

**A TALE OF TWO
CONFLICTS: THE
EAST AND SOUTH
CHINA SEAS
DISPUTES AND THE
RISK OF WAR**

Policy Report
January 2015

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EXECUTIVE SUMMARY

The rise of China has been the source of much analysis and debate, primarily about whether its rise is disruptive to the security and stability of East Asia. As if in tandem with one another, the rise of tensions in the East and South China Seas have been capturing headlines since 2009. There are many commonalities, notably: (i) that China is a competing claimant; (ii) that there are similar issues of international law that are raised; (iii) that hydrocarbons and fish are contested natural resources within the region; and (iv) that both sets of disputes involve U.S. treaty allies. However, the differences are striking: (i) that some of the legal issues in the South China Sea dispute have been submitted to international adjudication; (ii) that the South China Sea disputes are much more multilateral in nature than the East China Sea disputes; and (iii) that Japan is a much more formidable military opponent

to China than either Vietnam or the Philippines. The commonalities and differences between these two regional disputes reveal much about which dispute is more likely to erupt into conflict and if conflict were to erupt, which dispute would prove more catastrophic. The presence of an intense anti-Japan nationalism in China points to the East China Sea being more likely to erupt into conflict than the South China Sea disputes. But despite this, Japan's comparative military prowess, coupled with its solid security alliance with the United States, imposes a sobriety on China's decision-makers, making that region less likely to erupt into conflict than the South China Sea dispute. The only true resolution to these disputes is formal adjudication of maritime and sovereignty rights, but such a resolution is exceedingly unlikely. Despite this, all parties involved can take steps to prevent conflict, and if conflict erupts, to mitigate it.

INTRODUCTION

It is certainly not the best of times in East Asia. While it is not quite the worst of times, the current trends point to worsening relations in the region. Part of this dynamic is due to the rise of the People's Republic of China (China). The rise of China in the region has been remarkable and positive from an economic standpoint, but increasingly unnerving from a security standpoint. Specifically, China is becoming more assertive in enforcing its territorial claims, and the last few years have seen the parallel rise in tensions over China's territorial claims in both the South China Sea and the East China Sea.¹ China's claims are sparking tension because they are disputed by other countries; Japan in the East China Sea and the Philippines, Vietnam, Malaysia, and Brunei in the South China Sea.

The purpose of this paper is to identify the

commonalities and distinguishing characteristics between the two disputes. After these distinctions have been drawn, I shall analyse which region is more likely to erupt into war and if war were to erupt, which region's war would be comparatively more catastrophic. I conclude with a review of what can be done to reduce the likelihood for conflict in both areas.

