

The Long Littoral Project: East China and Yellow Seas

A Maritime Perspective on Indo-Pacific Security

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Contents

East China and Yellow Seas Overview Essay	1
Michael A. McDevitt Catherine K. Lea	
China, South Korea, and the Yellow Sea	21
Abraham M. Denmark	
Dealing with North Korean Provocations Around the Northern Limit Line	29
Ken E. Gause	
Potential Flashpoints in the East China Sea	53
Bonnie S. Glaser	
Chinese and Japanese Geo-Strategic Interests in the East China Sea	69
Richard C. Bush, III	
China's Evolving Interests and Activities in the East China Sea	81
Daniel M. Hartnett	

East China and Yellow Seas Overview Essay

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Introduction

This report addresses the major security issues associated with the East China and Yellow seas. It is one in a series of five reports, that examines the five great maritime basins of the Indo-Pacific Oceans: the Sea of Japan, the East China and Yellow seas, the South China Sea, the Bay of Bengal, and the Arabian Sea. Together these reports are the main element of a yearlong CNA project known as the “Long Littoral.” The purpose of the Long Littoral Project is to offer a maritime perspective on the security issues that the United States must confront as it “rebalances” to a more maritime orientation focused on the Indo-Pacific littoral. The project also aims to identify issues that may be common to more than one basin but involve different players in different regions, with the idea that solutions possible in one maritime basin may be applicable in others.

Unlike the other reports in this series, the East China and Yellow seas basin was the subject of a conference CNA organized to explore this potential maritime flash-point. As a result, the organization of this report is different from its other four counterparts. It consists of an overview essay written by Michael A. McDevitt (the Long Littoral Project Director), and Ms. Catherine K. Lea of CNA’s Strategic Studies division, and five short papers by regional experts. Mr. Abraham Denmark from the National Bureau of Asian Research and Mr. Ken Gause from CNA address specific aspects of the Yellow Sea. Dr. Richard Bush from the Brookings Institution, Ms. Bonnie Glaser from the Center for Strategic and International Studies, and Mr. Daniel Hartnett from CNA’s China Studies division address different perspectives on the East China Sea.

Overview of Findings

Over the past two years, the South China Sea has been the most discussed East Asian maritime security issue. Still, a credible case can be made that the Yellow and East China seas have all the ingredients necessary to become another maritime center of competition in East Asia. Approximately 70 percent of China's eastern seaboard forms the western limit of the East China Sea/Yellow Sea basin, while the Ryukyu Chain is the East China Sea's eastern boundary. Beijing, Tokyo, Seoul and Pyongyang all have important claims of sovereignty and exclusive economic zones (EEZs) in both of these seas. Disputes over seabed resources and fishing occur frequently among all three.

This was illustrated in August 2012 when the dispute over sovereignty of the Senkaku/Diaoyu islands once again created a nationalist outburst from all three claimants—Taiwan (the Republic of China), the People's Republic of China, and Japan. The five uninhabited islands and three rocky reefs that constitute the island chain are currently under Japanese control, and are routinely patrolled by the Japanese Coast Guard. Neither China nor Taiwan acknowledge Japanese sovereignty and have authored detailed position papers explaining why the islands should have been returned to the ROC along with Taiwan at the end of World War II. That did not happen and the United States returned the islands to Japanese control along with Okinawa in 1972.

For the United States, the East China Sea represents the one area along the East Asian portion of the long littoral where a shooting war with China is possible. Such a conflict could take place in two different locales. Taiwan lies at the southern end of the East China Sea; fortunately cross-strait relations between Taipei and Beijing currently are at an all-time high, and the prospect of conflict is increasingly remote.

The Senkaku/Diaoyu islands represent the other area where the United States and China could come into conflict, because the U.S.-Japan Security Alliance covers territory under Japanese administrative control—as these islands are. In other words, if China elected to use force against Japan over these islands, there is a very real possibility that the United States could become directly involved.

The East China Sea/Yellow Sea basin is essentially home waters for the navies of China, Japan, and both Koreas. As a result, it is a “local” training area for four—or, if one includes Taiwan, five—littoral navies. Including the United States Seventh

Fleet, these are waters where all parties routinely operate their navies, and, in the case of the two Koreas, periodically engage in combat. Over the last 13 years, six combat clashes have occurred in the Yellow Sea (or West Sea, as the Koreans would have it) over the disputed maritime boundary between the two Korean states.

These waters are of enormous economic import for China and Korea. Commercial traffic must traverse the East China Sea and/or Yellow Sea to reach Korea's major ports and six of China's 10 largest ports. Thus, understandably, these bodies of water are of great strategic significance to China, Korea, and Japan.

Taiwan and the Senkaku/Diaoyu islands are at the southern end of the East China Sea. This fact alone imbues these waters with very important strategic significance. As mentioned these are the two areas in East Asia where important Chinese interests and America's security obligations to Taiwan and Japan overlap. As a result, they are potential flashpoints that could lead to conflict between Washington and Beijing.

The same can be said for Japan and China and the dispute over sovereignty of the Senkakus/Diaoyus. The public statements of both sides suggest no room for compromise on sovereignty, and Tokyo's ongoing initiative to formally purchase the islands from a long time Japanese leaseholder has raised China's ire. In fact, as far as Tokyo is concerned there is no territorial question—the islands are Japan's, period. So far Beijing, Taipei and Tokyo have successfully kept this dispute confined to diplomatic and constabulary arenas, but the United States cannot dismiss this as a minor dispute it wishes to avoid. Because the United States considers the Senkakus to be under Japanese administrative control—though it takes no position regarding under whose sovereignty they ultimately will fall—the U.S.-Japan Security Treaty does apply. This will be discussed at greater length below.

