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# Divining the Fluid Element: From Cooperation to Conflict in Japan-China Maritime Relations

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This article analyses Japan-China maritime relations with reference to economic, geopolitical and identity-politics factors, seeking to account for the shift from the high-point of cooperation in the East China Sea, around 2008, to the current, tense competitive bilateral dynamic centred there. A bitterly contested sovereignty dispute manifested in regular maritime confrontations around the Senkaku/Diaoyu islands is the most obvious indicator of deteriorating relations between Japan and China. Yet in spite of claims made about their economic and strategic significance, the islands are small, unpopulated and of limited material value. To account for why they have assumed such prominence as symbols of conflict between China and Japan, since September 2012, this article highlights the influence of wider geopolitical and ideational forces. It also considers the potential of Sino-Japanese maritime cooperation on such shared issues as shipping protection as a source of stability and normalcy in the bilateral relationship, and in a wider context, to what extent maritime commerce can continue to provide ballast against strategic rivalry and historical rancour between East Asia's two largest economies.

The most important factors within Japan-China relations: geostrategic, economic, political and cultural converge and play out at sea. While geography is more or less a historical constant, the maritime domain is by nature inherently dynamic and fluid. As noted by the historian Geoffrey Till, the sea can be said to have a dual potential, benign or malign.<sup>1</sup> Used positively, it can be a mutually enriching medium for knowledge exchange, trade and a fillip for international cooperation to safeguard common marine interests. The idealistic language used to frame the preamble of the United Nations Convention on the Law of the Sea (UNCLOS) reflects this.<sup>2</sup> In more strategic terms, as a buffer, the sea has also given island states certain defensive advantages down the ages. Japan, during its two centuries of voluntary exclusion from the Asian continent exemplifies this. However, technological change and globalised development have effectively ended economic autarchy as a viable option for advanced countries: not only Japan, but China too.

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<sup>1</sup> Geoffrey Till, *Seapower: A Guide for the 21<sup>st</sup> Century*, 3rd edition (London: Routledge, Cass Series Naval Policy and History, 2014).

<sup>2</sup> The Preamble calls for a "legal order for the seas and oceans which will facilitate international communication ... promote the peaceful uses of the seas and oceans, the equitable and efficient utilization of their resources, the conservation of their living resources, and the study, protection and preservation of the marine environment". Text of UNCLOS Preamble: <[www.un.org/depts/los/convention\\_agreements/texts/unclos/closindx.htm](http://www.un.org/depts/los/convention_agreements/texts/unclos/closindx.htm)> [Accessed 10 January 2015].

The maritime element has a corresponding, divisive potential, to serve as a medium for the projection of hostile military power, for disputes about sovereignty over islands, and the control of vast new areas of marine jurisdiction opened up by UNCLOS. The seas are not only a medium for trade but retain critical importance for naval manoeuvre and force projection into the twenty-first century. The seas within the First Island Chain of the Western Pacific are particularly 'strategic' in this regard, owing to their insular geography and the presence of the blue water navies of China, Japan and the United States. Increasingly, as land-based resources are depleted and extractive technologies continue to advance, the economic imperative to harvest living resources from the sea and the mineral resources below the seabed has encouraged coastal states to engage in 'creeping jurisdiction' and the 'territorialisation' of the 200 nautical mile (nm) Exclusive Economic Zone (EEZ).<sup>3</sup> With 40 per cent of the world's sea space subject to some form of jurisdictional claim under the UNCLOS framework, the marine element is increasingly a medium for direct resource exploitation, and a growing source of national wealth.

The maritime domain has received substantial attention from national leaders in both China and Japan in recent years. Presidents Hu Jintao and Xi Jinping have successively emphasised the importance of China's maritime development in policy speeches and initiatives.<sup>4</sup> Under Hu, China's transformation into a 'maritime power' was underlined as an explicit policy objective of the Chinese Communist Party at its 18<sup>th</sup> Party Congress in November 2012, a trend that has accelerated under his successor.<sup>5</sup> Maritime security has likewise emerged as a recurrent foreign and defence policy theme of Prime Minister Shinzo Abe's first and second periods in office.<sup>6</sup> Japan passed its Basic Law on Ocean Policy in 2007 and the following year, the Japan Maritime Self Defense Force (JMSDF) drafted 'JMSDF in the New Maritime Era', underscoring the importance attached to maritime security and strategy.<sup>7</sup>

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<sup>3</sup> Sam Bateman, 'Solving the "Wicked Problems" of Maritime Security: Are Regional Forums up to the Task?', *Contemporary Southeast Asia*, vol. 33, no. 1 (2011), pp. 1-28.

<sup>4</sup> National Institute for Defense Studies, *China Security Report 2011* (Tokyo: Aiwa Enterprise, 2012), pp. 12-14.

<sup>5</sup> Michael Swaine, 'The 18th Party Congress and Foreign Policy: The Dog that Did Not Bark?', *China Leadership Monitor*, No. 40, Hoover Institution, 14 January 2013, <[www.hoover.org/research/18th-party-congress-and-foreign-policy-dog-did-not-bark](http://www.hoover.org/research/18th-party-congress-and-foreign-policy-dog-did-not-bark)> [Accessed 10 September 2014].

<sup>6</sup> For example, Keynote Address to the Shangri-La Dialogue, International Institute of Strategic Studies, 30 May 2014, <[www.iiss.org/en/events/shangri-la%20dialogue/archive/2014-c20c/opening-remarks-and-keynote-address-b0b2/keynote-address-shinzo-abe-a787](http://www.iiss.org/en/events/shangri-la%20dialogue/archive/2014-c20c/opening-remarks-and-keynote-address-b0b2/keynote-address-shinzo-abe-a787)> [Accessed 14 September 2014].

<sup>7</sup> Masahiro Akiyama, 'Japan's Maritime Strategy', *China International Strategy Review*, vol. 1, no. 1 (2012), pp. 360-75; Tetsuo Kotani, 'Japan's Changing Maritime Strategy in East Asia', in Graham and Tseng (eds), *Navigating the Indo-Pacific Arc*, RSIS Monograph Number 32 (Singapore: Rajaratnam School of International Studies, November 2014), p. 93.

Sino-Japanese relations are currently defined by a high level of mutual suspicion and acrimony, most obviously symbolised by the dispute over the Senkaku/Diaoyu islands.<sup>8</sup> However, this article aims to situate the territorial dispute and maritime tensions in the East China Sea in the broader context of Japan-China maritime relations. It argues that the deterioration owes to the negative influence of geopolitical factors, at the strategic level, but also the importance of ideational factors at play, especially in terms of mutually exclusive narratives and symbolism attached to the islands in the identity politics of both countries. The article first sets out the economic context in Sino-Japanese maritime relations.

### **Maritime Economic Linkages: The Liberal Promise Hollows Out?**

Japan and China share many overlapping interests with an economic dimension in the maritime domain, such as the security of sea lines of communication (SLOC) against piracy and terrorism threats, freedom and safety of navigation for seaborne commerce, preservation of the marine environment and the sustainable exploitation of marine natural resources, including joint management and development of fisheries and hydrocarbons in areas where jurisdiction is contested in the East China Sea. By the same token, both countries have a general stake in good order at sea.

Since diplomatic relations were normalised in the 1970s, over four decades of accelerating economic integration between Japan and China, reflected in spiralling trade volumes and fuelled by Japanese foreign direct investment (FDI) and aid, has spawned high levels of maritime connectivity. The relocation of Japanese 'sunset' industries relies on trans-shipment networks to connect across an East Asia-wide multinational production and distribution chain, with China at its crux. China received the lion's share of Japan's regional FDI for the decade following its entry into the World Trade Organisation in 2001. However, as noted by Malcolm Cook a new wave of Japanese FDI has seen a significant re-direction towards Southeast Asia, which received 2.5 times as much investment from Japan as went to China in 2013.<sup>9</sup> This re-weighting of Japanese FDI to Southeast Asia, reminiscent of an earlier phase of Japanese investment in the late 1980s and early 1990s, has been to a large extent bottom-line driven, reacting to rising labour and

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<sup>8</sup> Japan's official position is that there is no dispute over the Senkaku/Diaoyu islands since sovereignty belongs exclusively to Japan. For the purposes of this article, I have referred to the practical reality that China (and Taiwan) dispute Japan's sovereignty claims, irrespective of Japan's legal-diplomatic position. The maritime boundary between Japan and China in the East China Sea is also disputed, although it should be noted that jurisdiction over Exclusive Economic Zones and Continental Shelves relates to sovereign rights over natural resources, not sovereignty, which applies only to land features and the territorial sea, limited to 12 nautical miles.

