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Not Too Peaceful:
Maritime Rifts and Governance Crises in China

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Abstract

Much attention has been paid to China’s determination to exert its influence over the East and South China seas using both political and military power. The final few weeks of 2013 saw a rapid deterioration of the diplomatic goodwill that China had built with its maritime neighbours over the past several decades, threatening regional stability and risking an arms race with the U.S., Japan, and Southeast Asia. This article draws on some snapshots of the latest sovereignty disputes in the East and South China seas and the bilateral ties across the Taiwan Strait to discuss the continuities and breakpoints in China’s strategic outreach in a multipolar world. It argues that the ability of China to pursue security interests in its maritime frontiers is largely contingent upon many circumstantial factors.

Biography


Subjects

China, Taiwan, The Philippines, International Relations, Global Security, Governance, Growth and Development, Maritime Sovereignty Disputes, East China Sea, South China Sea
Not Too Peaceful:

Maritime Rifts and Governance Crises in China

Joseph Tse-Hei Lee

Introduction

Much attention has been paid to China’s determination to exert its influence over the East and South China seas using both political and military power. The final few weeks of 2013 saw a rapid deterioration of the diplomatic goodwill that China had built with its maritime neighbours over the past several decades, threatening regional stability and risking an arms race with the U.S., Japan, and Southeast Asia. This attempt to challenge the U.S.-dominated global order clearly departed from former Chinese leader Deng Xiaoping’s diplomatic principle of lying low and biding time (taoguang yanghui), aimed at normalizing relationships with the international community and diffusing worldwide concerns about China’s threat.¹

China today projects economic and political strength to rival that of the U.S. As a state-managed economy employing gradualist reforms in a post-communist era, China distinguishes itself as a model of development for other developing countries to follow. Meanwhile, the U.S. invasion of Afghanistan and Iraq committed American military power to two costly campaigns. The failure of Washington to denuclearize North Korea and Iran destroyed the perception of the U.S. as being able to control the arms race. Detecting a shift in the balance of power in China’s favour, the Communist leadership has advocated a global order built on multilateralism, and formed alliances with many developing countries.

China under Hu Jintao marked itself by the concept of a peaceful rise (heping jueqi). Through leadership that was nonthreatening to its neighbours, China asserted that it had risen rather than stood up (qilai) in a geostrategic sense. This Chinese term for rise, jueqi, likewise contrasts with the perceived decline of the West. Harvard historian Niall Ferguson calls China an informal imperialist that exercises indirect power through economic dominance and military influence.² Hu’s vision revealed the new confidence of Chinese leaders to access energy resources, to reshape international institutions, and to compete with the U.S.³ The new President Xu Jinping has differentiated himself from Hu with a new slogan of the Chinese Dream (Zhongguo meng), expressing the desire to achieve national rejuvenation and global leadership.⁴

This article draws on some snapshots of the latest sovereignty disputes in the East and South China seas and the bilateral ties across the Taiwan Strait to discuss the continuities and breakpoints in China’s strategic outreach in a multipolar world. It argues that the ability of China to pursue security interests in its maritime frontiers is largely contingent upon many circumstantial factors, especially the negative attributes of globalization and the growth of domestic discontents.
Maritime Security in Southeast Asia

The Chinese pursuit of maritime security in Southeast Asia is far more assertive than has been acknowledged in the media. After joining the Asia-Pacific Economic Cooperation (APEC) in 1991, China used the forum to strengthen ties with maritime neighbours in order to undermine American regional influence. Seeing the U.S. trapped in the wars in Afghanistan and Iraq, China appealed to Southeast Asia by endorsing multilateral structures, promoting free trade, and initiating security arrangements. In 2005, China encouraged the formation of the East Asian Community. Initially, China wanted to create a regional forum called “ASEAN plus Three” to improve trading relations between all ten member states of the Association for Southeast Asian Nations (ASEAN) (i.e., Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and the three East Asian countries of China, Japan, and South Korea. However, Japan and other states protested and pushed China to accept the ASEAN plus Six, a larger alliance composed of Southeast Asia, China, Japan, South Korea, India, Australia, and New Zealand. The East Asian Community was designed to build a Chinese model of economic integration at the expense of the U.S. Taiwan was another major economy that was excluded, but Beijing offered Taiwanese merchants tax exemptions for exporting agricultural products to the Mainland. This development was reminiscent of the Chinese tributary system which had dominated the South China Sea before the age of Western imperialism. It remains unclear whether the current development would give rise to a China-centred economic union, and whether the Mainland market would lose its appeal in times of a financial slowdown.