Finally, the East China and Yellow seas served for several decades as the maritime buffer between “Red China” and Washington's offshore allies of South Korea, Japan, and Taiwan. While U.S. strategic thinking no longer revolves around notions of containing Asian continental powers, China understands that historically these waters were the routes that the West crossed to attack China. Beijing considers them its “near seas,” and has embarked upon a military program to ensure that it can establish sea control over these “first island chain” maritime basins.

The Yellow Sea

It is important to understand that the southern extremity of the Yellow Sea has not been clearly defined. The International Hydrographic Organization in Monaco, which has the international charter for defining maritime boundaries, states that the southern limit of the Yellow Sea is the line of latitude 33 degrees 17 minutes—essentially from the South Korean island of Jeju-do to the Chinese coast. On the other hand, many authoritative sources define its southern extremity as a line from Jeju-do south-southwest to the vicinity of Shanghai.¹

The Yellow Sea is one of the world's largest continental shelves covered by shallow water—the average depth is only 144 feet. It is a rich fishing area for both Korea and China, and, as a result, suffers from over-fishing and the concomitant conflicts among all three parties over disputed fishing grounds. About 600 million people live in the Yellow Sea catchment area, and more than a dozen urban areas there have populations over 1 million people.

Economic centrality

The Yellow Sea is an incredibly important economic center. The major ports along the Yellow Sea rim—Pusan, Incheon, Qingdao, Shanghai (included for the purposes of this assessment), and Tianjin—are some of the largest ports in the world in terms of throughput of containers defined as twenty-foot equivalent units (TEU). According to 2009 data, Pusan (10.5 million TEU), Ningbo-Zhoushan (10.5 million TEU), Qingdao (10.26 million TEU), Tianjin (8.7 million TEU), and Dalian (4.58 million TEU) were all in the world's top 25 ports.² Shanghai, positioned at the crossroads of the Yellow Sea, East China Sea, and Yangtze River, is the largest port in the world: it shipped over 29 million TEU in 2011.³

Nearly 57 percent of China's total trade volume and over 70 percent of South Korea's total trade volume emanates from the Yellow Sea.

¹ The Encyclopedia Britannica lists the mouth of the Yangtze River, near Shanghai, as the southern extremity of the Yellow Sea, <http://www.britannica.com/EBchecked/topic/652686/Yellow-Sea>.

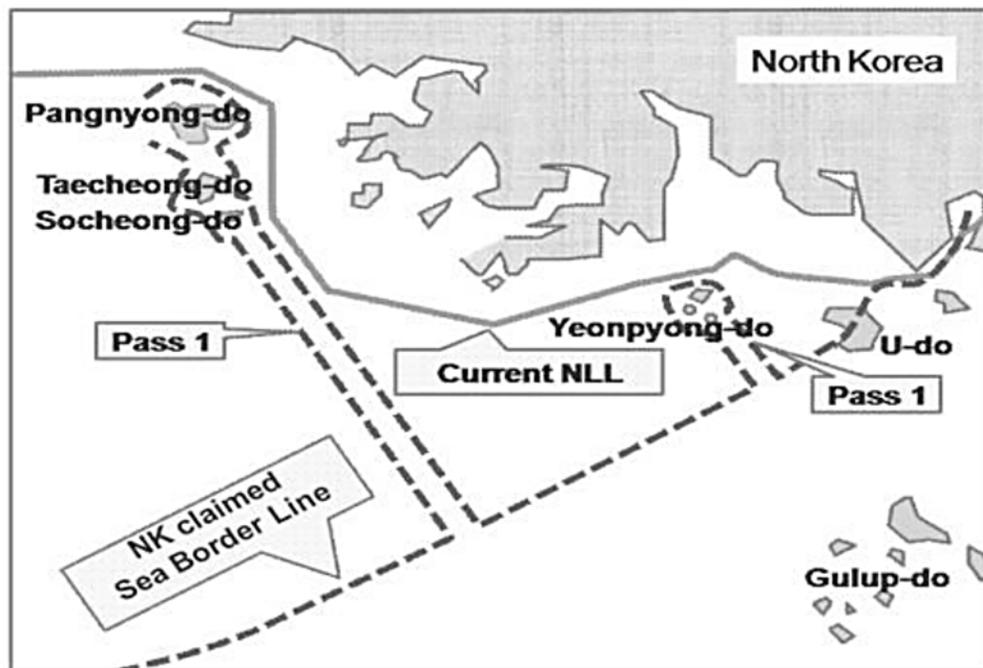
² "Top 50 World Container Ports," World Shipping Council, <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>.

³ "Top 10 Biggest Ports in the World in 2011," *Marine Insight*, August 11, 2011, <http://www.marineinsight.com/marine/top-10-biggest-ports-in-the-world-in-2011>.

The Korean maritime boundary dispute

The most serious security concern in the Yellow Sea is along the west coast of the Korean Peninsula. This area has been the scene of numerous naval incidents between the Democratic People's Republic of Korea (DPRK) and the Republic of Korea (ROK) since the signing of the Korean War Armistice Agreement on July 27, 1953. Since the late 1990s, these incidents have been characterized by brief clashes between the navies of the two Koreas in the relatively confined waters surrounding the five islands of Pangnyong-do, Taechong-do, Socheong-do, Yeonpyeong-do, and U-do. In 2010, the character of these incidents escalated as North Korea carried out a covert attack that sank a South Korean patrol boat (*Cheonan*) and eight months later launched an artillery attack on one of the islands controlled by South Korea.