<sup>9</sup> Malcolm Cook, 'The Second Wave: Japanese FDI to Southeast Asia', ISEAS Perspective No. 33, 2014, Institute of Southeast Asian Studies, 29 May 2014, <[www.iseas.edu.sg/documents/publication/ISEAS\\_Perspective\\_2014\\_33\\_final.pdf](http://www.iseas.edu.sg/documents/publication/ISEAS_Perspective_2014_33_final.pdf)> [Accessed 10 September 2014].

other factor costs in China. Yet the eruption of violent street protests and damage to Japanese-owned property, on a far bigger scale than previous anti-Japanese rallies and triggered by the decision of the Noda Cabinet to 'nationalise' the Senkaku/Diaoyu islands in September 2012, has sharply raised the sensitivity of Japanese firms operating in China to political risk. The 'second wave' of FDI to Southeast Asia can therefore be viewed as about more than diversification or the pursuit of lower factor costs, but also as a collective hedge by corporate Japan against over-reliance on an uncertain and potentially hostile Chinese market. Evidence for the slowing pace of Sino-Japanese economic integration can be seen from a marked 6.5 per cent year-on-year fall in bilateral trade in 2013.<sup>10</sup> With two-way trade still worth US\$345 billion annually, the inter-dependence between the Japanese and Chinese economies remains such that any outbreak of armed conflict or wholesale capital flight would impose punitive costs on both countries. Hence, according to a Chinese scholar specialising in China's border disputes, writing in 2008, "both Beijing and Tokyo realise a full-scale clash or even protracted enmity would not only seriously damage their economies but also weaken their positions in the world community".<sup>11</sup> Taking investment into account, however, a rupture would hurt Japan disproportionately given its cumulative stock of FDI in China of US\$83 billion, from 1996 to 2011, compared with a total of just US\$560 million in FDI received from China.<sup>12</sup> The relative balance of economic risk can therefore be read very differently in Beijing and Tokyo. The downward trajectory of political relations, manifested at street level in the targeting of Japanese investments and the boycott of some Japanese-made goods, has challenged the long-held belief of Japanese policy-makers and business elites that growing economic inter-dependence inculcates norms of cooperation, in the 'economically hot, politically cold' Sino-Japanese relationship, while deterring conflict by raising the economic costs to China of foreign policy adventurism. Japan's latest version of its National Defense Program Outline, released in 2014, accordingly identifies threats from "gray zone" situations that blur the line between military and non-military contingencies as posing a potential threat to Japan's "maritime economic interests".<sup>13</sup>

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<sup>10</sup> Japan External Trade Organisation, 'JETRO Survey: Analysis of Japan-China Trade in 2013 and Outlook for 2014', 28 February 2014, <<https://www.jetro.go.jp/en/news/releases/20140228009-news>> [Accessed 8 January 2015].

<sup>11</sup> Pan Junwu, 'Way Out: The Possibility of a Third Party Settlement for the Sino-Japanese Maritime Boundary Dispute in the East China Sea', *China*, vol. 6, no. 2 (September 2008), p. 207.

<sup>12</sup> Alex Frangos, 'What's at Stake in China-Japan Spat: \$345 Billion to Start', *Wall Street Journal*, China Realtime Blog, 17 September 2012, <[blogs.wsj.com/chinarealtime/2012/09/17/whats-at-stake-in-china-japan-spat-345-billion-to-start/](http://blogs.wsj.com/chinarealtime/2012/09/17/whats-at-stake-in-china-japan-spat-345-billion-to-start/)> [Accessed 10 January 2015].

<sup>13</sup> Japanese Ministry of Defense, National Defense Programme Outline for [Financial Year] 2014 and Beyond (Provisional Translation), (Tokyo: Japanese Ministry of Defence, 13 December 2013), <[www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217\\_e2.pdf](http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf)> [Accessed 14 September 2014], p. 1.

The fact that Japan and China import comparable volumes of oil (China's 5.5 million barrels per day [bpd], compared to Japan's 4.5 million bpd) along overlapping SLOC to the Gulf is a striking commonality and a potential focus for cooperation in maritime security. The proportion of China's oil demand met from imports is expected to climb from around 60 per cent currently to as high as 75 per cent by 2035.<sup>14</sup> Most of this will come by sea from the Middle East and Africa: China already imports around 10 per cent of global seaborne crude.<sup>15</sup> Safe navigation for merchant shipping is an obvious common maritime interest for Japan and China, extending to the Gulf oil terminals from which both countries draw their primary energy in similar volumes. However, structural differences in China's natural resource allocation limit comparisons with Japan's level of import dependence and strategic vulnerability to external supply disruptions. China's access to continental resources, including the world's largest reserves of coal and domestic oil production that exceeds the total volume of petroleum that Japan has to import by sea, give it a significant cushion against external supply shocks, without taking stockpiling into account.<sup>16</sup> Japan's natural resource endowment is far poorer, being essentially wholly reliant on overseas sources for the supply of hydrocarbons as well as many key raw materials and foodstuffs. China was, until comparatively recently, an oil exporter to Japan. Japan, by contrast, has only its emergency strategic petroleum stocks—second to those of the United States—to fall back upon in case of a supply disruption. Japan's energy import dependence has grown more acute since the Fukushima disaster of March 2011 triggered the shutdown of Japan's nuclear power sector, which previously accounted for one-quarter of the country's primary energy supply.<sup>17</sup> This unfavourable endowment renders Japan highly vulnerable to interruptions to seaborne transportation among advanced industrial countries. That said, Japan's energy demand is unlikely to grow significantly in future and could decline further as the country's industrial base hollows out and the population shrinks.

China's status as the largest overall user of the Straits of Malacca and Singapore, through which passes 85 per cent of its imported petroleum, has underscored a newly perceived vulnerability for its leadership, evidenced when former president Hu Jintao referred, in 2003, to his country's 'Malacca

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<sup>14</sup> US Energy Information Administration, China Country Profile, <[www.eia.gov/countries/cab.cfm?fips=CH](http://www.eia.gov/countries/cab.cfm?fips=CH)> [Accessed 10 January 2015].

<sup>15</sup> Although investments in new pipelines across Myanmar and from Russia and Central Asia can reduce China's dependence on the Straits of Malacca as a supply route, oil and gas tankers remain far more cost-effective.

<sup>16</sup> Erica Downs, 'The Chinese Energy Security Debate', *China Quarterly*, vol. 7 (March 2004), pp. 21-44.

<sup>17</sup> US Energy Information Agency, Japan Overview, 31 July 2014, <[www.eia.gov/countries/cab.cfm?fips=ja](http://www.eia.gov/countries/cab.cfm?fips=ja)> [Accessed 10 September 2014].

Dilemma'.<sup>18</sup> From its new-found position at the epicentre of globalised production and trade, China has overtaken Japan as the largest overall commercial user of the Malacca Straits, and continues to become steadily more dependent on seaborne imported raw materials and trans-shipment networks. As a reflection of China's increased exposure to safe navigation through the Straits, the Chinese Government has made *ad hoc* contributions to the Cooperative Mechanism, a body set up in 2007 under the International Maritime Organization for the purpose of institutionalising user-state financial assistance to maintain safe navigation in the Malacca and Singapore Straits.<sup>19</sup> Maritime safety, sometimes relegated to the status of a technical or 'low politics' issue, is important to all trading nations in East Asia for the flow of raw materials, energy and manufactured goods in both directions across the long Indo-Pacific littoral. As the pioneer of the region's post-1945 export-led growth model, Japan has historically taken the user-state lead role on maritime safety in the Malacca Straits by providing capacity, financial and diplomatic support to the littoral states.<sup>20</sup> China's continuing preference is to offer capacity building assistance bilaterally, as well as multilaterally via the 3 billion yuan (A\$605 million) China-ASEAN Maritime Cooperation Fund.<sup>21</sup> This partly reflects Beijing's discomfort with the Cooperative Mechanism as a Japanese-brokered initiative.

As another instance of limited maritime security cooperation between Japan and China in Southeast Asia, China has joined the Regional Agreement Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), which is the main inter-governmental counter-piracy organisation in the region. ReCAAP came into being, in 2006, as a result of Japan's diplomatic and capacity-building efforts, and the Director of its Singapore-based Information Sharing Centre (ISC) is seconded from Japan's Ministry of Foreign Affairs. In 2000, Beijing had expressed strong opposition against a direct operational role for Japan's coast guard in combating piracy in Southeast Asia, when Tokyo hosted the Regional Conference on Combating Piracy and Armed Robbery Against Ships.<sup>22</sup>

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<sup>18</sup> Christian Lemierre, 'China's Unarmed Arms Race: Beijing's Maritime Buildup Isn't What it Appears', *Foreign Affairs Snapshots*, 29 July 2013, <[www.foreignaffairs.com/articles/139609/christian-le-miere/chinas-unarmed-arms-race](http://www.foreignaffairs.com/articles/139609/christian-le-miere/chinas-unarmed-arms-race)> [Accessed 10 September 2014].

