and the attack to Vietnam in 1979, its history is replete with examples of military action against superior powers.¹⁵³ China has used force against superior enemies to achieve four goals: (1) creating psychological shock by surprise attack, (2) imposing political pressure on the enemy by casualties, (3) breaking alliances or collusion by political problems, and (4) forcing the opponents to choose either surrendering or the escalation.¹⁵⁴ China may also use force to create a crisis that could produce opportunity besides danger. It may utilize the crisis to consolidate its regime as it did during Taiwan Strait crisis in 1958. It could try to show its enemies the potential danger of hostility against China and break up the alliances among them (Taiwan Strait crisis in 1954–55).¹⁵⁵

The Chinese contemporary regional attitudes with respect to the security structure are more ambiguous than its historical behaviors and it is difficult to determine the trajectory. Considering the fact that China has displayed declining tendency of using force in the territorial dispute, regional countries may see more cooperative China in the future, not the continuation of the past. China may behave in decorum toward the other claimants despite its increasingly sufficient coercive power. Additionally, if CCP leaders adopt the Daoist idea, the growth of the military capabilities may only serve as a

¹⁵⁰ Wang, "Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions," 12.

¹⁵¹ Roy, "Troubled Waters, Anniversary Parade, PLA's Power Projection," 47.

¹⁵² Burles and Shulsky, *Patterns in China's use of Force*, 1.

¹⁵³ *Ibid.*, 37.

¹⁵⁴ *Ibid.*, 41.

¹⁵⁵ *Ibid.*, 16–18.

detering factor rather than a destroying power against the enemies. For example, China has not declared South China Sea as its “core interest,” but it does not mean the region is less important for China. The reason of the absence of the declaration could be China’s incapability to defend it, at least for now.¹⁵⁶ From another perspective, China may not want to provoke the international community further by clarifying its stance in such an assertive manner.¹⁵⁷ On the other hand, considering China’s sovereignty and sensitivity about the territorial integrity, China may behave incongruent with the history and sustain its belligerency in the future. Either outcome is possible within the current security context.

¹⁵⁶ Roy, “Troubled Waters, Anniversary Parade, PLA’s Power Projection,” 47.

¹⁵⁷ Swaine, “China’s Assertive Behavior Part One: On ‘Core Interests,’” 10.

THIS PAGE INTENTIONALLY LEFT BLANK

VI. CONCLUSION

Contrary to the status-discrepancy theory, since the end of the Cold War, China did not refrain from resorting to forceful ways to realize its territorial claims. According to the theory, Beijing would behave more cooperatively as the gap between its desired status and the ascribed status the international community bestows closes. On the contrary, its economic and military growths could not close this gap, but encouraged China to be harsher in the territorial disputes. However, China's assertiveness did not follow an increasing belligerent trajectory either. Since the end of the Cold War, increasing political and economic integration raised the threshold of directly using military forces to settle the disputes and forced more cooperative solutions. Regarding the regional militarization, it is difficult to determine the effects of military balance on the Chinese international crisis behaviors. Comparative military capabilities may both raise and lower the threshold. Additionally, alternative energy resources are also candidates to raise it. In any case, the threshold of the Chinese use of force in South and East China Seas changed.

A. POLITICAL AND INSTITUTIONAL FACTORS

Some political and institutional factors have led China's attitudes to conciliatory ways. Regarding the South China Sea, China's accession to WTO in 2001 and the elaboration of ASEAN-China relations have caused China to behave less belligerently in disputes. Thanks to the treaties and agreements with ASEAN, China behaved in decorum in most of the confrontations and contented itself with diplomatic and administrative measures. In the East China Sea, China and Japan took some initiatives to prevent further escalations of the tension. Besides that, the U.S. strategic reorientation to Asia and its increasing political ties with the regional countries deterred China from increasing tensions in both South and East China Seas. Additionally, China's concerns about being perceived as the aggressor side also discouraged Beijing from displaying more assertive behaviors.