The dispute over the maritime boundary between the two Koreas dates to the end of the Korean War. While the negotiators agreed on the fate of the five islands, they did not agree on a maritime demarcation line, primarily because the United Nations Command wanted to base it on 3 nautical miles (5.6 km) of territorial waters, while North Korea wanted to use 12 nautical miles (22 km).⁴



⁴ Although 12 nm would later become the international standard, 3 nm was the accepted zone at the time.

Since the islands were specifically allocated to South Korea in the 1953 Armistice Agreement, a month after the Armistice Agreement was signed General Mark Clark, commander of United Nations Command, unilaterally drew a military line of control in the West Sea to ensure that South Korea's navy and fishing vessels did not stray too far north and restart hostilities. The result is a very unorthodox de facto maritime boundary between North and South Korea. The two Koreas dispute this maritime boundary, which has become known as the Northern Limit Line or NLL.

Economic and security reasons underscore the importance of the NLL for both North and South Korea. Economically, the area around the line is a valuable fishing ground that generates considerable revenue for both sides. Blue crab and other migratory fish are in particular demand and draw not only Korean shipping to the area, but also Chinese trawlers that fish illegally on both sides of the NLL. In addition, the NLL has a significant impact on regional commerce, especially for North Korea. The NLL prevents North Korean ships from entering the West Sea directly; they must detour north of Pangnyong Island before entering the West Sea, adding extra miles and increasing fuel costs.⁵

For both countries, however, security considerations are of paramount importance and are the main reason why the two Koreas have not reached an accommodation on the NLL. For Seoul, any shift of the NLL farther south would jeopardize the security of the Northwest islands. Agreeing to the North Korean boundary line (which appears to be in accordance with recognized international law) would make these islands very difficult to defend, even if each island were allowed its own territorial sea.

Shifting the NLL would allow North Korean naval vessels to patrol closer to the Han River estuary and Seoul, reducing warning time for ROK defenses and making it easier for the North Korean Navy to deliver special operations forces. So long as the security situation remains tenuous, South Korea is unlikely to show much willingness to adjust the line. For North Korea, the NLL is an equally serious security concern. The current NLL allows ROK warships to sail very close to the North Korean shore and its military bases in the region. An NLL farther south would provide a wider maritime buffer from South Korean naval patrols and intelligence gathering.⁶

5 Dr. Terence Roehrig, "The Northern Limit Line: The Disputed Boundary between North and South Korea," NCNK Issue Brief, September 30, 2011.

6 Ibid.

Because of these specific security concerns, Seoul and Pyongyang have failed to reach an agreement on a maritime boundary in the Yellow Sea which means that the possibility of continued intra-Korean maritime clashes cannot be ruled out.

Fishing confrontations

Beyond the controversy over the correct maritime boundary between the two Koreas, the Yellow Sea has seen increasing number of fisheries disputes. The nature and focus of tension in the Yellow Sea changed between 2010 and 2011. In 2010, tension was decidedly focused on China's discomfort with U.S.-ROK joint exercises in the Yellow Sea in response to North Korea's belligerence; in 2011, it shifted away from North Korea and focused squarely on debates between China and South Korea over fishing rights.

In 2011, Chinese fishermen grew bolder in their pursuit of resources within South Korea's EEZ and South Korean Coast Guard forces grew more aggressive in confronting them. There were reportedly 370 such incidents in 2010 (more than one per day), and more than 470 such incidents in 2011.⁷ In October, South Korean Coast Guard forces used tear gas and rubber bullets to subdue Chinese fishermen wielding clubs and shovels.⁸ An escalation occurred in December 2011, when the captain of a Chinese fishing boat fatally stabbed one South Korean Coast Guard officer and injured another after they boarded the fishing trawler to arrest the crew for fishing about 100 miles east of Incheon.

Naval posture

The Yellow Sea is also home to important naval bases of all three littoral nations. China's North Sea Fleet, based at Qingdao houses 3 nuclear attack submarines, 18 diesel attack submarines, 10 destroyers, 9 frigates, and various amphibious ships, landing ships, and missile patrol craft.⁹ Within 375 nautical miles is the East Sea Fleet's base of Ningbo, which has a similar array of ships.

7 Donald Kirk, "High-seas stabbing of Korean commando worsens ties with China," *The Christian Science Monitor*, December 12, 2011.

8 "Chinese fishermen 'stab South Korean coast guards,'" BBC News, December 12, 2011, <http://www.bbc.co.uk/news/world-asia-16134647>.

9 U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China* (Annual Report to Congress), 2012, p. 31.

Two of South Korea's three fleets are homeported at Mokpo and Pyongtaek on the Yellow Sea, and its submarine force is on the south coast at Chinhae. While the ROK Navy is smaller than its counterpart across the Yellow Sea, it is not insignificant—a small but modern conventional submarine force, with three frontline AEGIS-equipped destroyers in commission and more on the way, a significant coastal defense force, and (in the wake of the *Cheonan* sinking) an improving ASW force. The PLAN maintains substantial tactical air capabilities and long-range missiles (including precision guided munitions).

U.S. interests in the Yellow Sea

For the United States, the Yellow Sea is important because it is the area where U.S. naval forces can demonstrate support to its ally, South Korea, in times of tension. By exercising its right to operate on the high seas, or in the territorial seas of its ally, the United States, in support of that ally, has created a new issue for China. In the past two years, China has periodically taken umbrage over aircraft carrier strike groups' operations off Korea in the Yellow Sea, because from this area carrier-based aircraft are within easy striking range of Beijing. While it is ludicrous to suggest that the United States would conduct a sneak-attack on China—with a single carrier, no less—it is useful to remember that in China's historic memory the Yellow Sea was the route that Western powers and Japan used to gain access to Beijing.