<sup>19</sup> 'Cooperative Mechanism Between the Littoral States and User States on Safety of Navigation and Environmental Protection in the Straits of Malacca and Singapore', Maritime and Port Authority of Singapore, 16 August 2007, <[www.mpa.gov.sg/sites/pdf/spore-mtg-co-op-mechan-070904.pdf](http://www.mpa.gov.sg/sites/pdf/spore-mtg-co-op-mechan-070904.pdf)> [Accessed 10 September 2014].

<sup>20</sup> Euan Graham, *Japan's Sea Lane Security, 1940-2004: A Matter of Life and Death?* (London: Routledge, 2006), pp. 150-72.

<sup>21</sup> Rocky Intan, 'Maritime Engagement Strategies of Japan and China Towards Southeast Asia', *Eurasia Review*, 28 December 2014, <[www.eurasiareview.com/28122014-maritime-engagement-strategies-japan-china-towards-southeast-asia-indonesian-perspective-analysis/](http://www.eurasiareview.com/28122014-maritime-engagement-strategies-japan-china-towards-southeast-asia-indonesian-perspective-analysis/)> [Accessed 08 January 2015].

<sup>22</sup> Agence Press France, 'China Goes it Alone at Asian Anti-Piracy Conference', 28 April 2000; Mark Valencia, 'Piracy and International Politics', in A. Hamzah and A. Ogawa (eds), *Combating Piracy* (Kuala Lumpur: Okazaki Institute, 2001), p. 81.

However, the Chinese authorities subsequently overcame their suspicions that ReCAAP was a vehicle for furthering Japanese maritime ambitions in Southeast Asia and have sent a coast-guard liaison officer to the Singapore ISC. Beijing's participation may be low-key in comparison with its enthusiastic embrace of anti-piracy cooperation in the Gulf of Aden since 2007.<sup>23</sup> But Chinese support for ReCAAP's counter-piracy activities has not been seriously affected by the downturn in Japan-China relations.

It has proved more difficult for Japan and China to gain traction in maritime cooperation with an economic dimension closer to home. Apart from the contested territorial sovereignty of the Senkaku/Diaoyu islands, Japan and China have a disputed maritime boundary in the East China Sea, which China claims based on an extended continental shelf as far as the Okinawa Trough whereas Japan insists on a median line.<sup>24</sup> In 2008, Chinese and Japanese negotiators agreed a 'Principled Consensus on the East China Sea Issue', holding out the potential for joint development of energy resources within a portion of the disputed seabed zone, where natural gas deposits are located, along with smaller concentrations of oil.<sup>25</sup> The Principled Consensus was supposed to act as a framework for both sides to cooperate on energy exploration in the 'transition period' towards a negotiated boundary delimitation in the East China Sea.<sup>26</sup> However, little progress has been made since 2008, and Tokyo has protested against what it claims is unilateral exploitation in the Chunxiao/Shirakaba gas field from the Chinese side of the median line.<sup>27</sup> China's state-owned energy majors are increasingly capable of unilateral exploration and to the extent that they continue to rely on joint ventures in the East China Sea, the onus is on partnership with non-Japanese firms.<sup>28</sup>

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<sup>23</sup> You Ji, 'The PLA Navy's Gulf of Aden Mission as Capability against NTS Threats', in Lyle J. Goldstein (ed.), *Not Congruent but Quite Complementary: U.S. and Chinese Approaches to Nontraditional Security*, Naval War College China Maritime Study 9 (July 2012), pp. 27-40.

<sup>24</sup> Pan Junwu, 'Way Out: The Possibility of a Third Party Settlement for the Sino-Japanese Maritime Boundary Dispute in the East China Sea', *China*, vol. 6, no. 2 (September 2008), p. 193.

<sup>25</sup> The US Energy Information Agency estimates that the East China Sea seabed in total contains 1-2 trillion cubic feet in proven and probable natural gas reserves: US Energy Information Administration, 'East China Sea', Analysis Brief, <[www.eia.gov/countries/regions-topics.cfm?fips=ecs](http://www.eia.gov/countries/regions-topics.cfm?fips=ecs)> [Accessed 10 January 2015].

<sup>26</sup> Text of the 2008 China-Japan Principled Consensus on the East China Sea Issue, Centre for International Law, National University of Singapore: <[cil.nus.edu.sg/2008/2008-china-japan-principled-consensus-on-the-east-china-sea-issue/](http://cil.nus.edu.sg/2008/2008-china-japan-principled-consensus-on-the-east-china-sea-issue/)> [Accessed 10 January 2015].

<sup>27</sup> James Manicom, 'China's Energy Development in the China Sea', Center for International Governance and Innovation, 12 September 2013, <<https://www.cigionline.org/articles/2013/09/china-s-energy-development-east-china-sea>> [Accessed 08 January 2015].

<sup>28</sup> 'CNOOC Issues Exploration Tender, Includes South China Sea Blocks', *Reuters*, 11 September 2014, <[af.reuters.com/article/energyOilNews/idAFL3N0RC1U520140911](http://af.reuters.com/article/energyOilNews/idAFL3N0RC1U520140911)> [Accessed 10 January 2015].

Notwithstanding the failure to progress beyond the 2008 Principled Consensus the competitive dynamic for resource extraction in the East China Sea can be overstated as a driver of strategic rivalry between China and Japan, given smaller concentrations of oil and gas that are estimated to exist there in comparison with the South China Sea. Nonetheless, the failure to advance the Principled Consensus to co-production suggests that the drift away from joint development may be permanent, despite initial optimism placed in the agreement by academic observers.<sup>29</sup>

China has notably protested against Japan's maritime claims around its southernmost territory, Okinotorishima, an isolated and diminutive rocky outcrop located close to the Twentieth Parallel. Beijing does not dispute Japan's sovereignty over Okinotorishima but has officially objected to Tokyo's declaration of a full 200 nm EEZ as excessive, under the criteria allowed for under UNCLOS. From an objective point of view, Japan's maritime jurisdictional claims around Okinotorishima appear questionable, since it is doubtful that the outcrop could qualify as an 'island' under UNCLOS, and would therefore be entitled to a 12 nm territorial sea at most.<sup>30</sup> However, the twist in Beijing's legal protest is that it naturally invites the counter accusation of whether China is applying a double standard by claiming sovereignty over wholly submerged or features exposed only at low tide in the South China Sea, for which there is no legal basis under the Convention. Recent speculation has also centred on the possibility that Japan could use the artificial structures being developed at Okinotorishima for naval surveillance purposes.<sup>31</sup> While much commentary has been directed at the question of China's maritime assertiveness and resource acquisition within its 'near seas', Japan's concerted efforts to maximise its marine resource claims beyond the East China Sea have gone relatively unnoticed, including the announcement of a 130,000 square-kilometre expansion of its EEZ in the Pacific, in 2014.<sup>32</sup>

If energy can be overstated as a driver of maritime resource competition between Japan and China, fisheries are a different matter. China operates the world's largest fishing fleet, which in recent years has brought it into conflict with most of its maritime neighbours including South Korea, as well as Japan.<sup>33</sup> The fisheries around the Senkaku/Diaoyu are highly productive; one

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<sup>29</sup> James Manicom, 'The Sino-Japanese Energy Dispute in the East China Sea: Strategic Policy, Economic Opportunities, and Cooperation', *The Economics of Peace and Security Journal*, vol. 4, no. 2 (2009), pp. 38-44.

<sup>30</sup> Julia Lisztwan, 'Stability of Maritime Boundary Agreements', *Yale Journal of International Law*, vol. 37, no. 1 (2012), p. 166.

<sup>31</sup> 'Japan's Pacific Claims Fuelled by Search for Resources, Chinese Expansionism', *South China Morning Post*, 12 September 2014, <[www.scmp.com/article/1590823/japan-pacific-claims-fuelled-natural-resources-hunt-and-china-navy-expansion](http://www.scmp.com/article/1590823/japan-pacific-claims-fuelled-natural-resources-hunt-and-china-navy-expansion)> [Accessed 10 January 2015].