The threshold of using force in East Asia has been higher than in South China Sea. When we compare the ratios of the hostility types in South and East China seas, China seems to be mostly inclined to display of force rather than use of it in both waters. However, its tendency to use force in South China Sea is almost two times greater than in East China Sea. While the ratio of displaying force in both seas is much higher than the percentage in territorial disputes since 1949, the ratios of use of force in both East and South China seas are lower than the previous decades. China's lower tendency to use force in East China Sea could be explained by the U.S. strategic re-orientation to the region which may not only increase its political, economic, and military presence but also accelerate Japan's "normalization." As a result, China may face with a stronger alliance in East China Sea, which would certainly raise the threshold of using force, but this threshold may also drop very fast considering the Chinese use of force behaviors in the past. Until reaching this level, China is likely to continue display its forces rather than using them.

Regarding its confrontational approach, contrary to its relatively amicable posture in the first half of the decade, Beijing reacted in forceful ways against the other claimants, especially after 2007. The U.S. strategic re-orientation toward Asia and its enhancing political relationships with the regional countries irritated and deterred Beijing simultaneously. Besides the American presence, the behavior of the regional countries also provoked China. In other words, the PLA's actions have not always been the originator of the disputes, but sometimes reactions to the provocations of the other claimants. Occasionally, China's behaviors in South and East China Seas have been conjectural and pragmatic. However, when we subtract the U.S. influence from the list of the reasons that either promotes conciliation or cause confrontation, there remain more factors that favors peaceful relations instead of coercive measures. In other words, China did not resort to military force as the immediate way of handling the problems.

Power transition theory argues that China's current cooperative manner is temporary. When China feels itself strong enough to determine the international order, it

will project its power.¹⁵⁸ According to neo-realists, China wants to balance against the dominant power of the international system. However, China disappoints them about its readiness to resort to military force since the end of the Cold War. Besides that, China's MIDs with the U.S., a superpower, increased in 1950s and 1960s during which the United States was at the peak of its power and China was not so powerful to challenge the U.S. Paradoxically according to this theory, MIDs with the U.S. declined since 1970s despite China's growing power. Since then, super powers were not the most frequent adversaries in the Chinese MIDs.¹⁵⁹

B. ECONOMIC RELATIONS

Economic interdependence is obviously central in both China-Southeast Asian countries and China-Japan relations. Considering the fact that tensions and trade relations simultaneously increased both in East and South China Seas after the 2008 financial crisis, we can conclude that the countries did not allow territorial disputes to weaken their trade relations. They tried to keep economic activities insulated from militarized actions and, as a result of this logic, regional economic and commercial impact of China's increasing assertiveness during the post-crisis period has not been very negative. On the other hand, the countries' territorial claims continued to play important roles in decision-makers' calculations. Therefore, it seems that they will neither let the confrontations undermine economic relations nor the bilateral trades and investment soften their nationalistic sovereignty claims. We can anticipate that as long as their mutual commercial and financial relations grow, so will the threshold of resorting to coercive measures in the confrontations elevate. Thus, there seems to emerge a two-sided strategy. China is not likely to escalate the conflicts to a point where the confrontation may stymie the economic relations in East China Sea while being determined to exploit the other claimants' dependence on the commercial and financial ties with Beijing in South China Sea.

¹⁵⁸ Goldstein, "Power Transition, Institutions, and China's Rise in East Asia," 51–55.

¹⁵⁹ Johnston, "China's Militarized Interstate Dispute Behavior 1949–1992," 22, 23.

Different from the case in South China Sea, China-Japan confrontation and their bilateral economic relations are not independent from each other. The Japanese FDI started to increase after dipping in 1999 throughout the first half of the 2000s, during which the tension between China and Japan was at the lower levels. China's two-sided approach as described above can explain this difference between East and South China Seas. While China has deescalated the tension in East China Sea to protect the economic gains, it is not refraining from intensifying the tension in South China Sea to exploit the adversaries' dependence on economic relations with China.