Yellow Sea Final Thoughts

For the two Koreas and China the Yellow Sea represents home waters. The three countries will all be assiduous in protecting what is considered sovereign maritime areas. As a result, the Yellow Sea will continue to be troubled by ongoing disputes among all three interested parties over maritime boundaries that are important because they define exclusive fishing rights. For the two Koreas, the dispute over maritime boundaries has led to violent clashes at sea. This is likely to persist as long as the prospect of conflict between the two remains a credible possibility. It is unlikely that the Koreas will compromise on their respective views of what constitutes an acceptable maritime dividing line because they do not want to provide the other with a more advantageous geographic security position.

More broadly, by giving the impression that it is trying to make the Yellow Sea a maritime keep-out zone for U.S. Navy ships, Beijing has effectively made the United States more conscious than ever of the need to exercise its high-seas freedoms in

this body of water. In truth, the Yellow Sea is not a comfortable operating environment for U.S. Navy surface forces. It is very shallow, is crowded with fishing boats and large commercial vessels, has limited sea room, is within the tactical operating of large numbers of land-based aircraft, and is home waters for a large number of Chinese and North Korean submarines. Other than showing support for South Korea by sending deterrence signals to Pyongyang, and periodically exercising high seas freedoms, the Yellow Sea is not likely to become a frequent operating area for USN surface warships.¹⁰

The East China Sea

Unlike the Yellow Sea, there is no ambiguity over the extent of the East China Sea. In many ways it is an enclosed sea, surrounded on the west by the China mainland, and to the east by Japan's southern island of Kyushu, the Ryukyu Island chain, and Taiwan—a significant portion of the so-called first island chain. China's continental shelf extends a considerable distance; as a result, over 75 percent of the East China Sea is relatively shallow (less than 600 feet). Beyond the continental shelf, and before the Ryukyu chain, the water deepens dramatically, thanks to the Okinawa Trough.

Taiwan

Taiwan and its strait are in the southern extremity of the East China Sea; thus, the East China Sea is where the most dangerous Sino-American flashpoint has resided. The Taiwan contingency is, and has been, the focal point of serious planning for both militaries. Fortunately, the prospect of war over Taiwan seems very low today, and, arguably, the political relationship between Taipei and Beijing is as good as it has ever been.

Nevertheless, the use of force is deliberately stated as a viable Chinese option. As a result, Taiwan has been and remains at the center of the Sino-American security universe. Either directly or indirectly, it has been the cause of the vast majority of past security-related issues between China and the United States. Because Taiwan

10 For example in February 2012 eleven USN and ROK Navy along with six aircraft spent 5 days practicing anti-submarine warfare in the Yellow Sea. The exercise served to both improve ROK Navy ASW skills and to send a signal to Pyongyang. The investigation following the sinking of the ROKN *Cheonan* revealed weaknesses in ROKN ASW training that exercises such as this are intended to rectify. Article by Jon Rabirotff and Yoo Kyong Chang, "US, South Korea hold anti-sub exercise in Yellow Sea," *Stars and Stripes*, February 21, 2012.

remains the most plausible potential trigger for war between China and the United States, it is the most important driver of China's military modernization—which has focused on what the U.S. Department of Defense has called “China's anti-access/area-denial strategy.”

While the positive trends in cross-strait relations are welcomed, there is a growing sense that as much as policy-makers might wish otherwise, it will be very difficult to maintain the current status quo indefinitely. Already, voices in China are arguing that China “cannot wait forever” because to do so would be tantamount to “peaceful separation.”

The future holds a wild card: China might become so self-confident in its military prowess and so impatient over Taiwan's reluctance to discuss reunification that Beijing would be tempted to force the issue of reunification. Today it seems improbable that Beijing would be willing to take such a step, but it is something that bears watching.

China's security interests in the East China Sea

The East China Sea, along with the Yellow Sea, is China's most strategically important maritime region. China's concerns with security on its maritime approaches are based on three primary factors: First, China's economic center of gravity is its eastern seaboard, which makes it vulnerable to attack from the sea. Second, China feels the need to deter Taiwan's independence and, if it elects to attack Taiwan, to be able to deter or defeat an approaching U.S. Navy relief force. Third, China is in a historically novel situation, in which international seaborne trade is what drives its economic growth—and its economic development increasingly depends on oil, natural gas, and other raw materials that are delivered by ships.

Eight years ago, the importance of unresolved maritime issues were highlighted by the December 2004 Chinese Defense White Paper, which stated:

While continuing to attach importance to the building of the Army, the PLA gives priority to the building of the Navy, Air Force and Second Artillery force to seek balanced development of the combat force structure, *in order to strengthen the capabilities for winning both command of the sea and command of the air, and conducting strategic counter strikes* [emphasis added].¹¹

¹¹ PRC Defense White Paper, December 2004, Information Office of the State Council of the PRC, December 2004, Beijing. <http://english.people.com.cn/whitepaper/defense2004>.

For a maritime strategist, China's explicit requirement to win command of the sea raises the immediate question, how *much* of the sea—that is, what distance from the mainland of China—is the PLA thinking about? Nothing official has been published that would clarify this point. However, there is a consensus among experts that China's vision of command or control of the seas is closely related to the ability to provide land-based air cover out to about 200-300 nm from its coast—in other words, the operational radius of its fighter aircraft.

Based on this formulation, the result is a requirement for the PLA Navy to “control” what China terms its “near seas”: the Yellow Sea, the East China Sea, the Taiwan Strait, the Tonkin Gulf, and the South China Sea. That is, China's sea control zone is essentially defined by the “first island chain.”