<sup>32</sup> *Ibid.*

<sup>33</sup> Zhang Hongzhou, 'China's Evolving Fishing Industry: Implications for Regional and Global Maritime Security', RSIS Working Paper No. 146, 16 August 2012, <[www.rsis.edu.sg/rsis-publication/idss/246-wp246-chinas-evolving-fis/#.VBVFaksxFFI](http://www.rsis.edu.sg/rsis-publication/idss/246-wp246-chinas-evolving-fis/#.VBVFaksxFFI)> [Accessed 10 January 2015].

reason why Chinese and Taiwanese fishing craft are motivated to venture close to the islands quite apart from their political symbolism. In April 2013, Japan brokered a non-governmental fisheries agreement with Taiwan, granting access to waters near the islands, over which Taipei also claims sovereignty.<sup>34</sup> This agreement, although questionable from a sustainability perspective, has helped to reduce tensions and incidents between Japanese and Taiwanese vessels around the islands, without compromising either side's claims.<sup>35</sup> That said, Taiwan's peculiar international status makes it easier for Japanese officials to maintain that the 'private' agreement does nothing to diminish Japanese sovereignty over the islands or jurisdictional claims to surrounding waters. China and Japan concluded a fisheries agreement in the East China Sea in 1997, which entered into force in 2000.<sup>36</sup> Nonetheless, fisheries incidents have in recent years contributed to strategic tensions. The collision, in September 2010, between a Chinese fishing boat and a Japan Coast Guard (JCG) vessel in the East China Sea escalated into a full-blown diplomatic crisis after the arrest of the boat captain by the Japanese authorities prompted Chinese retaliatory measures, allegedly including moves to restrict the export of rare earth metals and the arrest of four Japanese employees in China.<sup>37</sup> The episode wrought a perceptual sea-change within Japan, prompting widespread public distrust and heightened concern within Tokyo's security establishment as to Beijing's strategic intentions, arousing suspicions that the Chinese fishing fleet operates under state direction with license to act coercively in support of Beijing's 'historical' maritime rights.<sup>38</sup> Furthermore, China's purported effort to restrict the supply of rare earth metals, although subsequently queried in academic circles,<sup>39</sup>

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<sup>34</sup> 'China Angered as Japan, Taiwan Sign Fishing Agreement', *Reuters*, 10 April 2013, <[www.reuters.com/article/2013/04/10/us-china-japan-taiwan-idUSBRE93909520130410](http://www.reuters.com/article/2013/04/10/us-china-japan-taiwan-idUSBRE93909520130410)> [Accessed 10 January 2015].

<sup>35</sup> L. Jacobson, 'Implications of Taiwan-Japan Landmark Fishing Agreement', in Linda Jacobson (ed.), *Tensions in the East China Sea*, Lowy Institute East Asia Programme, December 2013, <[lowyinstitute.org/publications/tensions-east-china-sea](http://lowyinstitute.org/publications/tensions-east-china-sea)> [Accessed 10 January 2015], pp. 37-49.

<sup>36</sup> David Rosenberg, 'Managing the Resources of the China Seas: China's Bilateral Fisheries Agreements with Japan, South Korea, and Vietnam', *The Asia Pacific Journal: Japan Focus*, June 2005, <[www.japanfocus.org/site/make\\_pdf/1789](http://www.japanfocus.org/site/make_pdf/1789)> [Accessed 10 January 2015].

<sup>37</sup> Tetsuo Kotani, 'Japan's Changing Maritime Strategy in East Asia', p. 91; 'Arrest in Disputed Seas Riles China and Japan', *New York Times*, 19 September 2010, <[www.nytimes.com/2010/09/20/world/asia/20chinajapan.html?\\_r=0](http://www.nytimes.com/2010/09/20/world/asia/20chinajapan.html?_r=0)> [Accessed 10 January 2015].

<sup>38</sup> For an example of this argument, see Wendell Mennick, 'Fishing Vessels in China Serve as Proxy Enforcers', *Defense News*, 17 August 2014, <[archive.defensenews.com/article/20140817/DEFREG03/308170013/Fishing-Vessels-China-Serve-Proxy-Enforcers](http://archive.defensenews.com/article/20140817/DEFREG03/308170013/Fishing-Vessels-China-Serve-Proxy-Enforcers)> [Accessed 20 December 2014].

<sup>39</sup> See for example Amy King and Shigo Armstrong, 'Did China Really Ban Rare Earth Metals Exports to Japan?', *East Asia Forum*, 18 August 2013, <[www.eastasiaforum.org/2013/08/18/did-china-really-ban-rare-earth-metals-exports-to-japan/](http://www.eastasiaforum.org/2013/08/18/did-china-really-ban-rare-earth-metals-exports-to-japan/)> [Accessed 08 January 2015].

severely dented liberal assumptions that the economic relationship could be insulated from political ructions.<sup>40</sup>

A recent case involving the seizure of a merchant ship in China demonstrates that Japanese merchant shipping interests have been directly impacted by the downturn in bilateral political relations. In April 2014, Chinese authorities seized a cargo carrier owned by Mitsui OSK Lines, the *Baosteel Emotion*, at a port in Zhejiang Province. This action was taken in support of a Chinese court judgment claiming compensation for the appropriation and subsequent wartime loss of two Chinese ships, dating back to 1936. Japanese officials argued that the seizure was illegitimate, on grounds that the Chinese Government had waived all preparations from the pre-1945 period with the restoration of diplomatic relations in 1972. However, the vessel was released after the company agreed to pay approximately US\$28 million to settle the judgment and cover court costs.<sup>41</sup> While the *Baosteel Emotion* incident has not been repeated since, and should not therefore be over-interpreted, it demonstrates nonetheless the potential for political frictions in the Japan-China relationship to spill into the maritime domain, including the shipping industry itself.

### **Maritime Strategic Relations: Geopolitical Factors**

At a geopolitical level, Japan and China's mutual economic dependence on seaborne trade and good order at sea has become progressively more difficult to disentangle from strategic factors in the Western Pacific. Japan's anchoring position in the north of the First Island Chain commands the attention of China's military planners as a factor complicating the ability of the People's Liberation Army-Navy (PLA-N) to sortie freely into the northern and central Pacific.<sup>42</sup> This is partially analogous to the late Cold War when the Japanese archipelago acted as a natural cordon around the Soviet Far Eastern fleet, playing a passive but important role within US naval strategy in terms of 'bottling up' Soviet naval forces within 'bastion' seas inside the First Island Chain, as well as acting, in Prime Minister Nakasone's memorable epithet, as an "unsinkable aircraft carrier" for the United States.<sup>43</sup> Japan geographically impinges upon China's maritime strategic freedom of manoeuvre less completely than was the case for the Soviet/Russian Pacific Fleet, but north of Taiwan the PLA-N's Northern and Eastern fleets must negotiate a path

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<sup>40</sup> Laura Schwartz, 'Competition and Confrontation in the East China Sea: Implications for US Policy', National Bureau of Asian Research Roundtable Report, February 2014, <[www.nbr.org/downloads/pdfs/psa/EastChinaSea\\_Roundtable\\_report.pdf](http://www.nbr.org/downloads/pdfs/psa/EastChinaSea_Roundtable_report.pdf)> [Accessed 14 September 2014], pp. 2-4.

<sup>41</sup> 'China Court Frees Japanese Ship After Unprecedented Seizure', *Bloomberg News*, 14 April 2014, <[www.bloomberg.com/news/2014-04-24/china-court-releases-japanese-ship-after-unprecedented-seizure.html](http://www.bloomberg.com/news/2014-04-24/china-court-releases-japanese-ship-after-unprecedented-seizure.html)> [Accessed 14 September 2014].

<sup>42</sup> Vijay Sakhujia, *Asian Maritime Power in the 21<sup>st</sup> Century: Strategic Transactions, China, India and Southeast Asia* (Singapore: Institute for Southeast Asian Studies, 2011), pp. 70-88.

<sup>43</sup> Graham, *Japan's Sea Lane Security, 1940-2004*, pp. 122-49.

through the Japanese island chain, which extends via the Ryukyu chain down to the east of Taiwan, in order to access deep water in the Pacific.<sup>44</sup> The strategic disadvantages for China posed by Japan's archipelagic geography are compounded by Tokyo's continuing role as host to the most important US bases in the Western Pacific for forward-deployed intelligence, surveillance and reconnaissance (ISR) and strike assets. In addition to responding to a direct armed attack on Japan, according to the Guidelines for Japan-US Defence Cooperation, US military assets may also be used in situations "in areas surrounding Japan", an ambiguous frame of reference which includes the Korean Peninsula and, by inference though not explicitly, Taiwan and other contingencies impinging on China's self-defined "core interests" and "near seas".<sup>45</sup> Moreover, in peacetime the US military regularly conducts surveillance missions within China's EEZ. Washington asserts that military activities within the EEZ are lawful high-seas freedoms supported under UNCLOS, whereas China argues a far more restrictive interpretation.<sup>46</sup> US military surveillance missions, many of which are mounted and supported from bases in Japan, have been the trigger for confrontations and near-collisions with vessels and aircraft from China's military and paramilitary agencies, for example in 2001, 2009 and 2013.<sup>47</sup> Since Japan itself maintains an active maritime surveillance posture in the East China Sea this is another point of division with China, especially since the Chinese defence authorities declared an Air Defence Identification Zone (ADIZ) incorporating the airspace above the Senkaku/Diaoyu islands in November 2013.