C. ENERGY

China's increasing energy demand has determined its energy security policies. Therefore, China's need to secure energy supply lanes, especially through South China Sea, energy exploration activities in East and South China seas, and the exclusively possession of large amount of HREE reserves in South China are likely to sustain PRC's belligerency. On the other hand, if its efforts to diversify energy supplies by utilizing unconventional resources give fruit and it increases the share of non-fossil fuel energy in its total energy consumption, we can expect decrease in its assertiveness. For now, the alternative energy resources are not capable enough to raise the threshold of using military power needed to secure the energy transportation routes, but every attempt to increase the share of this resource in the total consumption would contribute to the Chinese conciliatory approaches to the issue.

D. MILITARY BALANCE AND SECURITY CONTEXT

As a result of China's growing military capabilities, it is widely believed that China may display more assertive behavior after feels confident about its military power. Moreover, China's transforming military strategy, as a result of improvements in the weapon systems, is likely to pose threat to the region. China's overall "active defense" military strategy envisions preemptive strikes if another country has even hostile "political" ambitions over China's sovereignty and territorial integrity. Additionally, the U.S. military presence and alliances with the regional countries, regional powers' modernization and procurements efforts, the Japanese "normalization" attempts, and

China’s relatively more capable military forces in especially in South China Sea increase the possibility of a large-scale military confrontation. These are the escalatory factors of tension and the facilitator of the use of military force.

Apparently, even if China tries to avoid severe conflict and to defer a solution, it will be ready to use force to realize its claims. Beijing may utilize diplomatic ways as the first choice because the claimants in South China Sea are weaker than China.¹⁶⁰ However, China may still use force against weaker states at an opportune time when it thinks that they are isolated from external support and the way of implementing it will not be different from using force against a stronger enemy. History provides us examples of Chinese belligerency within both favorable and unfavorable security contexts. “Anti-Chinese” alliances may alienate Beijing and increase hostility. In that case, China may use its economic power as leverage and “punish” them.¹⁶¹ On the other hand, in the worst case scenario, the disputes in the South China Sea may escalate into a large-scale international conflict. The Chinese contemporary regional attitudes with respect to the security structure and military balance are more ambiguous than its historical behaviors and it is difficult to determine the trajectory.

Factors and Trends

| Trend Factors | Conciliatory | Confrontational |
|-----------------------------|---|--|
| Political and Institutional | <ol style="list-style-type: none"> 1. Relations with ASEAN 2. Administrative Solutions 3. Diplomatic Efforts 4. The U.S. Security Ties with Regional Countries 5. The U.S. Strategic Reorientation to Asia 6. Global and Regional Opinion | <ol style="list-style-type: none"> 1. Provocations of Regional Countries 2. The U.S. Strategic Reorientation and Possible Strategies 3. The U.S. Political Relations with the Regional States |

¹⁶⁰ Swaine and Fravel, “China’s Assertive Behavior Part Two,” 15.

¹⁶¹ Wang, “Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions,” 12.

| | | |
|---------------------------------------|--|--|
| | 7. China's Mutual Relations | |
| Economic | <ol style="list-style-type: none"> 1. Economic Interdependence 2. Regional Countries' Intentions to Sustain Economic Relations Despite the Confrontations 3. The importance of Amicable China-Japan Relations for the Region | <ol style="list-style-type: none"> 1. Potential Damage to China's Trajectory of Economic Growth 2. China's Exploitation of the Regional Countries' Dependence on the Economic Relations with China |
| Energy | <ol style="list-style-type: none"> 1. The Advent of Unconventional Resources 2. Increasing Share of Renewable Energy in Total Energy Consumption | <ol style="list-style-type: none"> 1. China's Increasing Energy Demand and Obligation to Secure Energy supply Lanes 2. Increasing Importance of South and East China Seas with Respect to Natural Resources 3. China's large quantity of Heavy Rare Earth elements (HREE) |
| Military Balance and Security Context | <ol style="list-style-type: none"> 1. China's Two-Sided Strategy 2. The U.S. Enhancing Security Relations with Regional Countries 3. The U.S. Commitment to the Regional Stability 4. China's Perspective toward the regions in terms of "core interest" | <ol style="list-style-type: none"> 1. China's Procurement and Modernization Efforts 2. PLA's Transforming Military Strategy 3. Japan's "Normalization" 4. The U.S. Military Presence 5. Military Upgrading Efforts of the Regional States 6. Comparative Strength of the Claimants 7. The U.S. Alliance Formations with the Regional States |