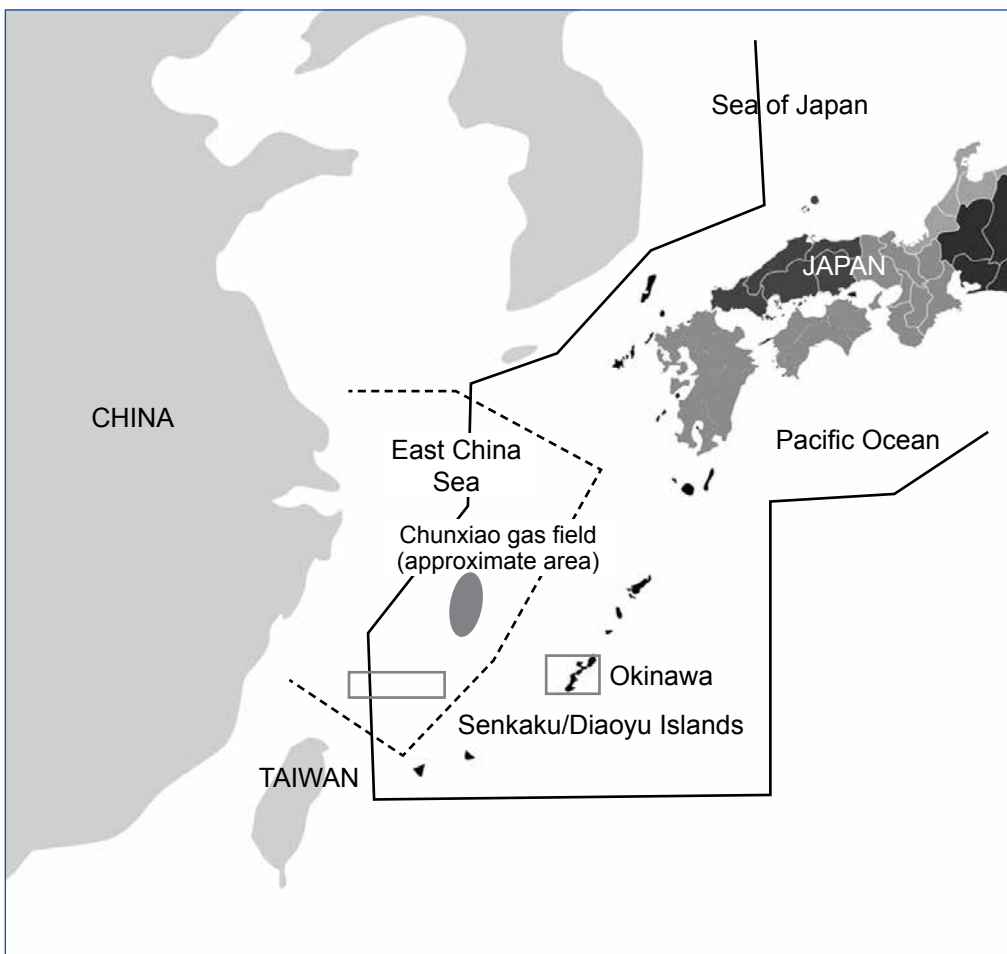
We will see that while the commonalities of disputes bind the disputes together, there are certain differences as well. These differences all act as braking mechanisms to major conflict. In other words, while the East China Sea dispute possesses a higher ceiling for regional, if not global catastrophe than the South China Sea dispute, these important distinctions impose greater policy sobriety on any escalatory actions, reducing the likelihood for war in the East China Sea.

¹ See generally, Zachary Keck, "Asia's Maritime Disputes 101: The Council on Foreign Relations' new interactive overview of China's maritime disputes is not to be missed", *The Diplomat* (September 27, 2013). Accessible at: [http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#/#/](http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#/)

COMMONALITIES

Not surprisingly, these two disputes have much in common, so much so that national leaders of competing countries look to the other dispute as a harbinger of things to come and/or as a source of lessons learned that can be applied to their

own dispute. The presence of China, the nature of the international legal questions, and the natural resources in the regions are commonalities of the two regional disputes.



Commonality I: China is the common denominator in the disputes

The East China Sea dispute poses China against Japan in competing sovereignty claims over a set of islets known as the *Diaoyus* in Chinese and *Senkakus* in Japanese. This regional dispute also entails a maritime border claim over where China's and Japan's Exclusive Economic Zones (EEZs) extend to in the East China Sea; China draws it at the Okinawa trough just west of the *Ryukyu* island chain, while Japan draws it halfway between the *Ryukyus* and the Chinese mainland.

The South China Sea dispute positions China in a sovereignty dispute over two primary sets of islets in the region — the Spratlys and the Paracels. Also claiming sovereignty over various isles in the Spratly group are the Philippines, Vietnam, Malaysia, and Brunei. Vietnam has competing sovereignty claims over the Paracels. The Philippines has a competing claim with China over Scarborough Shoal, north of the Spratlys. The South China Sea dispute also entails competing maritime border claims, with China's "nine-dash line" encompassing roughly 60 per cent of the South China Sea. However, Beijing has not clearly articulated if this line covers only the land features and their maritime zones therein, or all of the land and water area within the line.² This line overlaps the EEZs asserted by the Philippines, Vietnam, Malaysia, Brunei, and to a lesser degree, Indonesia.³ In both the East and South China Sea, China, because it considers both sets of islets part of its territory and in some venues has referred to them as a "core interest", is the common claimant that has to a large extent been driving the dynamics in the region thus far.⁴