East China Sea resources

In his recent book *The Perils of Proximity: China-Japan Security Relations*, Richard Bush writes, “China and Japan disagree on just about everything with respect to which nation has a right to the oil and gas resources of the East China Sea. Each party seeks to interpret international law in the most self-serving way in order to maximize its access to the resources.” Tokyo and Beijing disagree on how to differentiate between their two economic zones in order to divide the oil and gas lying beneath their respective EEZs. Since the East China Sea is less than 400 nm wide in the area of the gas fields, these EEZs overlap.¹²

They also disagree on how to interpret the extent of Asia continental shelf. The Chinese argue that it stops short of the Ryukyu Chain, at the deep water known as the Okinawa Trough, meaning that it is China's and not a shared shelf with Japan. For its part, Japan argues that this is not so—that the continental shelf extends all the way to the Ryukyus, which means that the dividing line between Japan and Chinese EEZs is the midpoint of the East China Sea.

At issue is how to characterize economic sovereignty over the Chunxiao/Shirakaba gas field. After a number of incidents involving the warships of both countries steaming around or through the disputed area, an agreement on the joint development of the fields was reached in 2008.

¹² Richard Bush, *The Perils of Proximity: China-Japan Security Relations* (Washington, D.C.: Brookings Institution Press, 2010), p. 67.

Five years earlier, China had started drilling in this field, inflaming tensions with Japan, which continues to argue that Beijing is actually siphoning gas from the part of the field that Japan considers to be on its side of the line. Nothing has come of the 2008 agreement, and since Beijing has never compromised on its belief that it holds complete sovereignty over the field (based on its interpretation of the continental shelf), it has proceeded unilaterally to exploit the field.¹³

In March 2011, Mr. Song Enlai, chairman of the board of supervisors for the China National Offshore Oil Corporation (CNOOC), told reporters in Beijing that the state-controlled company was already pumping oil from the Chunxiao gas field. Asked about the Chunxiao field, he said: “It’s a sensitive question. But we already started developing the field, we are already pumping oil. We’ve said that we are ready for cooperation in the disputed area. We are developing in the area which we believe is our sovereign area,” he said.¹⁴

At this point, there is no reason to expect that the Chinese will be willing to compromise on the issue of sovereignty; nor are they likely to agree to independent arbitration, were Japan inclined to seek it. It is not clear that Japan has any leverage in this case. Short of using force, it appears that the best Japan can do is gain some economic benefit by going forward with joint exploration. That means setting aside the issue of sovereignty, which in turn boils down to a de facto acquiescence of China’s claims.

U.S. strategic interests in the East China Sea

The United States and Japan have some overlapping interests in the East China Sea: (1) peaceful resolution of territorial disputes, (2) non-interference with the high-seas freedoms associated with the use of international waters, and (3) acceptance of the internationally agreed upon norms regarding freedom of navigation for military purposes that were negotiated in the development of the UN Convention on the Law of the Sea (UNCLOS), which the United States has signed but has not yet ratified. Hence, it is not surprising that the 2011 U.S.-Japan Security Consultative Meeting (the so-called 2+2) included in its list of approved “Common Strategic Objectives” the following:

¹³ According to Chinese estimates, the trough basin in the East China Sea where the gas fields are located is estimated to hold nearly 17.5 trillion cubic feet of natural gas and could also hold 20 million barrels of oil.

¹⁴ *Reuters* report, March 9, 2011, <http://af.reuters.com/article/oilnews/idATL3E7E9O-ER20110309>.

Maintain safety and security of the maritime domain by defending the principle of freedom of navigation, including preventing and eradicating piracy, ensuring free and open trade and commerce, and promoting related customary international law and international agreements.¹⁵

For the United States, freedom of navigation for military purposes includes the right to conduct surveillance in the exclusive economic zone of any nation, including China. For Washington, the reality is that as long as China refuses to renounce the use of force against Taiwan, the requirement for up-to-date intelligence will exist. Thus, American air and naval reconnaissance missions, which are a major irritant to China, are likely to continue.

U.S. reconnaissance missions have triggered the most serious Sino-U.S. military incidents over the past decade, and could easily be the basis of the next military incident with China. Between March and May 2009, Washington was presented with a series of aggressive Chinese actions against two civilian-manned U.S. Navy ocean surveillance ships (USNS *Impeccable* in the South China Sea and USNS *Victorious* in the Yellow Sea) operating in international waters but within China's EEZ.

There are fundamental disagreements between China and the United States over what military activities are permitted by UNCLOS in China's, or any nation's, 200-nm EEZ. The United States believes that nothing in UNCLOS or state practice changes the right of any nation's military forces to conduct military activities in EEZs without first notifying the coastal state and gaining its consent. China disagrees; it claims that any nation that undertakes reconnaissance activities in China's EEZ without having notified China and gaining its permission is in violation of Chinese domestic law and international law.¹⁶

On this point, it is worth noting that Japan has become uncomfortable regarding this UNCLOS right, because of the PLAN's surveillance missions that take place in Japan's EEZ. The U.S. position was spelled out by former U.S. Navy international law specialist Peter Dutton of the Naval War College. He writes:

¹⁵ Joint Statement of Security Consultative Committee, June 21, 2011, www.mofa.go.jp/region/n-america/us/security.

¹⁶ Captain Raul Pedrozo, JAGC, U.S. Navy, "Close Encounters at Sea: The USNS Impeccable Incident," *Naval War College Review* 62, no. 3 (Summer 2009), p. 102.

The creation of the exclusive economic zone in 1982 by UNCLOS ... was a carefully balanced compromise between the interests of the coastal states in managing and protecting ocean resources and those of maritime user states in ensuring high seas freedoms of navigation and over flight, including for military purposes. Thus in the EEZ the coastal state was granted sovereign rights to resources and jurisdiction to make laws related to those resources, while high seas freedoms of navigation were specifically preserved for all states, to ensure the participation of maritime powers in the convention.¹⁷

Despite the clear negotiation record, China is attempting to undo this carefully balanced compromise between coastal states and user states. Until agreed-upon rules for Sino-U.S. maritime interactions in China's EEZ are established, China's desire to limit military activity in its EEZ is likely to create another incident in the future.