E. POSSIBLE WAYS TO PROMOTE COOPERATION

Although East Asia is described as possessing “mismatched development of economic integration and political cooperation,” the past two decades show us that economic interdependence has lowered the tension of the confrontations and limited the competition.¹⁶² The ASEAN Regional Forum (ARF) or SCO type of organizations that have security dimension in addition to the others may bring together all related sides and serve as platform on which Asian security architecture can be built. Given the distribution of information inside an organization about the national capabilities of the member states, the distribution of power cannot have any effect on the possibility of a military conflict. In other words, the flow of information among the member states reduces the possibility of a military conflict. However, outside the alliance, where there is limited amount of information, the distribution of power has much more effects on the probability of military conflict.¹⁶³

F. INEVITABILITY OF CONFRONTATION

Currently, “contradictory regional dynamics” are shaping Asia-Pacific region. While the regional countries, together with the U.S., are establishing multilateral economic and security relation to promote cooperation, there is also increasing “polarization” between the U.S. and China. Developments in China such as economic slow-down, militant nationalism, and adventurous military could dictate China to behave in confrontational manners in security issues in the future.¹⁶⁴ In other words, China’s behaviors in South China Sea and East China Seas will be challenging due to its growing military capabilities, increasing energy needs, and nationalism toward Japan.¹⁶⁵ Therefore, in a world where the rise of China continues economically, politically, and militarily, and territorial issues unfold in conflictual ways, China may never withdraw

¹⁶² Ibid., 20.

¹⁶³ David H. Bearce, Kristen M. Flanagan and Katharine M. Floros, “Alliances, Internal Information, and Military Conflict among Member-States,” *International Organization* 60, no. 3 (Summer, 2006), 608,622.

¹⁶⁴ Mahadevon, “China’s Uncertain Peaceful Rise,” 32, 33.

¹⁶⁵ Swaine and Fravel, “China’s Assertive Behavior Part Two,” 10.

from confrontation and certainly struggle to realize its national interests. Therefore, although there is decreasing tendency of using force and there are initiatives to diminish it further, it seems impossible to eradicate the possibility of armed clashes.

G. OTHER FACTORS

Today, Beijing decisions are highly influenced by some non-governmental or quasi-governmental agencies such as oil companies, fishermen, scientists, five maritime law enforcement agencies, and local governments.¹⁶⁶ Because the local PLA forces are not under the close control of civilian and military leaders, some unplanned and uncontrolled incidents and crises occurred. For example, PLAN submarine intrusion into Japanese territorial waters in 2004, some ship and aircraft maneuvers in disputed waters in East China, and military clashes in South China Sea in 1874 and 1988. These unintended actions weaken the senior-level officials' initiatives in managing the crisis. The other problem is lack of coordination between diplomatic and military decisions in a crisis.¹⁶⁷

Regarding the domestic factors, public opinion which is widely expressed through Internet and media became increasingly important in the Chinese politics. The Chinese nationalism and history nourish people's sentiments in favor of conservative approaches. On the other hand, the PLA's influence on the Chinese domestic politics also has implications on Beijing's international relations. For example, some analysts believe that the occupation of Mischief Reef was the consequence of some PLA commanders' decisions. Jiang Zemin tolerated them while he consolidated his own position in a period of political transition.¹⁶⁸ Indeed, there is a symbiotic relation with the use of force policy and these domestic factors and they should be considered in a comprehensive

¹⁶⁶ Ibid., 15.

¹⁶⁷ Swaine, "China's Assertive Behavior Part Four: The Role of the Military in Foreign Crisis," 7, 8.