Besides economic ties, the Chinese model of top-down internet governance appeals to Southeast Asia. According to Sidney Y. Liu, many Southeast Asian leaders adhered to the Chinese vision of the cyberspace as both an economic frontier to exploit and a political space to restrain. They turned to China to duplicate a wide range of surveillance technologies. Vietnam developed an internet firewall similar to China’s Great Firewall to block sensitive online information, and Malaysia installed a Chinese-style Green Dam system. The security officials from Thailand, Cambodia, and Myanmar received training from China in internet control tactics. Meanwhile China doubled up the efforts to integrate all regional telecommunication networks. The most remarkable scheme was the Great Mekong Sub-region Information Superhighway, launched in 2004 to construct a unified telecom network from Southwest China to Myanmar, Thailand, Laos, Cambodia, and Vietnam. Composed of three major telecom routes, the first one stretched from China’s Nanning through Vietnam, from Hanoi in the north to Ho Chi Minh City in the south, with parts of the cable reaching Laos and Cambodia. The second route expanded from the Chinese city of Kunming to Vientiane in Laos and Bangkok in Thailand. The third one connected Dali in China with Yangon in Myanmar. Completion of this expensive and visible telecommunication infrastructure made China a reliable ally for these countries than either the European Union or the U.S.5

The Chinese maritime military build-up is different from its concessive approach to economic matters. There have been new anxieties among littoral nations like the Philippines and Vietnam when China proclaimed the whole South China Sea to be an area of its “core concern.”6 As China invested in a blue-water navy, it regarded maritime Asia as an open frontier and saw no
limit to project its power. Since 2010, China has considered these maritime zones to be legitimate areas in which to flex its muscles, build garrisons on strategic islands, and consolidate air and naval strength against the U.S. The recent maritime sovereignty disputes have arisen due to a longstanding territorial conflict in which China proclaims to have sovereignty and control over its maritime peripheries, but Japan, Vietnam, Taiwan, Malaysia, Indonesia, Brunei, and the Philippines also claim to rule some of the resource-rich islands. In 2012, China started to prepare for conflicts on two maritime fronts: in the South China Sea with Vietnam over three island groups (i.e., the Spratlys, the Paracels, and Macclesfield Bank) and with the Philippines near the disputed Scarborough Shoal or Scarborough Reef (Huangyan Island), and in the East China Sea with Japan over the uninhabited Senkaku Islands (Diaoyu Islands). China succeeded in using Cambodia and Laos to out-maneuver the claimant countries of the ASEAN and to contain the Vietnamese and Philippine protests. This manipulative tactic was based on the premises that the U.S. had little clout to keep the ASEAN intact, and that the ASEAN lacked a political will to confront China.

Keen to consolidate his own power, China’s new leader Xi Jinping dismissed any diplomatic initiatives that would weaken Chinese sovereignty claims over the disputed territories. China, in fact, has claimed more islands and waterways than it could actually possess under the U.N. Convention on the Law of the Sea. In January 2013, Chinese coastguards set out to intercept and confiscate foreign ships entering the South China Sea, including islands claimed by Vietnam and the Philippines. Vietnam refused to back down because of domestic protests against territorial concessions with China. In the Philippines, Benigno Aquino, Jr., adopted a tougher stance on sovereignty issues than his predecessor Gloria Macapagal-Arroyo, who he condemned as appeasing Chinese aggression. In late 2013, China’s declaration of an air defence identification zone over disputed territories in the East China Sea added uncertainty to the situation and disrupted the balance of power in the western Pacific. When U.S. Vice President Joe Biden called on Xi Jinping to abandon the zone, China viewed the U.S. as an interloper to its sphere of influence and was determined to militarize the maritime frontier.