From a defence planner's perspective, the East China Sea affords Japan defensive advantages compared with countries that share a land border with China, such as Russia, India or Vietnam.<sup>48</sup> As an island state, Japan does not have to allocate the same resources against invasion or incursion. In this sense its defence *problematique* is simpler than that faced by China, which must contend with potential land and seaborne threats.<sup>49</sup> However, with less than 400 miles separating China's eastern seaboard and the western coast of

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<sup>44</sup> Eric Sayers, 'The "Consequent Interest" of Japan's Southwestern Islands: A Mahanian Appraisal of the Ryukyu Archipelago', *Naval War College Review*, vol. 66, no. 2 (Spring 2013), pp. 45-61.

<sup>45</sup> 'Guidelines for Japan-US Defence Cooperation', Ministry of Foreign Affairs of Japan, <[www.mofa.go.jp/region/n-america/us/security/guideline2.html](http://www.mofa.go.jp/region/n-america/us/security/guideline2.html)> [Accessed 14 September 2014]. The original 1978 Guidelines were last formally revised in 1997 and are currently under review.

<sup>46</sup> National Institute for Defense Studies, *China Security Report 2012* (Tokyo: Aiwa Enterprise, 2013), p. 29.

<sup>47</sup> Mark J. Valencia, 'Foreign Military Activities in Asian EEZs: Conflict Ahead?', National Bureau of Asian Research, Special Report 27, May 2011. The most recent surface incident was a reported near-collision between the USS *Cowpens*, a guided missile cruiser, and a People's Liberation Army-Navy landing ship off Hainan in early December 2013.

<sup>48</sup> James R. Holmes and Toshi Yoshihara, 'Ryukyu Chain in China's Island Strategy', *Jamestown China Brief*, vol. 10, no. 18 (10 September 2010), pp. 11-14.

<sup>49</sup> Barry Buzan, 'Japan's Defence Problematique', *Pacific Review*, vol. 8, no. 1 (1995), pp. 25-43.

Kyushu, the value of sea space as a strategic buffer separating Japan from Continental Asia is steadily declining, as China's ability to project military power over the horizon grows apace with defence modernisation, supported by a four-fold increase in military spending since 1990, while Japan's defence budget has stagnated over the same period.<sup>50</sup> Japanese defence analysts have charted the continuous growth of China's naval and air presence in and around Japan's southern approaches, connecting this to the PLA-N's need to secure open ocean access for its submarines, ships and aircraft, whose bases face on to the relatively confined, shallow waters of the East China Sea, Yellow Sea and Bo Hai Gulf.<sup>51</sup>

Recent editions of Japan's defence white paper catalogue a pattern of intensifying intrusions by Chinese vessels and aircraft into Japan's territorial waters and airspace. While Chinese warships are entitled, under UNCLOS, to transit through Japan's EEZ and high-seas corridors that separate the main Japanese islands without prior notification or authorisation, such exercises in force projection have increased in frequency and intensity, including vessels from all three PLA-N regional fleets. For several years, Japanese defence analysts have privately speculated that China's contingency plans for a high-intensity naval conflict could include the seizure of strategically located southern Japanese islands, such as Miyako or Ishigaki, in order to safeguard passage to and from the deep waters of the open Pacific.<sup>52</sup> This concern has been augmented by the stepped-up presence of Chinese civilian patrol ships and aircraft operating close to the Senkaku/Diaoyu islands.<sup>53</sup> Since 2010, Japan's defence posture has emphasised a "dynamic defence concept" aimed at re-focusing resources on protecting Japan's south-western approaches, including the defence of small islands.<sup>54</sup> Since then Japan has moved quickly to stand up brigade-sized amphibious unit with 'marine corps functions' under the Japanese Ground Self Defence Force specifically designed to address this perceived vulnerability.<sup>55</sup> China's thickening maritime presence and

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<sup>50</sup> Japan Ministry of Defence, *Defense of Japan*, Annual White Paper, Tokyo, 2014, <[www.mod.go.jp/e/publ/w\\_paper/pdf/2014/DOJ2014\\_1-1-3\\_1st\\_0730.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2014/DOJ2014_1-1-3_1st_0730.pdf)> [Accessed 10 January 2015].

<sup>51</sup> Alessio Patalano, 'Japan as a Seapower: Strategy, Doctrine and Capabilities under Three Defence Reviews, 1995-2010', *Journal of Strategic Studies*, vol. 37, no. 3 (2014), p. 415.

<sup>52</sup> Holmes and Yoshihara, *Jamestown China Brief*, p. 13.

<sup>53</sup> National Institute for Defense Studies, *China Security Report 2013* (Tokyo: Aiwa Enterprise, February 2013), p. 170.

<sup>54</sup> National Institute for Defense Studies, *East Asian Strategic Review* (Tokyo: Japan Times, 2013), pp. 103-20; National Institute for Defense Studies, 'Japan: Towards the Establishment of a Dynamic Defence Force', *East Asian Strategic Review* (Tokyo: The Japan Times, 2012), pp. 253-6.

<sup>55</sup> Benjamin Schreer, 'Japan's Emerging Amphibious Capability', *The Strategist*, Australian Strategic Policy Institute blog, 3 June 2013, <[www.aspistrategist.org.au/japans-emerging-amphibious-capability/](http://www.aspistrategist.org.au/japans-emerging-amphibious-capability/)> [Accessed 10 January 2015]; Euan Graham, 'Japan: the Salamander Stirs', *The Strategist*, Australian Strategic Policy Institute blog, 8 July 2013, <[www.aspistrategist.org.au/japan-the-salamander-stirs/](http://www.aspistrategist.org.au/japan-the-salamander-stirs/)> [Accessed 10 January 2015].

assertive behaviour in the East China Sea has provided the backdrop to these changes.

Aside from the scenario of a limited military invasion or incursion into Japan's remote islands, Okinawa already falls within the range of China's intermediate-range conventional missile forces, amassed in the coastal provinces facing Taiwan. It is widely assumed that US military bases in Okinawa would assume a key role in any scenario for conflict across the Taiwan Strait, in which the United States elected to intervene. This would make them obvious targets for Chinese missile attacks, as part of an assumed 'Anti-Access and Area Denial' (A2/AD) strategy. The East China Sea is therefore an important theatre in Japan's evolving concepts for ballistic missile defence, including a prominent role for the Japan Maritime Self Defense Force's Aegis-radar equipped missile destroyers. With the flight-time of incoming ballistic and supersonic cruise missiles measured in minutes, the buffer value of the sea space separating Japan and China has been greatly telescoped. Alessio Patalano has charted the recent development of Japanese naval strategy, doctrine and capabilities, highlighting the importance of the so-called Tokyo-Guam-Taiwan triangle as a key geographical focus for Japan at the operational level.<sup>56</sup> The East China Sea and home waters are emphasised as the main areas where the JMSDF expects to deploy the full range of its capabilities, which have been extensively modernised to maintain Japan's edge in anti-submarine warfare and C4ISR (command, control, communication, computers, intelligence, surveillance and reconnaissance), as well as newer demands such as ballistic missile defence and island defence. According to Patalano, the evolution of Japan's contemporary naval strategy preserves continuity with its longstanding interest in defending SLOCs that overlap the country's southern maritime approaches. However, Japan has consciously stopped short of developing a naval containment strategy against China, or a true power projection capability beyond what is required for the defence of outlying islands in the Japanese archipelago. According to the maritime analyst Tetsuo Kotani, "Japanese defence planners recognise both challenges and opportunities in the rise of Chinese maritime power". The purpose of modernising the JMSDF's capabilities in other words is to "discourage Chinese assertiveness in the Asian littoral while encouraging Beijing to play more responsible and constructive roles".<sup>57</sup>

The symmetry in Japan's and China's reliance on extended Indian Ocean SLOC for supplies of energy and raw materials, while providing a basis for limited counter-piracy cooperation, has also been perceived as a mutual area of vulnerability. China's 'Malacca Dilemma' was one manifestation of such

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<sup>56</sup>Patalano, 'Japan as a Seapower: Strategy, Doctrine and Capabilities under Three Defence Reviews, 1995-2010', pp. 403-41. See also Kotani, 'Japan's Changing Maritime Strategy in East Asia', p. 95.