¹⁶⁸ Storey, "Creeping Assertiveness," 100, 101; Kim, "The South China Sea in China's Strategic Thinking," 379; Ang Cheng Guan, "The South China Sea Dispute Revisited," *Australian Journal of International Affairs* 54, no. 2 (2000), 206.

perspective. Therefore, in addition to regional political, economic, energy, and military relations, domestic factors should also be added to the equation to be able to see the whole puzzle.

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF REFERENCES

- Athukorala, Prema-chandra. "Production Network and Trade Patterns in East Asia: Regionalization Or Globalization." *Asian Development Bank (ADB) Paper Series on Regional Economic Integration*, no. 56 (August 2010): 1–62.
- Auslin, Michael. *Security in the Indo-Pacific Commons: Toward a Regional Strategy*. American Enterprise Institute, Washington, D.C., December 2010.
- Bauer, Nicholas Scott. "How Do You Like Me Now? Status-Inconsistency Theory as an Explanation for China's Use of Force in Territorial Disputes" Master thesis, Georgetown University, 2010.
- Bearce, David H., Kristen M. Flanagan, and Katharine M. Floros. "Alliances, Internal Information, and Military Conflict among Member States." *International Organization* 60, no. 3 (Summer 2006): 595–625.
- Bilsborough, Shane. "The Strategic Implications of China's Rare Earth Policy." *Journal of Strategic Security* 5, no. 3 (2012): 1–12.
- Blair, Dennis C. "Military Power Projection in Asia." In *Strategic Asia 2008–09: Challenges and Choices*. Edited by Ashley J. Tellis, Mercy Kuo and Andrew Marble. Washington, D.C.: 2008: 391–420.
- Bower, Ernest. "A New Paradigm for APEC?" *Southeast Asia Program* 1, no. 24 (2010): 1–13.
- Burles, Mark and Abram N. Shulsky. *Patterns in China's Use of Force*. Washington, D.C.: RAND, 2000.
- Busby, Joshua W. "The Need for Power: Implications of Chinese Energy Security and Climate Change Policies for Sino-American Relations." *China's Arrival: A Strategic Framework for a Global Relationship* (September 2009): 21–37.
- Center for a New American Century. "Flashpoints in East and South China Seas." Center for a New American Century, accessed October 14, 2012.
<http://www.cnas.org/flashpoints/timeline>.
- Chow, Edward C. and Leigh E. Hendrix. *Central Asia Pipelines: Field of Dreams and Reality*. National Bureau of Asian Research, Washington, D.C., September 2010
- Christensen, Thomas J. "Windows and War: Trend Analysis and Beijing's Use of Force." in *New Directions in the Study of Chinese Foreign Policy*. ed. Alastair Iain Johnston and Robert S. Ross (Stanford, 2006) 50–85.
- Clinton, Hillary. "America's Pacific Century." *Foreign Policy* (November 2011).