Detecting the rising discontent over China’s power projection, the U.S. has not only clarified the status of the East and South China seas as being open transportation corridors for all nations, but has also urged Japan, South Korea and ASEAN to negotiate with China multilaterally, rather than through individual bargains that would only favour Beijing at the expense of weaker states such as the Philippines and Vietnam. To the U.S. and its allies, freedom of the seas is an important international principle that guarantees the freedom of navigation for vessels of all countries. Any nation’s attempt to make an open-ocean zone fall under its territorial sovereignty contradicts this legal principle and disrupts the global system. Washington backed its rhetoric with actions that included conducting joint military drills with Japan and the Philippines to deter potential Chinese attacks, and expanding mutual defence assistance with Japan and South Korea. The Obama administration deployed an advanced missile-defence system in Japan and permitted South Korea to launch long-range ballistic missiles. In preparation for widening its influence, the U.S. strengthened the military capacities of the Philippines, Thailand, Indonesia, and Singapore, and connected the maritime disputes with its global anti-terrorist campaign against the Muslim rebels within these countries. While Washington has reassured the ASEAN of the U.S. presence vis-à-vis China, its response to a rising China seems moderate. The concern for stable Sino-American relations always takes precedence over the impulse to confrontation.
Out of fear of being marginalized, China condemned the ASEAN for siding with the U.S. In bullying Southeast Asia, it undercut decade-long diplomatic reassurances and confidence-building efforts, and overplayed its hand in declaring the new air zone. Making other countries submissive is different from the art of winning trust and exercising leadership. Trust and leadership involves a sense of responsibility to uphold international rules and norms. China’s refusal to back down in the maritime territorial disputes reveals the remnants of Cold War thinking and insensitivity toward other nations’ desires for peace and stability. The costs of the Chinese offshore power projection have outweighed all the benefits, jeopardizing its relations with Japan, South Korea and Southeast Asia. In September 2012, Prime Minister Lee Hsien-Loong of Singapore warned China not to dismiss the U.S. as a declining power, and urged Chinese leaders to resolve the sovereignty disputes through the ASEAN.10

Worse still, there was little coordination among different Chinese ministerial agencies in handling maritime crises. The Ministry of Foreign Affairs and the People’s Liberation Army lacked adequate maritime knowledge and expertise. When the Ministry of Fisheries sent its huge surveillance boats to patrol the disputed territories, the Southeast Asian governments mistook these vessels as regular naval ships, threatening regional stability and risking an arms race. The absence of interagency coordination in maritime affairs made it difficult for Chinese leaders to assess the complexity of maritime disputes and to prevent them from escalating into diplomatic incidents. For example, China began sea trials in 2011 for its first aircraft carrier, a modified version of a Soviet vessel, and planned to build more carriers to patrol the East China and South China Seas. On July 25, 2012, China surprised the world by building a garrison of 1,200 soldiers and creating the Sansha municipality on a disputed island of 2.13 square kilometres (0.82 square miles) in the Paracels, known as Xisha in the Chinese official literature. China has utilized this offshore base to patrol major waterways claimed by Vietnam and the Philippines, demonstrating its willingness to use force to defend the maritime frontier. But the tiny garrison is vulnerable to attacks by other nations because the closest Chinese territory is Hainan province, about 350 kilometres (217.48 miles) away.

These crises highlight a broader problem: no institutional mechanism exists under international law to deal with overlapping claims to maritime territories in Asia.11 The territorial disputes have sharpened the irreconcilable differences between China and neighbouring countries over the control of maritime space—especially groups of resource-rich islands—and the exercise of maritime jurisdiction related to actions taking place in international waters. Unless there is a multilateral framework to resolve conflicts among the claimant states, maritime rifts are likely to escalate, and the sovereignty disputes may prompt Japan and Southeast Asia to side with the U.S. against China.

**Bilateral Ties across the Taiwan Strait**

China’s declaration of a vast air defence identification zone in the East China Sea directly affected the Taiwan Strait theatre. If the declaration went unchallenged, this would be a green light for the creation of a zone over the South China Sea, which would threaten Taiwan’s security. As I argue elsewhere, the U.S. diplomatic cables, which were revealed by WikiLeaks,
showed joint efforts by China and the U.S. to prevent Taiwan, particularly under former president Chen Shui-bian during the period of 2000–2008, from drifting into independence. When China recognized its failure to deal with Chen’s pro-independence stance through coercive diplomacy, it turned to the U.S. for help, undermining Chen’s referendum for the island’s admission into the United Nations. International observers have confirmed some informal cooperation between Beijing and Washington as neither side wants an independent Taiwan. China fears the effect that would have on its territorial integrity, and the U.S. does not want to risk its diplomatic relationship with China and possibly a war. The cables demonstrated a qualitative shift in U.S. strategy from using Taiwan to contain the rise of China towards stabilizing the triangular relationship and maintaining the balance of power across the Taiwan Strait. In the tangled political web, everything has shifted in China’s favour. While China used economic co-optation to restrict the pro-independence force, it deliberately marginalized the nation by stopping Taiwanese participation in international organizations and by targeting its few diplomatic allies.