<sup>57</sup> Kotani, 'Japan's Changing Maritime Strategy in East Asia', pp. 101-2.

fears.<sup>58</sup> Because Japan's potential vulnerability to SLOC interdiction is more acute, Tokyo's security establishment is sensitive to suggestions that China's strengthening naval capability could in future be used to interdict Japan's maritime supply routes through the South China Sea.<sup>59</sup> The prospect of a sustained naval campaign to interdict seaborne imports may appear questionable in the early twenty-first century, given the prohibitive costs that would be involved in undertaking a distant blockade for any meaningful duration. However, the fear of deliberate SLOC disruption at a distance or even indirect pressure on maritime communications through the use of proxy forces percolates through Japanese and Chinese thinking about their respective strategic vulnerabilities and the other's intentions. There may be a mirror-imaging, action-reaction dynamic in evidence, illustrated by calls for Japan to develop its own version of China's A2/AD strategy.<sup>60</sup>

Beyond the stand-alone capabilities of Japan's Self Defence Forces, China's strategic calculations must also take into account the US-Japan alliance. Japan, as noted, hosts major US power projection and surveillance assets, such that it should be considered the fulcrum of the US force posture in the Western Pacific. Since the US-Japan security partnership is essentially a maritime alliance, navy-to-navy ties have always constituted its strongest inter-service link, characterised by close integration of platforms, weapons systems, operational concepts and data-sharing between the US Navy and the JMSDF. The Guidelines for US-Japan Defence Cooperation are currently being revised, with the potential for closer coordination on functional areas, such as anti-submarine warfare, missile defence and intelligence-sharing. These are at least implicitly benchmarked against China's expanding maritime capabilities (with North Korea an important but secondary concern). In strategic terms, therefore, the maritime balance between Japan and China is in reality triangular.

This triangular factor is most evident in relation to the question of whether the United States would defend the Senkaku/Diaoyu islands against armed aggression from China. Senior US officials over recent years have sought to reassure Japan by clarifying that the US treaty defence guarantee applies to all islands under Japanese 'administration', although Washington continues to distance itself from taking a position on the sovereignty dispute *per se*. This effort at reassuring sceptics in Japan culminated in the first-ever statement by a sitting US president, in April 2014, that "Article 5 (of the treaty) covers all territories under Japan's administration, including the Senkaku Islands".<sup>61</sup>

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<sup>58</sup> Sakhuja, *Asian Maritime Power in the 21<sup>st</sup> Century*, p. 84.

<sup>59</sup> Graham, *Japan's Sea Lane Security, 1940-2004*, pp. 202-27.

<sup>60</sup> Toshimichi Nagaiwa, 'A Technical Aspect of ADIZ', AJISS Commentary, No. 190, Japan Institute for International Affairs, 17 January 2014.

<sup>61</sup> Mizuho Aoki, 'Obama Assures Abe on Senkakus', *Japan Times*, 24 April 2014, <[www.japantimes.co.jp/news/2014/04/24/national/obama-tells-abe-security-treaty-covers-senkakus/#.U50HNkDNx3A](http://www.japantimes.co.jp/news/2014/04/24/national/obama-tells-abe-security-treaty-covers-senkakus/#.U50HNkDNx3A)> [Accessed 10 January 2015].

From the viewpoint of deterrence theory, the existence of the US security guarantee to Japan is the factor most likely to dissuade a rising and potentially revisionist China from using military force in the East China Sea. Nevertheless, according to Patalano, by 2010, "In emergency situations, the JMSDF considered its responses to be coordinated with US Navy, but it assumed that it had to be self-sufficient in those scenarios (like small-scale incursions against remote islands) that would not necessarily prompt an American intervention".<sup>62</sup> In addition to interoperability with the United States, the JMSDF has modernised its capabilities to maintain a qualitative edge.<sup>63</sup> However, the scale and speed of China's naval modernisation, and the parallel expansion of its civilian maritime law enforcement capabilities, has eroded Japan's technological lead. An intangible, but potentially significant 'unknown' in the Japan-China strategic maritime equation is the lack of combat experience on both sides, a factor which may introduce a level of behavioural unpredictability when it comes to managing incidents and encounters at sea, as suggested when Chinese warships employed fire-control radar on a Japanese destroyer and helicopter in separate incidents in the East China Sea in January 2013.<sup>64</sup>

In terms of hard security, Japan has ultimately relied on the US Navy since 1945 to secure its commercial SLOCs and energy supplies through the Indian Ocean and the South China Sea. China, by contrast, has no collective security arrangements in place to serve its extensive SLOC security requirements. Despite its rapid expansion in recent years, the PLA-N does not have the means, now or for the foreseeable future, independently to secure its seaborne energy supplies across the Indian Ocean in terms of national defence capability. Since yielding its status as the world's number one oil importer to China, the United States has continued to reduce its dependence on Gulf energy suppliers while simultaneously paring back defence budgets, raising questions about the long-term willingness of the US Navy to act as the guarantor for energy supply routes used not only by Washington's closest Asian ally, Japan, but its most likely 'peer competitor', China. In this uncertain context, it has been mooted that Japan and China, as East Asia's two largest importers of oil from the Middle East, could in future

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<sup>62</sup> Patalano, 'Japan as a Seapower: Strategy, Doctrine and Capabilities under Three Defence Reviews, 1995-2010', p. 420.

<sup>63</sup> Kotani, 'Japan's Changing Maritime Strategy in East Asia', p. 96.

<sup>64</sup> 'Illumination' may be a more accurate way to describe what occurred than a 'lock-on' (as widely reported at the time), given that the radar contact was fleeting. Regardless of the duration, the use of fire-control radar is certain to have alarmed the Japanese authorities because the frequencies involved are distinct from search radars, and imply the imminent engagement of a warship's weapons systems, hence signaling hostile intent. For a recent consideration of the escalation risks involved in a Japan-China armed conflict scenario, see Robert Ayson and Desmond Ball, 'Can a Sino-Japanese War be Controlled', *Survival*, vol. 56, no. 6 (2014), pp. 135-66.

actively cooperate to secure their common Indian Ocean and Southeast Asian SLOC.<sup>65</sup>

The navies of China and Japan have for several years operated alongside each other as independent contributors to the international naval coalition assembled to counter piracy in the Gulf of Aden and Indian Ocean. In fact, on the same day in September 2010 when a Chinese fishing boat rammed a Japan Coast Guard (JCG) vessel in the East China Sea precipitating a downturn in bilateral relations, a Chinese warship in the Gulf of Aden was cordially hosting a contingent of JMSDF personnel, demonstrating the contrasting potential for bilateral maritime cooperation at a geographical distance.<sup>66</sup> In early 2012, China, Japan and India agreed to coordinate their naval anti-piracy patrols. In reality, this may have been little more than a basic de-confliction arrangement with limited operational content, but nonetheless illustrates a shared interest in maintaining the security of merchant shipping against the common threat posed by piracy and maritime crime<sup>67</sup>.

### **Maritime Disputes in the East China Sea: Stranded by identity Politics**

The third major influence on the Japan-China maritime dynamic is the hardest to quantify, being rooted in the domestic politics of both countries and the perceptions of decision-makers and ordinary people. But owing to the destabilising influence of the Senkaku/Diaoyu issue, it may be the most pivotal.

The territorial and boundary disputes in the East China Sea are frequently portrayed as 'resource-driven', particularly in relation to energy. Some Japanese commentators have attributed China's prioritisation of the Senkaku/Diaoyu dispute to a function of PLA military strategy, based on the islands' assumed strategic value as stepping stones on the First Island Chain, astride important naval and economic SLOC.<sup>68</sup> In China, recovery of the Diaoyu islands is linked politically to re-unification with Taiwan, since the historical basis for China's claim runs through the latter. Statements via Chinese official media, including a 2013 editorial in the People's Daily questioning Japan's sovereignty throughout the Ryukyu island chain

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<sup>65</sup> The suggestion that China and Japan should cooperate to secure their common sea lines of communication (SLOC) security interests is not new. For example, Ji Guoxing, 'SLOC Security in the Asia Pacific', Asia Pacific Center for Security Studies, Occasional Paper, Honolulu, February 2000, <[www.apcss.org/Publications/Ocasional%20Papers/OPSloc.htm](http://www.apcss.org/Publications/Ocasional%20Papers/OPSloc.htm)> [Accessed 10 September 2014].

<sup>66</sup> Interview with Japan Ministry of Defence official, Tokyo, 18 December 2010.

<sup>67</sup> Nitin Gokhale, 'Indian, China and the Pirates', *The Diplomat*, 06 March 2012, <[thediplomat.com/2012/03/india-china-and-the-pirates/1/](http://thediplomat.com/2012/03/india-china-and-the-pirates/1/)> [Accessed 10 September 2014].

<sup>68</sup> For example, Akimoto Kazumine, 'The Strategic Value of Territorial Islands from the Perspective of National Security', Ocean Peace Research Foundation, Tokyo, 9 October 2013, <[islandstudies.oprf-info.org/research/a00008/](http://islandstudies.oprf-info.org/research/a00008/)> [Accessed 10 January 2015].