Commonality II: There are similar legal questions and dynamics

Both disputes raise similar questions of law and therefore similar sources of law to resolve

these questions. The first area of law is maritime boundaries. Both raise the issue of how and where a maritime boundary can be drawn. In the East China Sea, China defines its maritime boundary along its continental shelf which ends at the Okinawa Trough. Japan draws its maritime boundary halfway between the *Ryukyus* and the Chinese mainland. In the South China Sea, China draws its maritime boundary through the nine-dash-line that it first promulgated in 1947 and later submitted to the UN Commission on the Continental Shelf in 2009. However, China has never articulated precise latitudes and longitudes of the nine-dash-line and all other countries in the region assert there is no basis for this line under the United Nations Convention for the Law of the Sea (UNCLOS), which is the governing body of law for determining maritime boundaries.⁵

Both disputes entail sovereignty claims as well. In the East China Sea, China makes claims over *Diaoyus* based on discovery and historical usage. Taiwan — which calls the islets the *Diaoyutais* — shares China's legal assertions. Japan claims the *Senkakus* based on discovery, usage, and occupation. The ideal forum settling disputes of sovereignty would be the International Court of Justice, which would examine international jurisprudence for guidance on determining title over these islets. In the South China Sea, China claims sovereignty based on discovery and usage over both the Spratly and Paracel Islands. Taiwan also shares this claim and occupies the Spratly island of *Tai ping Dao* (aka *Itu Aba*). China occupies all of the Paracels and eight of the Spratlys. Vietnam claims all of the Paracels and most of the Spratlys, 20 of which it currently occupies. Vietnam bases its claim on historical usage and the grandfathering of French usage when Vietnam was part of the *Indochine française* colony (1887–1954). The Philippines uses proximity and historical usage for its specific Spratlys and Scarborough Shoal claims.

2 Media reports frequently refer to estimates of 80 per cent or higher. The exact percentage depends upon the assumed geographic extent of the South China Sea. The dashed line encompasses 62 per cent of the waters in the South China Sea when using the limits that are described in the International Hydrographic Organization's (IHO) S-23 Limits of the Oceans and Seas (1953), available from IHO at: http://www.iho.int/iho_pubs/IHO_Download.htm#S-23. The S-23 describes the limits for the South China Sea as including the Taiwan Strait, the Gulf of Tonkin, and what is sometimes referred to as the Natuna Sea.

3 See generally, Joshua Kurlantzick, "Jokowi's Maritime Doctrine and What it Means", *Council on Foreign Relations-Asia Unbound*, (November 25, 2014).

4 *Kyodo News International*, "Senkaku Islands are 'core interest' of China, Xi tells Obama" (June 11, 2013), *Global Times*, "China patient, not reckless, over islands" (July 1, 2012).

5 United Nations Convention on the Law of the Sea, Dec. 10, 1982, 21 *I.L.M.* 1261.

Commonality III: There are similar contested resources

The first contested resource is hydrocarbons.⁶ Oil reserves for the East China Sea vary within a general range. Official Chinese unproven oil reserve estimates range from 70 to 160 billion barrels of oil (bbl) for the entire East China Sea, mostly in the *Xihu/Okinawa* trough. Yet the U.S. Energy Information Agency (EIA) estimates that the East China Sea only has between 60 and 100 million barrels of oil (mmbbl) in proven and probable reserves, which is roughly two weeks of oil for China.⁷ In the medium-term, the East China Sea is not expected to become a significant supplier of oil. The region may also have significant reserves of natural gas. The EIA estimates that the East China Sea has between one and two trillion cubic feet (Tcf) in proven and probable natural gas reserves, which translated into three to six months' worth of gas consumption in China. Chinese sources point to as much as 250 Tcf in undiscovered gas resources, mostly in the *Xihu/Okinawa* trough.