Senkaku/Diaoyu islands

Quite apart from the issue of surveillance, the East China Sea is also the nexus of Sino-Japanese distrust and strategic competition. Both countries claim sovereignty over the Senkaku/Diaoyu islands, and disputes between fishing boats and Japanese Coast Guard ships keeping watch over the islands have the potential to escalate. In August 2012 the Japanese Coast Guard arrested a number of Chinese nationalists from Hong Kong, who slipped by the Japanese Coast Guard patrol, and landed on one of the islands with the flags of both the PRC and the ROC. They were subsequently released, but the outpouring of anti-Japanese sentiment, including mobs that attacked Japanese businesses, in China was alarming. The problem with fishermen was dramatically highlighted in September 2010, when a Chinese fishing trawler collided with Japanese Coast Guard patrol boats. The trawler's captain and his crew were arrested and detained. A political crisis between Tokyo and Beijing ensued, and the crew was freed after two weeks.

The Senkaku/Diaoyu islands are a group of uninhabited islands currently controlled by Japan. The Japanese claim is based on a cabinet decision taken in the waning days of the Sino-Japanese War in 1895 to annex the islands and make them part of Okinawa prefecture. Tokyo argues that starting in 1885; Japanese officials

¹⁷ Peter Dutton, "Three Disputes and Three Objectives: China and the South China Sea," *Naval War College Review* 64, no. 4 (Autumn 2011), p. 54.

had surveyed the islands and determined that they were under the control of no country before they proceeded with the annexation measure. Shortly thereafter annexation, a Japanese business man was given a lease to the islands and established a fish processing plant. Until the onset of the Second World War, around 200 Japanese worked on the islands. In the late 1930s the fish plant was abandoned and the Senkakus become uninhabited once again.

China and Taiwan argue the annexation based upon Japanese “discovery” is nonsense; the islands were discovered, named and used by the Chinese centuries before Japan’s annexation in 1895, which was illegal because the islands were not *terra nullus* (a land without an owner).

On December 30, 1971, the Chinese Foreign Ministry published an official statement claiming the islands. China claims the islands have been its territory since the Ming Dynasty in the 15th century. They Dutch seized them in the 17th century and the Qing Dynasty regained them in 1662 after defeating the Dutch on Formosa. But, according to one independent scholar of the issue, the majority of international law scholars give more validity to the Japanese than to the Chinese arguments.¹⁸

Unfortunately for the Chinese, the Japanese have a strong case that the Senkakus were never treated by the Chinese as part of Taiwan until after the 1968 survey findings which noted the possible existence of resources below the seabed surrounding the Senkaku Islands. In fact, until 1970, the authorities of imperial China, the Republic of China and the People’s Republic of China did not dispute Japan’s ownership. China claimed the islands only in 1970 after Japan and Taiwan had started talks on jointly exploring the energy resources around the Senkaku Islands and the U.S. had indicated it intended to return the islands along with Okinawa to Japan.

After World War II, with Okinawa under U.S. military administration, two of the smaller Senkaku islands were used as targets for bombing practice until the 1971 Okinawa reversion agreement was reached. The U.S. returned the Senkakus to Japanese authority since they were considered part of Okinawa prefecture. Subse-

¹⁸ Reinhard Drifte, “Japanese-Chinese territorial disputes in the East China Sea—between military confrontation and economic cooperation,” Working paper, Asia Research Centre, London School of Economics and Political Science, London, UK, <http://eprints.lse.ac.uk/20881>.

quently in 1978 the decedents of the original Japanese leaseholder sold the islands to another Japanese businessman.¹⁹

The fact that ownership of the islands has been in private Japanese hands is the basis for the most recent flare-up between Tokyo and Beijing on the sovereignty issue. In April 2012, the nationalist mayor of Tokyo, Ishihara Shintaro, announced a plan for the metropolitan government of Tokyo to purchase the Senkaku Islands from the current owners. This was a political ploy to embarrass the Noda government by suggesting they were not assertive enough in upholding Japan's sovereignty in the face of challenges from both China and Taiwan. Feeling the pressure, the Noda Administration, announced that the Government, not the municipality of Tokyo would buy the islands. The intent was to insure that the islands could not be used by Japanese nationalists to provoke future confrontations with China. For its part Beijing, did not care what the motivations behind the Prime Minister Noda's plan were, it was adamant that China has indisputable sovereignty over the islands.²⁰

In August, President Ma Ying-jeou made known that Taiwan was also an interested player in this dispute. He proposed an East China Sea Peace Initiative; while at the same time asserting the Republic of China's (Taiwan) claim to what they call the Diaoyutai Islands. Ma is personally invested in the dispute; he wrote his Harvard Law School dissertation on the topic.

Washington takes no position on the merits of the legal dispute, but the United States could become directly involved in this dispute. In response to a reporter's question at a State Department press briefing on April 24, 2004, the deputy spokesman had stated that the United States government did not take a position on the question of the ultimate sovereignty of the disputed Senkaku/Diaoyu islands. The spokesman noted that this had been the government's "longstanding view" and that the United States expected both China and Japan to "exercise restraint" and resolve this issue through peaceful means.

This reply was an elaboration on a statement made by Deputy Secretary of State Richard Armitage earlier that year. At a news conference at the Japan National

19 Wani Yukio, "Barren Senkaku Nationalism and Sino-Japan Conflict," *The Asia-Pacific Journal: Japan Focus*, <http://japanfocus.org/Wani-Yukio>.