- Crane, Keith, Roger Cliff, Evan Medeiros, James Mulvenon, and William Overholt. *Modernizing China's Military: Opportunities and Constraints*. Santa Monica: RAND Corporation, 2005. <http://www.rand.org>.
- Deng, Yong. "Taiwan and China's Rise." in *China's Struggle for Status*. Cambridge University Press, 2008: 245–269.
- Devadason, Evelyn S. "ASEAN-China Trade Flows; Moving Forward with ACFTA." *Journal of Contemporary China* 19, no. 66 (2010): 653–674.
- Flanagan, Stephen J. and Marti Michael E. *The People's Liberation Army and China in Transition*. Institute for National Strategic Studies — National Defense University. http://permanent.access.gpo.gov/websites/nduedu/www.ndu.edu/inss/books/Books_2003/China/05_ch01.htm.
- Fravel, M. Taylor. "China's Strategy in the South China Sea." accessed October 13, 2012. <http://taylorfravel.com/2012/01/chinas-strategy-in-the-south-china-sea/>.
- Fravel, M. Taylor. "Power Shifts and Escalation: Explaining China's Use of Force." *International Security* 32, No. 3 (Winter 2007/08): 44–83.
- Fravel, M. Taylor. "Explaining Stability in the Senkaku (Diaoyu) Islands Dispute." in *Getting the Triangle Straight: Managing China--Japan--Us Relations*. Washington, D.C.: The Brooking Institute, 2010: 144–161.
- Fravel M. Taylor. "The PLA in the South China Sea." accessed October 13, 2012. http://taylorfravel.com/2012/06/the-pla-in-the-south-china-sea/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+taylorfravel+%28M.+Taylor+Fravel%29&utm_content=Google+Reader.
- Ghosn, Faten and Scott Bennett. "Codebook for Dyadic Militarized Interstate Incident Data Version 3.10." *Correlates of War*. Accessed October 13, 2012. <http://www.correlatesofwar.org/COW2%20Data/MIDs/Codebook%20for%20Dyadic%20MID%20Data%20v3.10.pdf>.
- Ghosn, Faten, Glenn Palmer, and Stuart Bremer. "The MID 3 Data Set, 1993–2001: Procedures, Coding Rules, and Descriptions." *Conflict Management and Peace Science* no. 21 (2004): 133–154.
- Goldstein, Avery. "Power Transition, Institutions, and China's Rise in East Asia." in *The United States and Northeast Asia*. edited by Ikenberry, G. John and Chung-In Moon, Maryland: Rowman and Littlefield Publishers, 2008: 39–78.
- Gratz, Jonas. "Unconventional Resources: The Shifting Geographies and Geopolitics of Energy." *Strategic Trends 2012* (2012): 81–102.

- Guan, Ang Cheng. "The South China Sea Dispute Revisited." *Australian Journal of International Affairs* 54, no. 2 (2000): 201–215.
<http://search.proquest.com/docview/59900434?accountid=12702>.
- Hall, Gregory and Tiara Grant. "Russia, China, and the Energy-Security Politics of the Caspian Sea Region After the Cold War." *Mediterranean Quarterly* 20, no. 2 (2009): 113–137.
http://muse.jhu.edu/journals/mediterranean_quarterly/v020/20.2.hall.html.
- He, Kai. "Decision Making during Crisis: Prospect Theory and China's Foreign Policy Crisis Behavior After the Cold War." *EAI Program Working Paper Series* no. 33 (2012): 1–47.
- Holmes, James R and Yoshihara Toshi. "China and the United States in the Indian Ocean: An Emerging Strategic Triangle?" *Naval War College Review* 61.3. (Summer 2008): 40–60.
<http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/205941763?accountid=12702>.
- Hwang, Jaeho. "China's Future and South Korea's Security Implications." *Journal of East Asian Affairs* 21, no. 2 (Fall/Winter 2007): 89–110.
- Inoguchi, Takashi and Paul Bacon. "Rethinking Japan as an Ordinary Country." Chap. 1, in *The United States and Northeast Asia*, edited by Ikenberry, G. John and Chung-In Moon. Maryland: Rowman and Littlefield Publishers, 2008:79–99.
- Jian, Zhang. "China's Energy Security: Prospect, Challenges, and Opportunities." *Center for Northeast Asian Policy Studies Visiting Fellow Working Papers* (July 2011): 3–32.
- Johnston, Alastair Iain. "China's Militarized Interstate Dispute Behavior 1949–1992: A First Cut at the Data." *The China Quarterly* no. 153 (1998): 1–30.
- Johnston, Alastair Iain. *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*. New Jersey: Princeton University, 1995.
- Kim, Soyoun, Jong-Wha Lee, and Cyn-Young Park. "Emerging Asia: Decoupling Or Recoupling." *Asian Development Bank (ADB) Paper Series on Regional Economic Integration* (June 2009): 1–37.
- Kim, Woosang. "Korea as a Middle Power in Northeast Asia." Chap. 1, in *The United States and Northeast Asia*, edited by Ikenberry, G. John and Chung-In Moon. Maryland: Rowman and Littlefield Publishers, 2008: 123–144.
- Kim, Shee Poon. "The South China Sea in China's Strategic Thinking." *Contemporary Southeast Asia* 19, (1998): 369–387.
<http://search.proquest.com/docview/59880913?accountid=12702>.