In the South China Sea, Chinese surveyors have estimated these resources to be between 105 bbls and 213 bbls, of which between 10.5 bbls and 21.3 bbls are recoverable, in addition to high volumes of natural gas. However, the U.S. Geological Survey estimates that the South China Sea contains 10 bbls of oil and 131 tcf of natural gas (which converts to about 22 bbls of oil equivalent). One recent U.S. estimate suggests that only 1.6 bbls of the oil is recoverable. An important caveat is that "undiscovered resources" do not take into account economic factors relevant to bring them into production, unlike "proven and probable reserves."

Fish is another contested resource. China, Japan and Korea intensively exploit the East China Sea for fish and algae. Among the different sea areas in the western Pacific Ocean, the East China Sea yields the greatest catch at slightly over 3.8 million tonnes, with the South China Sea output being the second highest at 3.6 million tonnes. These fish resources provide critical food supplies throughout the region: fish protein as a percentage of the public's diet is about 22.3 per cent in East Asia, compared with about 16.1

per cent worldwide. A 2014 report by the UN Food and Agriculture Organization (FAO), for example, found that China's per-capita fish consumption was 35.1 kg in 2010, nearly double the global average of 18.9 kg.⁸ China has approximately 695,555 vessels, and its commercial fishing fleet is more than double the size of Japan, which is the second largest in the region. However, the FAO cautions that most fish stocks in the western South China Sea are exploited or overexploited — that is, production of fish resources has peaked or is on the decline — and several stocks have already been depleted.⁹ Stress on this resource will only increase. By 2030, the UN projects that China's fish consumption will increase more than 60 per cent from 2008 levels, to 63.3 million tonnes — more than a third of the global total.

Commonality IV: U.S. treaty allies are in both disputes

The East China Sea dispute involves Japan. The Treaty of Mutual Cooperation and Security between the United States and Japan was first signed in 1952 and was later further amended in 1960. The pertinent article for mutual defence is Article V, which reads: "Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes."

One of the major competing claimants in the South China Sea dispute is the Republic of the Philippines. The U.S.-Philippines mutual defence treaty dates back to 1951. However, the level of commitment between the two signatories is generally considered to be less firm than the U.S.-Japan alliance. In this treaty the parties are only bound to consult one another when either party determines that their territorial integrity, political independence or national security is threatened by armed attacks in the Pacific. Article IV mandates that an attack on either party will be acted upon in accordance with their constitutional processes and that any armed attack on either party will be brought to the attention of the UN for immediate action.

6 For an excellent account of the hydrocarbon dynamics in the East China Sea see, Richard C. Bush, *The Perils of Proximity: China-Japan Security Relations*, Washington, D.C.: Brookings Institution Press. (2010).

7 *United States Energy Information Agency*, "Contested areas of South China Sea likely have few conventional oil and gas resources" (April 3, 2013).

8 *United Nations Food and Agriculture Organization*, "Fishery and Aquaculture Country Profiles. China" (2006).

9 *Country Profile Fact Sheets*. In: *FAO Fisheries and Aquaculture Department* [online]. Rome. Updated 1 December 2006.

DIFFERENCES

As relevant as the commonalities are between the two disputes, the differences may carry more weight. They are especially relevant in analysing which dispute is more likely to become a major conflict. These

differences are the presence of international legal processes, military capabilities of the claimants, and the bilateral dynamics in the East China Sea versus the multilateral dynamics in the South China Sea.