20 Yu Tamara, "Yomiuri: Senkaku Talks With China End in Stalemate," *The Daily Yomiuri Online in English*, July 12, 2012. 21 The last question in a lengthy press conference, Richard L. Armitage, "Remarks and Q and A at Japan National Press Club," Tokyo, Japan, February 2, 2004, <http://2001-2009.state.gov/s/d/former/armitage/remarks/28699.htm>.

Press Club in Tokyo on February 2, 2004, Armitage noted that the Japan-U.S. Security Treaty “would require any attack on Japan, or the administrative territories under Japanese control, to be seen as an attack on the United States.” The phrase “administrative territories under Japan’s control” was an implicit reference to the Senkaku/Diaoyu islands.²¹

The basis for this conclusion by Washington was the fact that the United States administered the islands from the end of the Second World War until 1971, when they were returned to Japanese control via the Okinawa Reversion Agreement. The text of this agreement lists the geographic coordinates of the range of islands that the United States returned to Japanese control, and the Senkaku/Diaoyu islands are within this range. However, during ratification of the Reversion Agreement in the U.S. Senate, the United States specified that the agreement did not affect the determination of ultimate sovereignty over “disputed islands.”

So while the United States has not reached a policy position on ultimate sovereignty, Washington has concluded that so long as the islands are under Japanese administrative control they are part of the Japanese territory that the United States is treaty-bound to defend. Under the terms of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security, the United States is committed to defending Japan in a conflict, and this would include the disputes over the Senkaku/Diaoyu islands.

Any ambiguity regarding the U.S. position regarding its commitment to come to Japan’s aid in the event of a conflict over the islands was removed in October 2010 when Secretary of State Clinton publically affirmed that in fact the Senkakus *are* covered under article 5 of the U.S.-Japan Security Treaty.²²

This was an important step in deterring any Chinese impetuosity, and in reassuring Japan—and, indirectly, other U.S. allies in Asia—that Washington will not abandon its friends when they faced Chinese pressure. Still, it has created another potential Sino-U.S. flashpoint in addition to Taiwan. It also means that Washington has committed itself to possible conflict with China in defense of the islands.

21 The last question in a lengthy press conference, Richard L. Armitage, “Remarks and Q and A at Japan National Press Club,” Tokyo, Japan, February 2, 2004, <http://2001-2009.state.gov/s/d/former/armitage/remarks/28699.htm>.

22 Hillary Clinton, “Press Availability with Japanese Foreign Minister Seiji Maehara, Honolulu, Hawaii, October 27, 2010,” <http://www.state.gov/secretary/rm/2010/10/105110.htm>.

Home waters of both Japan and China

As the Chinese surface warships stationed in the North and East Sea fleets grow in size and technical sophistication, the PLA Navy will want to conduct operations and exercises in the deeper and less congested water of the Philippine Sea. To do so, they must pass through the internationally recognized straits of the Ryukyu islands, and should be considered a normal operating pattern.

This in fact this has been taking place; significant numbers of Chinese warships do transit near to Japanese territory. The April 2010 encounter between two destroyers of the JMSDF and the eight warships and two submarines of the PLAN received a great deal of public attention, because it was the largest number of Chinese warships ever to transit through Japanese waters. The Japanese correctly see this as a portent of the future as the PLAN works to gain open-ocean experience.

One result of increased Chinese activity in the East China Sea has been a revised Japanese defense posture. In June 2012, Japan's new defense minister said that the government is preparing to enhance its air and sea defense capabilities to protect islands and waters in the nation's southwest—part of the broad swath of the East China Sea where China has increased its maritime activities in recent years.

Japan's defense minister told the *Wall Street Journal*, "Japan has 6,800 islands, and territory that stretches over 3,300 kilometers [2,000 miles]; it's necessary to have troops at its southwestern end to beef up our warning and surveillance capability. We must defend without fail our sovereign rights and our land which includes the Senkaku Islands...We must strengthen our overall defense capability in the southwest."²³

One additional point worth considering is the fact that Beijing has strengthened its maritime law enforcement capability. All of its five civilian agencies which have responsibility for some aspect of maritime constabulary activity, such as the Chinese Fisheries Law Enforcement Command or the China Maritime Surveillance force, operate in the East China Sea and are increasing their capabilities. These agencies are expanding their presence and operations; thus, they will all certainly come into contact with Japanese Coast Guard or Maritime Self Defense Force ships also operating in these waters.

23 Yuka Hayashi, "Japan to Boost Defense in Pacific, Minister Says," *Wall Street Journal*, Asia Edition, June 26, 2012.

East China Sea Final Thoughts

The East China Sea is an important factor in the security calculations of Beijing, Tokyo, and Washington because unresolved sovereignty issues there could lead to conflict. These flashpoints coexist with crucial sea lanes for both China and Japan (six of China's 10 largest commercial ports can be accessed only via the East China Sea).²⁴ Because that area is the home waters of Asia's two most powerful countries, it is a major security zone for both. China has been working on making the East China Sea a no-go zone in case of conflict with its neighbors or with the United States.

Japan has only recently begun to consider the implications of China's efforts to move its defenses farther to sea. As China improves its defenses, the security situation becomes worse for countries that live in the shadow of China, such as Japan, Korea, and Taiwan. China is creating what academics call a "security dilemma"—its defenses are becoming so effective that its neighbors fear for their own security.

In 2001, the U.S. Department of Defense began to publicly fret about this situation, characterizing the military problem as "anti-access" and "area-denial"—terms that accurately describe the desired military objective. The Chinese have also coined a term to describe what they are trying to achieve militarily. PLA strategists refer to it as "counter-intervention operations."