- Kiselycznyk, Michael and Phillip C. Saunders. "Assessing Chinese Military Transparency." *China Strategic Perspectives* 1. Washington: National Defense University, 2010: 1–60 www.ndu.edu/inss.
- Lai, David. "China's Maritime Quest." Carlisle, Pennsylvania: Strategic Studies Institute, 2009:1–3.
- Lai, David. "Coming of Chinese Hawk." Carlisle, Pennsylvania: Strategic Studies Institute, 2010: 1–3.
- Levy, Jack S. "Power Transition Theory and the Rise of China." in *China's Ascent*. 11–33.
- Lilley, James R. "Introduction." in *People's Liberation Army after Next*, edited by Susan M. Puska. Carlisle, Pennsylvania: Strategic Studies Institute, 1999:1–8.
- Liqun, Zhu. "China's Foreign Policy Debates." *Chaillot Papers* (September 2010). Paris: Institute for Security Studies, 2010: 1–80. www.iss.europa.eu.
- Mahadevon, Prem. "China's Uncertain Peaceful Rise." in *Strategic Trends 2012* (2012): 13–33.
- Mitchell, Derek J, C. Fred Bergsten, and Charles Freeman. *China's Rise: Challenge and Opportunities*. Washington: Center for Strategic and International Studies and Peterson Institute for International Economics, 2008.
- Mulligan, Shane. "Energy, Environment, and Security: Critical Links in a Post-Peak World." *Global Environmental Politics* 10, no. 4 (2010): 79–100. http://muse.jhu.edu/journals/global_environmental_politics/v010/10.4.mulligan.html
- The National Institute for Defense. *China Security Report*. Tokyo: The National Institute for Defense Studies, 2011: 1–49. <http://www.nids.go.jp>.
- Nesbitt, Elizabeth and et al. "China's Vision for Renewable Energy: The Status of Bioenergy and in Bioproduct Research and Commercialization." *Journal of International Commerce and Economics* 4, no. 1 (March 2012): 27–51.
- Office of the Secretary of Defense. *Military and Security Developments Involving the People's Republic of China*. Washington, D.C.: Government Printing Office, 2011.
- Pempel, T. J. "Japan: Divided Government, Diminished Resources." in *Strategic Asia 2008–09: Challenges and Choices*, edited by Tellis, Ashley J., Mercy Kuo and Andrew Marble. Washington, D.C.: The National Bureau of Asian Research, 2008: 107–134.

- Pollack, Jonathan D. "The Korean Peninsula in U.S. Strategy." in *Strategic Asia 2008–09: Challenges and Choices*, edited by Tellis, Ashley J., Mercy Kuo and Andrew Marble. Washington, D.C.: The National Bureau of Asian Research, 2008: 135–166.
- Pradun, Vitaliy. "From Bottle Rockets to Lightning Bolts: China's Missile Revolution and PLA Strategy against U.S. Military Intervention." *Naval War College Review* 64. 2. (Spring 2011): 7–38.
<http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/8>.
- Roy, Nalanda. "Troubled Waters, Anniversary Parade, PLA's Power Projection." *Journal of Defense Studies* 6, no. 2 (June 2012): 44–62.
- Scobell, Andrew and Larry M. Wortzel. *China's Growing Military Power: Perspectives on Security, Ballistic Missiles, and Conventional Capabilities*. Carlisle, Pennsylvania: Strategic Studies Institute, 2002.
- Sharpe, Samuel. "An ASEAN Way to Security Cooperation in Southeast Asia?" *Pacific Review* 16, no. 2 (2003): 231–250.
<http://search.proquest.com/docview/59939170?accountid=12702>.
- Shirk, Susan L. "When the Chinese People Get Angry, the Result is always Big Trouble." In *China: Fragile Superpower*. New York: Oxford University Press, 2008: 140–180
- Sloan, Elinor. "U.S.-China Military and Security Developments." *International Journal*. Volume 66, Issue 2. (Spring 2011): 265- 283.
<http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/875636264?accountid=12702>.
- Stenseth, Leni. "The Imagined Threat of China in the South China Sea." *Security Dialogue* 30, no. 3 (1999): 347–351.
<http://search.proquest.com/docview/59798661?accountid=12702>.
- Stokes, Mark A. "Foundations of Strategic Modernization." in *China's Strategic Modernization: Implications for the United States*. Carlisle, Pennsylvania: Strategic Studies Institute, 1999: 5–23.
- Storey, Ian James. "Creeping Assertiveness: China, the Philippines and the South China Sea Dispute." *Contemporary Southeast Asia* 21, no. 1 (Apr 1999, 1999): 95–118.
<http://search.proquest.com/docview/205217703?accountid=12702>.
- Swaine, Michael D. "Managing China as a Strategic Challenge." in *Strategic Asia 2008–09: Challenges and Choices*, edited by Tellis, Ashley J., Mercy Kuo and Andrew Marble. Washington, D.C.: The National Bureau of Asian Research, 2008: 71–105.