Difference I: Certain South China Sea legal disputes over maritime boundaries have been submitted to international arbitration

For the South China Sea, Manila submitted a Memorial to the Permanent Court of Arbitration (PCA) in The Hague in March 2014 to rule on several issues. Specifically, pursuant to Annex VII of the UNCLOS

the Philippines case, officially named *Arbitration between the Republic of the Philippines and the People's Republic of China*, seeks to have China's "nine-dash-line" declared "illegal and invalid" and to get clarification on whether specific land features in the South China Sea are "rocks," "islands," or "low-tide elevations." However, China refuses to participate in the case, arguing that the PCA has no jurisdiction over this dispute.¹⁰ A ruling is not likely prior to 2016.

¹⁰ Zhang Haiwen, "UNCLOS Cannot be Used to Deny China's Rights and Claims in South China Sea," *Beijing Review*, June 9, 2011, http://www.beijingreview.com.cn/2009news/guoji/guancha/2011-06/24/content_371530.htm.

Regarding the East China Sea, Tokyo has expressed an interest in international adjudication with China to resolve territorial disputes. Specifically, former Foreign Minister Koichiro Genba challenged China to adjudication in an op-ed published in the *New York Times* in November 2012. However, since then Genba's Democratic Party of Japan government was replaced by the current Abe administration of the Liberal Democratic Party, which has generally refused to acknowledge a dispute, precluding any international adjudication. The East China Sea has enjoyed some success in negotiated settlement *vis-à-vis* Taiwan — Taiwan shares China's claim, but has also negotiated separate fisheries agreements with Japan

Difference II: The South China disputes are generally multilateral, while the East China Sea disputes are generally bilateral

As was mentioned in the Commonalities section, the Spratly Islands dispute in the South China Sea is generally multilateral in nature. Several countries have overlapping maritime sovereignty claims boundaries in the South China Sea; notably China, Vietnam, the Philippines, Malaysia and Brunei. Moreover, these overlapping maritime zones are affected by conflicting sovereignty claims over the Spratlys and the Paracels. China, Taiwan, the Philippines, Vietnam and Malaysia all claim some or all of the Spratlys. These parties have taken diplomatic steps to resolve South China Sea disputes *via* the non-binding Declaration of the Code of Conduct of the South China Sea that was drafted in 2002, and the Philippines had tried to enlist the Association of Southeast Asian Nations to formally address this dispute. However, China had balked at drafting a binding Code.

In contrast, the East China Sea conflicting claims of sovereignty over the *Diaoyus/Senkakus* are limited to China and Japan. Taiwan shares China's claim but has not been a part of China's attempts to promote sovereignty over the isles. Furthermore, the conflict of maritime boundaries in the East China Sea is confined to China/Taiwan and Japan.

A factor that mitigates risk in the East China Sea — at least regarding economic issues — is

the fact that it is a bilateral and not multilateral contestation. This makes the likelihood of achieving a negotiated settlement mathematically easier. Reaching a compromise between two parties is generally less complicated and more likely than reaching a compromise between multiple parties. One notable success story is between Japan and Taiwan — Taiwan shares China's claim, but had also negotiated separate fisheries agreement with Japan. Encouragingly, China and Japan negotiated a fisheries agreement in 1997 that led to some temporary functional cooperation, but this has deteriorated in recent years. Moreover, China and Japan began holding bilateral talks over the East China Sea issues in October 2004. The two sides considered joint development of the resources as a means of moving forward with energy exploration but have not yet agreed on what territory such a contract would cover. In 2008, China and Japan agreed to jointly explore four gas fields in the East China Sea and halt development in other contested parts of the regions. Both sides agreed to conduct joint surveys, with equal investment in an area north of the *Chunxiao/Shirakaba* gas field and south of the *Longjing/Asunaro* gas field. However, China began to develop the *Tianwaitian/Kashi* gas field unilaterally, prompting a protest from Tokyo in January 2009. In early 2010, Japan threatened to take China to the International Tribunal for the Law of the Sea if China began extraction from the *Chunxiao/Shirakaba* gas field. Although ultimately unsuccessful, it showed a degree of progress and depth of negotiations that has not seen in the South China Sea dispute.