(including Okinawa) have fanned apprehensions in Japan that China's claim to the Senkaku/Diaoyu islands will turn out to be the thin end of a long territorial wedge.<sup>69</sup> Daqing Yang has noted how diametrically opposite views of history underlie official narratives in Japan and China regarding 'ownership' of the Senkaku/Diaoyu islands. According to the Chinese viewpoint, the islands were 'stolen' at the start of a prolonged period of "unrelenting Japanese expansion at (China's) expense", thus giving them value as symbols of China's victimisation during its "century of humiliation". Conversely, the Japanese viewpoint asserts that the islands, as *terra nullius*, were acquired by Japan as part of a "lawful territorial consolidation unrelated to its overseas military ventures or colonial expansion."<sup>70</sup> These inter-woven narratives have augmented and distorted the role of the Senkaku/Diaoyu islands within nationalist discourses in Japan and China, imbuing the islands with symbolic value far in excess of their limited material worth.

As argued above, the importance of energy resource competition as a driver of maritime disorder and conflict in the East China Sea is easily overstated. Equally, the strategic value of the Senkaku/Diaoyu islands, as real estate, appears questionable except as surveillance outposts, given their small size and lack of defensive depth. The fact that the islands are uninhabited also removes an important political dimension to the dispute in comparison with Taiwan or the Southern Kuriles/Northern Territories, for example. The explanation as to why the islands have become the focus for serious and sustained tensions between Japan and China therefore lies in more non-tangible factors. As Gilbert Rozman has argued convincingly:

The Senkaku/Diaoyu dispute is not driven, as some argue, by natural resources, and is much more than a clash over control of critical maritime routes, as many realists conclude. It is a test of two national identities in the process of being reshaped by leaders with far-reaching ambitions.<sup>71</sup>

It is the importance the islands command as symbols in a zero-sum contest over sovereignty, and by extension political legitimacy, that has elevated the dispute to a level that, since mid-2012, has effectively held the bilateral relationship hostage to a single issue. This has had the unfortunate effect of rendering the maritime domain as an arena for almost daily confrontations

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<sup>69</sup> 'Okinawa Piques Chinese Papers', *New York Times*, 8 May 2013, <[www.nytimes.com/2013/05/09/world/asia/okinawa-piques-chinese-papers.html?\\_r=0](http://www.nytimes.com/2013/05/09/world/asia/okinawa-piques-chinese-papers.html?_r=0)> [Accessed 10 January 2015].

<sup>70</sup> Daqing Yang, 'History: from Dispute to Dialogue', in T. Arai, S. Goto, Z. Wang (eds), *Clash of National Identities: China, Japan and the East China Sea Territorial Dispute*, Woodrow Wilson Center, 2013, <[www.wilsoncenter.org/sites/default/files/asia\\_china\\_seas\\_web.pdf](http://www.wilsoncenter.org/sites/default/files/asia_china_seas_web.pdf)> [Accessed 10 January 2015], p. 23.

<sup>71</sup> Gilbert Rozman, 'The Sino-Japanese Clash: What is behind it?', Foreign Policy Research Institute E-Notes, May 2013, <[www.fpri.org/articles/2013/05/sino-japanese-clash-what-behind-it](http://www.fpri.org/articles/2013/05/sino-japanese-clash-what-behind-it)> [Accessed 10 January 2015], p. 1.

between the JCG and Chinese government vessels and military aircraft around the islands.<sup>72</sup>

It is beyond the scope of this article to chart in detail the background to the Japanese central government's decision to nationalise the Senkaku islands, through the purchase of three of its five constituent features, but domestic politics in both countries was instrumental to the escalation of the dispute into a full-blown diplomatic crisis.<sup>73</sup> Tension between Tokyo and Beijing over the islands is not, of itself, new. The dispute has periodically triggered frictions in Japan-China relations that have erupted at least once per decade since the normalisation of diplomatic relations (for example, in 1978, 1987 and 1996, 2005 and 2010). Bouts of earlier diplomatic tension have been occasioned by tit-for-tat landings on the uninhabited islands by nationalists from Japan, China, Hong Kong or Taiwan. However, such episodes have in the past subsided relatively quickly, without poisoning the political relationship. By contrast, the flare-up occasioned by the Japanese government's 'nationalisation' not only prompted unprecedented anti-Japanese protests in Chinese cities and belligerent rhetoric in the short term, but has continuously dominated the political relationship for more than two years, effectively freezing Japan-China ties at a low ebb of official activity and mutual recrimination.

At the political level, the inability, or unwillingness, of leaders on both sides to break out of the current action-reaction cycle owes in part to the thinning out of links between Japanese and Chinese politicians. What helps to sustain the current conflictual dynamic is the absence of senior figures with the credibility, experience and motivation not simply to act as government envoys but to conduct informal diplomacy that in previous decades helped to insulate bilateral relations against ideological or personality factors on the part of either leadership.<sup>74</sup> China's official anger has hinged on the argument that the Democratic Party of Japan (DPJ) Noda administration's decision to purchase three of the islands from a private landowner was a provocative revision of the status quo tacitly agreed upon at the time of diplomatic normalisation. Japan's central government has in turn rationalised the nationalisation decision as a damage-limitation measure to pre-empt the expressly nationalistic purchase campaign led by the conservative former Governor of Tokyo Ishihara Shintaro.<sup>75</sup> Gavan McCormack has charted in detail how the

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<sup>72</sup> 'China Says Japan Fighter Jets Shadowed its Planes over Disputed Waters', *Reuters*, 7 August 2014, <[www.reuters.com/article/2014/08/07/us-china-japan-idUSKBN0G70B220140807](http://www.reuters.com/article/2014/08/07/us-china-japan-idUSKBN0G70B220140807)> [Accessed 10 September 2014].

<sup>73</sup> For a full and detailed accounting, see: International Crisis Group, *China-Japan Relations On the Rocks*, Asia Report No. 245, 8 April 2013, <[www.crisisgroup.org/~media/Files/asia/north-east-asia/245-dangerous-waters-china-japan-relations-on-the-rocks.pdf](http://www.crisisgroup.org/~media/Files/asia/north-east-asia/245-dangerous-waters-china-japan-relations-on-the-rocks.pdf)> [Accessed 10 January 2015].

<sup>74</sup> *Ibid.*, p. 32.

<sup>75</sup> Euan Graham, 'China-Japan Tensions: Heading for the Rocks?', RSIS Commentary 173/2012, 13 September 2012.

Senkaku islands became deeply embroiled as an identity symbol in Japan's domestic politics during 2012. Initially, as the relatively moderate Noda administration sought to respond to the popular campaign led by Ishihara, it adopted increasingly intransigent language in relation to the islands. Following the nationalisation of the islands in September, Prime Minister Noda quickly re-branded the Senkaku islands as "intrinsic territory" (*koyu no ryodo*), implying that there could be no dispute or negotiation over their status. During the subsequent Lower House election campaign, Shinzo Abe ratcheted up the political rhetoric further, featuring the Senkaku islands within his overall campaign slogan of "taking back the country", in spite of the fact that Japan remained in effective control of the islands.<sup>76</sup>

Impending political transition was a common factor that contributed to the hardening of positions on both sides, as the diplomatic fallout escalated after September 2012. This was most obviously the case in Beijing, straddling the succession from fourth to fifth generation Communist Party leaders under Xi Jinping. Japan too was at a political watershed, with the centre-left DPJ administration, its popularity waning, facing elections in the Lower House of the Diet. In December 2012, the conservative Liberal Democratic Party was returned to power with an unexpectedly strong electoral victory under Abe, who campaigned on an avowedly nationalist platform.

While the Abe administration refuses to recognise, in legal terms, that it has a territorial dispute with China, it has notably refrained from measures certain to elicit an escalatory counter-response from Beijing, including the economic development, settlement or fortification of the islands. Nevertheless, the Chinese Government's response, sustained well beyond the immediate leadership transition to Xi Jinping, has raised the ante from diplomatic protest and counter-protest to a concerted campaign aimed at *physically* challenging Japan's claim to exercise administration over the islands, including regular surface and air incursions within the surrounding territorial sea. According to Japanese claims, between 11 September 2012 and 19 June 2013, China sent government vessels into territorial waters around the islands a total of forty-seven times. The short-term diplomatic objective of such tactics has been to pressure Japan to admit officially that there is a dispute over sovereignty, longer term at testing Japan's resolve.

In November 2014, following a period of more than two years in which the political leaders of Japan and China had no substantive contact, President Xi and Prime Minister Abe met finally on the sidelines of the Asia Pacific Economic Cooperation (APEC) summit in Beijing. A carefully worded joint statement was released acknowledging that both parties hold differing views on the status of the Senkaku/Diaoyu, without implying any concession on the

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<sup>76</sup> Gavan McCormack, 'Much Ado over Small Islands: The Sino-Japanese Confrontation over Senkaku/Diaoyu', *The Asia Pacific Journal: Japan Focus*, vol. 11, Issue 21, no. 3 (27 May 2013), <japanfocus.org/site/make\_pdf/3947> [Accessed 10 January 2015].

question of sovereignty.<sup>77</sup> ‘Defending Japanese sovereignty’ and ‘recovering Chinese sovereignty’ in the Senkaku/Diaoyu islands have become mutually exclusive *idées fixes*, anchored in identity politics, and closely associated with the political legitimacy and fortunes of incumbent leaders in both countries. The Westphalian concept of sovereignty as an irreducible and non-divisible commodity is, in many ways, the enemy of compromise between China and Japan. One Chinese scholar has suggested that China and Japan should “consider moving away from the Westphalian model of exclusive territorial sovereignty” in order to escape a zero-sum mentality trap.<sup>78</sup> However, there is little indication that political elites in either country are prepared to moderate their claims.