- Swaine, Michael D. "China's Assertive Behavior Part Four: The Role of the Military in Foreign Crisis." *China Leadership Monitor* no. 37 (April 2012): 1–10.
- Swaine, Michael D. "China's Assertive Behavior Part One: On 'Core Interests'." *China Leadership Monitor* no. 34 (February): 1–11.
- Swaine, Michael D. and M. Taylor Fravel. "China's Assertive Behavior Part Two: The Maritime Periphery." *China Leadership Monitor* no. 35 (September 2011): 1–15.
- Tellis, Ashley J. and Travis Tanner. "Strategic Asia by the Numbers," in *Strategic Asia 2012–13: China's Military Challenge*. (Washington, D.C.: 2011): 377- 389.
http://www.nbr.org/publications/strategic_asia/pdf/SA12_Bythenumbers.pdf
- Trade and Investment Division. *Asia-Pacific Trade and Investment Report 2011*: United Nations Economic and Social Commission for Asia and the Pacific, 2011.
- United States Energy Information Administration. *China Report*, September 2012.
- Waldron, Arthur. "The Rise of China: Military and Political Implications." *Review of International Studies* 31, no. 4 (October 2005): 715–733.
- Wang, Yong. "Evolving Asian Power Balances and Alternate Conceptions for Building Regional Institutions." *Asian Development Bank (ADB) Paper Series on Regional Economic Integration* no. 68 (December 2010): 1–24.
- Wortzel, Larry M. *The Chinese Armed Forces in 21st Century*. Carlisle, Pennsylvania: Strategic Studies Institute, 1999.
- Xudong, Han. "Risk of Armed Asian Conflict on the Rise, but Trade Links Rule Out War." *Global Times* (2012) <http://www.globaltimes.cn/content/735653.shtml>.
- Yang, Andrew. "The Military of The People's Republic Of China: Strategy and Implementation." *UNISCI Discussion Papers* 17 (May 2008): 187–201.
<http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/224081458?accountid=12702>.
- Zha, Daojiong and Mark J. Valencia. "Mischievous Reef: Geopolitics and Implications." *Journal of Contemporary Asia* 31, no. 1 (2001): 86–103.
<http://search.proquest.com/docview/194228447?accountid=12702>.

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
Ft. Belvoir, Virginia
2. Dudley Knox Library
Naval Postgraduate School
Monterey, California
3. Kara Harp Okulu Kutuphanesi
Kara Harp Okulu
Bakanliklar, Ankara, Turkey
4. Alice L. Miller
National Security Affairs Department
Naval Postgraduate School
Monterey, California
5. Robert E. Looney
National Security Affairs Department
Naval Postgraduate School
Monterey, California
6. Sahin Ciplak
Savunma Bilimleri Enstitusu
Kara Harp Okulu
Bakanliklar, Ankara, Turkey