Difference III: Japan is a more formidable military opponent than any South China Sea claimant

Vietnam has only a respectable military force. Its naval order of battle (NOB) consists of: 42,000 sailors; 20 Ships; 10 amphibious craft; and three submarines. Its Air Force consists of: 30,000 personnel; 418 attack aircraft; 160 support craft; and 30 helicopters. Its 2014 Defence Budget is US\$3.3 billion, which is roughly 2.5 per cent of its GDP.¹¹

The Philippines armed forces are perhaps even less impressive than Vietnam's. Its NOB consists of: 24,000 personnel; 20 ships; and 10 amphibious craft. Its Air order of battle (AOB) consists of: 17,000 personnel; 12

11 *IHS Jane's 360*, World Armies-Vietnam; World Navies-Vietnam, World Air Forces-Vietnam (2014).

trainer planes but no combat jets, 32 support craft, and 88 helicopters. Manila's defence spending is projected to increase by 81 per cent from 2011 to 2017. Its 2011–2012 defence budget was US\$2.5 billion, which was only 0.8 per cent of its GDP.¹²

In contrast, Japan's military is an order of magnitude greater than either Vietnam's or the Philippines'. Its current Maritime Self Defence Force (MSDF) strength consists of: approximately 47,000 (including naval air) personnel; three helicopter carriers; 42 destroyers; six frigates; and 16 submarines.¹³ Japan's air force is quite formidable. Its Air Self Defence Force (ASDF) AOB is: approximately 43,000 personnel; 510 combat aircraft that includes 260 fighters. The Japan Coast Guard (JCG) likewise is impressive and has been building up its capability for the long-term defence of the islets. It received a budget of ¥183.4 billion (US\$1.79 billion) for fiscal 2014, a 5.5 per cent increase, owing to a government consensus that improvement is needed due to the Chinese challenge. The JCG plans to create a special unit with 626 persons to guard the islets. Ten large patrol vessels will be built, and two vessels capable of carrying helicopters will be renovated by the end of fiscal 2015. Four of the new vessels are scheduled to enter service in 2014. To respond to "more urgent situations", such as unusual

numbers of Chinese vessels, the JCG also plans to build an additional six large and four medium-sized patrol boats, and to upgrade two existing vessels capable of carrying helicopters to back up the special unit. In sum, Japan's military and coast guard forces pose a much greater threat to the Chinese military than Vietnam or the Philippines.

Perhaps the most crucial element in Beijing's calculus is the support to Japan from the U.S. military. Washington has been unequivocal that the *Diaoyus/Senkakus* — by virtue of being administered by Japan — fall under Article V of the Treaty of Mutual Cooperation and Security between the U.S. and Japan. Beijing is on notice that an attempt to acquire the *Diaoyus/Senkakus* by force could mean a fight not only with Japan and its modern navy, air force and coast guard, but with the U.S. military as well. Compounding this is the fact the U.S. has forces stationed throughout Japan that can be rapidly mobilised in the event of a Sino-Japan conflict. In contrast, even though the Philippines is also a U.S. treaty ally, the relationship is not as close as that of the U.S. and Japan. That, coupled with the lack of permanent and imposing U.S. military presence on its shores, makes the Philippines alliance with the U.S. less foreboding to Beijing.

12 *IHS Jane's 360*, World Armies-The Philippines, World Navies-The Philippines, World Air Forces-The Philippines (2014).

13 *IHS Jane's 360*, World Armies-Japan, World Navies-Japan, World Air Forces-Japan (2014).