Risky as the prevailing situation in the East China Sea remains, that this deliberate pattern of intrusion has not resulted in any serious collisions, loss of life or exchange of fire suggests a degree of tactical forbearance by both sides, given that their overlapping patrols are aimed at asserting, and in Japan’s case enforcing, rival sovereignty claims. It should further be noted that the navies of both countries have been assigned a mainly rearguard role around the Senkaku/Diaoyu islands, as a ‘fire-break’ against military escalation. The fire-control radar ‘illumination’ incident of January 2013, as most serious directly involving naval vessels since the current round of tensions began, in fact took place some distance from the islands.

Chinese law enforcement vessels have more recently restricted their counter-sovereignty operations to elliptical transits within the 12 nm limit around the Senkaku/Diaoyu islands.<sup>79</sup> When their presence has been prolonged this has usually followed ‘provocations’, such as Japanese cabinet ministers visiting the Yasukuni shrine, underlining the explicit linkage to wider ideational irritants in the bilateral relationship. JCG patrol ships for their part have routinely demanded that Chinese government vessels entering territorial waters around the islands vacate the area, but stopped short of boarding or other ‘kinetic’ tactics risking injury or loss of life. While the patrols and counter-patrols around the Senkaku/Diaoyu islands have become almost scripted encounters, close encounters in the air have more potential for escalation and miscalculation given the limited reaction times involved. Japan has protested against a number of close aerial encounters over the East China Sea,

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<sup>77</sup> Aurelia George Mulgan, ‘Abe’s Humiliation in Beijing’, *The Diplomat*, 17 November 2014: <thediplomat.com/2014/11/abes-humiliation-in-beijing> [Accessed 10 January 2015].

<sup>78</sup> Quansheng Zhao, ‘No War in the East China Sea’, in T. Arai, S. Goto and Z. Wang (eds), *Clash of National Identities: China, Japan and the East China Sea Territorial Dispute*, Woodrow Wilson Center, 2013, <www.wilsoncenter.org/sites/default/files/asia\_china\_seas\_web.pdf> [Accessed 10 January 2015], p. 53.

<sup>79</sup> Japan has not delimited an Exclusive Economic Zone around the Senkaku/Diaoyu islands.

involving civilian and military aircraft.<sup>80</sup> The long-term implications of China's overlapping ADIZ in the East China Sea remain unclear.

Prior to 2012, awareness of the risks of escalation in the East China Sea prompted official efforts, on both sides, to improve crisis management and communications procedures. From 2008, substantive contacts took place, chiefly between the two defence ministries, with the aim of putting in place maritime confidence-building measures and 'hotline' communications mechanisms. Among these were the Japan-China Maritime Communications Mechanism, the Maritime Search and Rescue Cooperation Agreement and the High-Level Consultation on Maritime Affairs.<sup>81</sup> By June 2012, these initiatives to improve maritime links between navies and government agencies from Japan and China had yielded agreement in three areas: first, to hold annual working level discussions; second, to set up a maritime crisis hotline; and third, to establish agreed communications protocols in the case of unplanned encounters between PLA-N and JMSDF vessels.

While the level of interaction between the two defence ministries was relatively advanced, Japan experienced less success extending the arrangements to the various Chinese civil law enforcement agencies. A parallel dialogue track between the JCG and China's Maritime Safety Administration, originating from a March 2009 meeting in Beijing, made further progress towards a bilateral Search and Rescue agreement. In a sign of growing confidence, in December 2011 this progressed to an agreement in principle between Premier Wen Jiabao and Prime Minister Noda Yoshihiko at a meeting that further saw the establishment of a High-Level Consultation on Maritime Affairs—in mutual recognition of the need to extend to growing Japan-China maritime exchanges an appropriate level of political cover. However, the political oxygen necessary to sustain these bilateral maritime confidence-building and crisis management links quickly dissipated following the Noda administration's decision to purchase the islands. Despite Japan's attempts to re-kindle working-level contacts and resuscitate the Maritime Communications Mechanism following the APEC summit meeting, inertia rooted in identity politics continues to stand in the way of realising crisis management mechanisms already agreed to in principle by defence officials on both sides.

## **Conclusion**

At a geopolitical level, Japan and China's embrace of a national maritime strategic imperative within the spatially limited confines of the East China Sea appears threatening to the other, fanning a security dilemma to which the US-

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<sup>80</sup> Martin Fackler, 'Japan Protests Chinese Flybys Over East China Sea', *New York Times*, 11 June 2014, <[www.nytimes.com/2014/06/12/world/asia/japan-protests-chinese-flybys-over-east-china-sea.html?\\_r=0](http://www.nytimes.com/2014/06/12/world/asia/japan-protests-chinese-flybys-over-east-china-sea.html?_r=0)> [Accessed 10 January 2015].

<sup>81</sup> James Przystup, John Bradford and James Manicom, 'Japan-China Maritime Confidence Building Communications Mechanisms', Pacnet number 67, 20 August 2013, <[csis.org/files/publication/Pac1367.pdf](http://csis.org/files/publication/Pac1367.pdf)> [Accessed 10 January 2015].

Japan alliance framework lends a triangular dimension. Compounding these strategic frictions are ideational factors, in the form of unresolved historical and mutually exclusive narratives that project nationalist symbolic value on 'recovering' and 'defending' sovereignty over the Senkaku/Diaoyu islands. This ideational trend became reactively amplified during parallel domestic political transitions in both countries, in 2012. The currently choppy waters in the East China Sea therefore echo the broader Sino-Japanese dynamic.

Until 2008, joint development of seabed energy resources in the East China Sea appeared to be progressing under the Principled Consensus. However, since 2010 strategic distrust and nationalist tension has prevailed over the liberal paradigm. Considerable scope nonetheless exists for China and Japan to leverage the benign qualities of the sea through maritime cooperation at a geographical remove, based on their substantial shared interests in the smooth functioning of the global maritime transportation system, including SLOC security and counter-piracy.

Coinciding with increased maritime tensions, economic integration between Japan and China has begun to plateau. A causal relationship between these trends does not automatically follow and the depth of economic ties between the two countries, including an active seaborne commercial component, has to be factored in as significant 'ballast' within the overall relationship. However, if the political animus towards Japan currently evident in China percolates further into the commercial relationship, as potentially foreshadowed by the *Baosteel Emotion* case, the liberal promise of maritime economic cooperation could be fundamentally challenged.

That China naturally aims to exert greater control over its maritime periphery, while acquiring the means to project its forces further out, from the 'green' waters around its continental shelf to the 'blue' waters beyond the First Island Chain does not necessarily signal aggressive intent, though it may easily appear menacing to Japan. That China should perceive Japan as a constraint on its maritime ambitions is also understandable, since Japan's island arc is both a natural screen blocking China's access to the Pacific north of Taiwan and serves a platform for US forward military deployment. These mutually reinforcing threat perceptions are likely to sustain the security dilemma, manifested in a tense and sometimes openly hostile relationship between China and Japan, for as long as Beijing views the US-Japan maritime axis as aimed at containing the growth of Chinese power, and Tokyo perceives itself as targeted in China's pursuit of 'maritime power'.

Geostrategic factors may explain 'structural' frictions in the Japan-China relationship, and an action-reaction dynamic in the maritime security and defence postures being pursued by Beijing and Tokyo. However, to account for the dramatic deterioration in Japan-China relations since 2012, we must additionally factor in the ideational value attached to the Senkaku/Diaoyu islands as the symbolic embodiment of a bitterly contested sovereignty that

became politicised during parallel leadership transitions in both countries, with both Xi Jinping and Shinzo Abe investing their political capital heavily in pursuit of policy positions that still appear difficult to reconcile, despite a lowering of tensions in recent months.

The sea, itself, retains its dualistic nature, as a neutral element in the ebb and flow of conflict and cooperation between China and Japan: part buffer, part enabler as well as the abode of natural resources subject to competing claims. Unlike in Japan's pre-modern history, when the East China Sea could serve as a moat behind which Japan could maintain a deliberate distance from the Asian continent, a maritime buffer alone is no longer sufficient to contain a confrontational dynamic that currently defines Japan-China maritime relations across the economic, political and strategic spectrum.

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