Despite diplomatic tensions, Taiwan’s economic ties with China have expanded since 2000. Taiwan’s investment in China amounted to US$2.6 billion in 2000, representing 34% of the country’s outward investment. This figure rose to US$14.6 billion in 2010, around 84% of its outward investment. More Taiwanese enterprises found China an attractive destination for expansion. 40% of Taiwan’s exports went directly to China in 2011 compared to 26% in 2001, and Taiwanese exports to the U.S., Japan, and the European Union declined in the same decade. China has risen to be the second important trading nation for Taiwan.

Nonetheless, distrust remained between the top Chinese and Taiwanese leaders. The threat of the Chinese invasion still loomed over the Strait. To counter this threat, Taiwan needed to acquire military technology from the U.S. to modernize its defence system. In 2008, the US$6.5 billion arms sales package included Patriot anti-ballistic missiles, a retrofit for E-2T anti-submarine aircraft, Apache helicopters, Harpoon anti-ship missiles, and Javelin anti-vehicle missiles. In 2010, the US$6.4 billion military package entailed sixty Black Hawk helicopters, 114 Patriot anti-missile systems, twelve Harpoon missiles, two minesweepers, and a command and control enhancement system. These weapons strengthened the Taiwanese military in conventional warfare and symbolised the American commitment to defending the island.

Arms sales to Taiwan greatly affected the Sino-American and cross-Strait relations. China regarded the arms sales as a violation of its proclaimed sovereignty over Taiwan. Faced with the anger of Chinese nationalistic youth, who demanded economic and military sanctions against the U.S., Chinese Lieutenant General Ma Xiaotan criticised the arms sales as the greatest obstacle in Sino-American relations in June 2009. China, however, chose to prevent the arms sales from hurting its improved ties with Taiwan.

The failure of China to stop the U.S. transfer of military technology to Taiwan made the one-China principle an illusion more than a reality, but Taiwan could never catch up with the fast-growing Chinese military. From 2001 to 2010, China increased military spending by 189%, an average annual increase of 12.5%. Taiwanese President Ma Ying-jeou stressed that under the Chinese threat, Taiwan should incorporate all elements of strategic power projection, including the build-up of conventional military defence and deterrence, the expansion of strategic ties with
the U.S., Japan and Southeast Asia, and the promotion of Taiwanese democratic values and practices among Mainland citizens. \(^{16}\)

As Taiwan drifts into a Chinese orbit, its politicians need to assess the pros and cons of being closely linked to Beijing. The Taiwan issue still remains at the heart of Sino-American relations. Perceiving China as a competitor, U.S. President Barack Obama’s pivot toward the Pacific after years of anti-terrorism efforts in Central Asia and the Middle East is significant. Not only does it make Taiwan an important bargaining chip in negotiations with China, but it also offers the nation the autonomy to establish its own agenda.

**Domestic Discontents and Governance Crises**

China’s ability to balance against the U.S. in maritime Asia is contingent upon many circumstantial factors. Over the last decade, China’s leaders favoured pragmatism over ideology, and called for consensus-building and multilateralism in dispute resolution. They opened themselves to negotiate and compromise with any government. Before Aung San Suu Kyi was freed from house arrest in November 2010, Chinese officials met with Burmese opposition leaders in Beijing for talks on future collaboration. Shortly after Arab Spring swept through the Middle East and North Africa, China negotiated with revolutionary leaders in Tunisia, Egypt, Libya, and Syria for deepening economic ties. Aware of the vulnerability of its overseas strategic interests and investments in the event of a collapse of the government, China has worked to balance the interests of all factions. As with his predecessors, Xi Jinping continues to exploit foreign affairs to foster internal stability and economic development, but he has yet to overcome four institutional limitations. These obstacles are exacerbated by several explosive factors such as a lack of prosperity, high inflation and unemployment rates, rampant corruption, and incompetent government that is devoid of democratic legitimacy.

First, China’s rise to power is not peaceful at all. Its pursuit of strategic security is fraught with paradoxes, and has destabilized domestic politics. As Beijing failed to resolve maritime sovereignty disputes with neighbours through negotiation, many netizens organized protests to express their nationalist sentiments and destroyed foreign factories in China. The waves of nationalism have swept across the country with the public outcry for sanctions against foreign countries and the hostile remarks by commanders of the People’s Liberation Army. The widespread “China can say No” attitude has prevented the Chinese leaders from embracing new diplomatic initiatives to solve the disputes.