CHINA AND JAPAN

Official Chinese policy is to assert “indisputable sovereignty” over the islets in both regions and China is refusing to compromise on issues related to these islets. Beijing does acknowledge a dispute of sovereignty over both the *Daioyus/Senkakus* and Spratlys, but insists there is no dispute over the Paracels. Much of this is due to a form of nationalism that incorporates a victim identity narrative in it. In spite of, or perhaps because of, China’s increasing wealth and power, many citizens, policymakers and members of the military continue to draw on the so-called “century of humiliation” as the framework for their views on how China should interact with other nations at the diplomatic level.¹⁴ Research reveals that it is to China’s material advantage to compromise on territorial disputes such as in the South China Sea, but it is nationalism and a victim identity which makes any Beijing compromise akin to selling out.¹⁵

If China is not likely to compromise, then the question to be raised is which region is more likely to descend into major conflict, and which conflict would be more catastrophic. With regard to Japan at least, Japan raises a level of animus in China that no country in the South China Sea can, which limits China’s ability to compromise with Japan more so than with

a South China Sea claimant. This factor points to the East China Sea being the more dangerous dispute between the two. The danger is a result of a greater potential for catastrophe due to the emotions of the Japanese and especially the Chinese populaces, along with those countries’ collective military might.

Despite this, the East China Sea, by virtue of Japan’s military capabilities and its robust security relationship with the U.S. — as evidenced by the current U.S. administration’s clear statements of supporting Japan in a *Diaoyus/Senkakus* crisis — is less likely to erupt into major conflict than is the South China Sea. Japan’s military superiority compared to the Philippines and Vietnam is not just quality of systems and platforms, it is quality of personnel as well. Beijing knows that that a conflict with Japan could yield worse consequences, both at the tactical and geo-strategic levels, than with a South China Sea rival. Beijing knows that the coercive actions it has undertaken in Mischief Reef, Second Thomas Shoal, Johnson Reef, James Shoal, and with CNOOC *Haiyang Shiyu* oil rig 981 would not likely succeed if Japan was the opponent as opposed to Vietnam, the Philippines or Malaysia, as North Korea learned in 2001.¹⁶

14 Alison Kaufman, “The ‘Century of Humiliation’, Then and Now: Chinese Perceptions of the International Order”, in *Pacific Focus*, vol. 25, Issue 1 (April 2010), pp. 1–33.

15 Ian Forsyth, “Core of the Core: China’s Interests and Priorities in the South China Sea,” in Donovan C. Chau, and Thomas M. Kane, eds. *China and International Security: History, Strategy, and 21st Century Policy*. Vol 2. (Santa Barbara, CA: Praeger, 2014).

16 James Brooke, “Koizumi Calls for Vigilance After Japan Sinks Suspicious Boat”, *The New York Times*, (December 23, 2001).

CHINA AND ITS EFFECT ON JAPAN'S NATIONAL SECURITY POLICY

In December 2013 Tokyo approved its new National Security Strategy. It also updated its National Defence Program Guidelines (NDPG) from 2010, along with its five-year Mid-Term Defence Program.¹⁷ The NDPG outlines Japan's defence posture over the next decade while the Mid-Term Defence Program sets out a five-year plan for procuring the necessary capabilities to fulfil the NDPG.¹⁸ Chinese naval activity was specifically identified as a concern in Japan's recent Defence White Paper. The latest NDPG emphasises the increasing incidence of "grey zone" situations over issues such as territory, sovereignty, and economic interests. Japan has traditionally spent the equivalent of one per cent of its GDP on defence, a figure that could grow in the near future.

China's strategic and operational calculus will heavily factor the role of the MSDF, and it should. The MSDF is mandated to defend Japan from maritime invasion and secure the safety of maritime traffic around Japan. This mission is being calibrated to the growth of China's military confidence and military presence in

the East China Sea. The Ground Self-Defence Force (GSDF) will continue its build-up of an amphibious brigade around the Western Army Infantry Regiment. Japan is also improving its Special Operations Forces Group, which would likely play a role in any *Diaoyus/Senkakus* contingency. The ASDF is also improving: it will deploy more F-15 fighters closer to the disputed *Diaoyus/Senkakus* and will double its Airborne Early Warning Squadrons. It will also expand the number of fighter squadrons. Lastly, there is a notable focus in the near-term on bolstering Japan's surveillance capabilities in the *Nansei* island chain (which includes Okinawa) nearest to mainland China; ground radar warning squadrons will be increased from eight to 28. Tokyo has also established a new policy coordination body similar to the U.S. National Security Council. Perhaps most significant is Tokyo's commencing of the process of reinterpreting its constitution to participate in collective self-defence.¹⁹ The 2014 Defence White Paper confirms all of these defence equipment plans.²⁰ Lastly, Japan's military exercises have acquired an undeniable island defence/recapture focus.

17 Ministry of Defence, "Mid-Term Defense Program", accessible in English at: http://www.mod.go.jp/e/d_act/d_policy/pdf/mid_termFY2011-15.pdf

18 Ministry of Defence, "National Defense Program Guideline", accessible in English at http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf

19 Toko Sekiguchi, "Abe's Collective Self-Defense Pitch Faces Uphill Battle" *Japan Real Time*, *The Wall Street Journal*, (May 27, 2014). Accessible at: <http://blogs.wsj.com/japanrealtime/2014/05/27/abes-collective-self-defense-pitch-faces-uphill-battle/>

20 Ministry of Defence, *Defense of Japan 2014*.

CONCLUSIONS AND DIPLOMATIC OPTIONS

The logic of these dynamics points to an Asia arms race: if Japan's relative military capability is what makes China more cautious in regards to Japan than with Vietnam or the Philippines, then in theory, the only solution to prevent a major conflict is a high quality military, which could doom the region to an on-going arms race of quality to balance China's quantity.

In the long term, the only true solution to these disputes is for all parties to settle the questions of maritime boundaries and sovereignty *via* international adjudication. However, given the political realities of the region, particularly in China, this is virtually impossible. As such, the most that can be expected at this point is baby steps of conflict prevention and conflict de-escalation. The commonalities between the disputes provide certain limited opportunities to cultivate a foundation for conflict prevention in both regions. In some instances the U.S. would be seen by Beijing as a one-sided participant, which means the local parties themselves would need to drive the efforts. Among the steps both South and East China Sea claimants could take are Incidents at Sea Agreements, particularly between China and Japan. Another is the establishment of hotlines. Malaysia and Indonesia have one, and Japan has one with Russia and South Korea. In 2006 Tokyo and Beijing reached consensus in principle on the establishing a hotline, but no major progress was made on this until 7 November 2014, when State Councillor Yang Jiechi held talks with visiting National Security Advisor of Japan Shotaro Yachi in Beijing

and drafted a four-point communiqué, which among other things, revitalised the prospects of an active hotline between the two governments in the case of an emergency.²¹

Japan has responsibilities as well. Tokyo should refrain from taking unilateral steps to solidify its sovereignty claims, such as deploying JSDF personnel on the islands, constructing a port of refuge for fishing boats, upgrading the islands' lighthouse, or deploying civil servants to manage and preserve the islands' forestry endowment or survey its marine resources. Furthermore, Tokyo should integrate the "differing positions" point of the 7 November communiqué into its official vernacular regarding the *Diaoyus/Senkakus*. This could act as its *de facto* "dispute" acknowledgement without losing face, paving the way for bilateral negotiations with China, and even commencing legal actions over the islets. Another step Beijing and Tokyo can take is to stipulate that regardless of sovereign title, the *Diaoyus/Senkakus* do not generate an EEZ or continental shelf followed by then confining the islets within their 12nm territorial sea. This issue must be handled distinctly from demarcation of the sea and from the issue of sovereignty of the islets.

While it is not likely that neither the East China Sea nor the South China Sea will witness the best of times in the near future the nature of the conflicts does not preclude preventing the worst of times. However, all parties involved must labour to prevent the worst of times from coming about.

21 Ian Forsyth, "Sino-Japan Ties: Progress at the APEC Summit?", *RSIS Commentary* 232/2014, (November 24, 2014).

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