Second, hostility towards liberal intellectuals, critical journalists, and ethnic minorities continues in present-day China. Imprisonment of Nobel Peace Prize laureate Liu Xiaobo, persecution of Tibetan Buddhists and Uyghur Muslims, and forced exile of dissidents show that the state has tightened its grip upon the citizenry despite its rhetoric of tolerance and compassion. In Chongqing municipality, Bo Xilai, son of revolutionary hero Bo Yibo, gained much attention employing Maoist rhetoric and state-sponsored welfare projects for political gain. In Beijing, Zhou Yongkang, who controlled the national public security forces, was purged in Xi Jinping’s anti-corruption campaigns. With the downfall of Bo Xilai and Zhou Yongkang, the Communist
leadership has demonstrated its awkwardness in resolving the contradictions of both Maoist past and reformist present. Displays of assertiveness and confidence occur, moreover, with rising discontents that inhibit real self-assertiveness. Since the 2008 financial crisis, Chinese leaders have recognized the need to transform its export-led economy into one driven by domestic consumption. Nevertheless, the dramatic political crises in the wake of the fall of Bo Xilai and Zhou Yongkang, the leadership succession, and the anti-corruption campaigns in 2014 discouraged any ambitious leaders from addressing these structural problems and experimenting liberal reforms.

Third, the reality of an economic slowdown in China suggests that while state-led capitalism has run its course, the Chinese Communist Party cannot appeal to its neighbours with material incentives. China today has to confront many negative attributes of globalization. Unprecedented growth gave China a temporary reprieve but the national economy has slowed down and the state has yet to offer a sustainable developmental strategy. According to Carl E. Walter and Fraser J. T. Howie, the state refused to transfer power to entrepreneurs and financial professionals, while ruling elites mainly used state-run commercial banks to drive growth that covered up nonperforming debts and distorted the value of bank assets. Whereas sustainable growth required China’s consumers to buy more local products, urging a massive transfer of wealth to the citizenry in order to do so, the state did the opposite by increasing spending on fixed investment. The injection of stimulus money into state-owned enterprises and large infrastructure projects was not sustainable. Since late 2011, many private enterprises have been bankrupt because they lacked the connections to secure bank loans that could resolve their cash flow problems. Whether or not China postpones a crisis for the time being, the days of being perceived as the world’s economic miracle are numbered.

Finally, market liberalization is a double-edged sword. The rapidity with which the state has achieved growth has created tensions and conflicts at all levels. Extremely efficient and highly urban, China’s development has yielded growth rates above those of most developed nations. But its new wealth is unevenly distributed, its labour market ruthless, and its living environment Dickensian. Because of popular grievances caused by the state’s aggressive development strategies and reluctance to liberalize its authoritarian system, a rising China that denies its citizens what they desire—such as job security, healthcare, gender equality and freedom—drives discontented sections of society to mobilize for collective action in order to guarantee security, solace and justice. Popular protest has become a prominent mode of political participation, and the dangers of ineffective governance are reflected internally. As many as 180,000 strikes, demonstrations and protests were reported in 2010. This is an average of 493 incidents per day. This official figure indicates a dramatic increase from the 90,000 incidents documented in 2006 and fewer than 9,000 in the mid-1990s. The fear of domestic instability may prompt the top leadership to concentrate on stability maintenance rather than external power projection.

Conclusion
The latest maritime sovereignty disputes and the cross-Strait ties clearly revealed a qualitative shift in China’s strategy from forging alliance with neighbours to competing with the U.S. But China shared fewer strategic interests with Southeast Asia and failed to limit the U.S. influence in the Pacific waters. Throughout the disputes, the U.S. pressurized China to negotiate with Southeast Asia, Japan, and Taiwan. If China wants to retain some room for manoeuvre, it must devise a viable mechanism for resolving maritime conflicts and engaging with Taiwan. Faced with the concern about China’s threat to regional stability, Beijing expressed no intention to challenge the U.S.-dominated international system, but this rhetoric has little appeal among regional governments.

In a nutshell, China does not need to follow the logic of a zero-sum game in its encounters with neighbouring states. Its gain should not lead to another country’s loss. To build trust and confidence with the global community, China should recognize the East and South China seas as international transportation corridors for all countries, and formulate innovative mechanisms for dispute resolution. Otherwise, it will miss the opportunity to set the course of action for the future and find itself caught in serious diplomatic rifts.
Bibliography


Endnotes


14 Ibid., pp. 293–294.