Whether we call the PLA's emerging capability anti-access/area-denial (A2/AD, in the Pentagon's lexicon) or counter-intervention operations, the PLA's desired strategic outcome is the same: to keep U.S. naval and air forces as far from China as possible. This has obvious strategic implications for the East China Sea littoral states that depend upon the United States to underwrite their security as alliance or strategic partners: if they get into a confrontation with China, the United States *may not be able* to support them.

China says that it is only trying to defend itself and redress a historic weakness. Besides, Beijing argues, its strategic intentions are clear. China is on a path of peaceful development and is not a threat to its neighbors. The trouble is that, as any strategist will argue, intentions can change in an instant; what really matters are the military capabilities that China will possess when its counter-intervention force is completed. Will China be able to defeat U.S. forward-deployed forces and prevent additional forces from the United States from reaching East Asia in case of conflict?

²⁴ Shanghai, Qingdao, Ningbo, Tianjin, Xiamen, and Dalian.

China, South Korea, and the Yellow Sea

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The views he expresses are his own.

Introduction

If the Asia-Pacific is the world's emerging geopolitical cockpit, the Yellow Sea is the Captain's chair. Surrounded by China, the Korean Peninsula, and Japan's Kyushu Island, the Yellow Sea Rim is home to the world's second-, fourth-, and twelfth-largest economies and two of the world's largest militaries.¹ With some of Asia's greatest political and financial centers—Beijing, Seoul and Shanghai, as well as more than 60 other cities with populations over more 1 million people—the Yellow Sea Rim had a total population in 2006 of 256 million people and a GDP of over \$1.7 trillion; representing a globally unparalleled combination of high population density, economic significance, political import, and military power.²

In recent years, the Yellow Sea has also been the setting for incidents and violence that have threatened the peace and stability of Northeast Asia to a degree rarely seen since the end of the Korean War. Attacks by North Korea (DPRK) against South Korea (ROK) have highlighted persistent tensions between North and South over these waters, and have often overshadowed the significant tensions that exist between China and the ROK. This paper will focus on the economic and security dynamics of these tensions, and conclude with an analysis of implications for the United States.

¹ World Economic Outlook, International Monetary Fund, Sep. 2011.

² Organization for Economic Co-Operation and Development (OECD), Trans-Border Urban Co-Operation in the Yellow Sea Region, 2009, 15.

Economic Dynamics

Geography is the fundamental asset to the Yellow Sea Rim's economic significance. Its major ports—Pusan, Incheon, Qingdao, Shanghai, and Tianjin—are some of the largest ports in the world in terms of throughput of Twenty-foot Equivalent Units (TEU). In 2009, Shanghai was the largest port in the world (25 million TEU), while Busan (10.5 million TEU), Ningbo-Zhoushan (10.5 million TEU), Qingdao (10.26 million TEU), Tianjin (8.7 million TEU), and Dalian (4.58 million TEU) all in the world's top 25.³ Shanghai, positioned at the crossroads of the Yellow Sea, East China Sea, and Yangtze River, is the largest port in the world, shipping over 29 million TEU in 2011.⁴

Nearly 57% of China's total trade volume emanates from within the Yellow Sea. In 2003, 71% (\$30.5bn) of South Korea's exports to China, and nearly 67% (\$13.4bn) of its imports from China, travelled through the Yellow Sea.⁵ Kyushu Island, the only part of Japan along the rim of the Yellow Sea, has an economy the size of the Netherlands and a population of more than 15 million, and relies on the Yellow Sea for a significant portion of its international trade.⁶

The Yellow Sea is home to major fisheries, which are essential to North Korean fishermen and are of significant importance to those from China and the ROK. Currently, about 30 species of fish are commercially targeted—including small yellow croaker, largehead hairtail, chub mackerel, and anchovy—all of which tend to spawn in the coastal areas during the spring, and travel to the southern Yellow Sea and the northern East China Sea during winter.⁷ While statistics on the total signifi-

3 "Top 50 World Container Ports," World Shipping Council, <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>.

4 "Top 10 Biggest Ports in the World in 2011," Marine Insight, <http://www.marineinsight.com/marine/top-10-biggest-ports-in-the-world-in-2011/>, Aug. 11, 2011.

5 Pietro Doran, "The Yellow Sea Economic Basin - a sea of stars," Investment and Pensions Asia, http://www.ipe.com/asia/the-yellow-sea-economic-basin-a-sea-of-stars_30583.php?categoryid=5689, Jan. 30, 2009.

6 Pietro Doran, "The Yellow Sea Economic Basin - a sea of stars," Investment and Pensions Asia, http://www.ipe.com/asia/the-yellow-sea-economic-basin-a-sea-of-stars_30583.php?categoryid=5689, 30 January 2009.

7 Yellow Sea/East China Sea, North Pacific Marine Science Organization (PICES), 2004, http://www.pices.int/publications/special_publications/NPESR/2004/File_3_pp_59_78.pdf.

cance of Yellow Sea fisheries are largely anecdotal, available data suggests that it is tremendously important. For instance, the Yellow Sea Rim (Yellow Sea and Bohai Gulf) accounted for 30% of China's total marine capture catch in 2004.⁸

The Yellow Sea has become the medium for intense trade between China, Japan and the ROK as they export goods to one another for additional manufacturing or consumption, and as they seek investment opportunities in one another's growth. The short distances between major sea and air ports means that goods and people can quickly transfer from one country to another—greatly facilitating intense levels of trade and interaction.

These intense economic linkages have driven some nascent efforts to build sub-regional economic institutions. Kyushu holds an annual “Yellow Sea Rim Economic and Technology Exchange Conference,” which is billed as “a forum for multilateral exchange among Kyushu, China and the ROK with the objective of promoting the formation of the Yellow Sea Rim Economic Zone.”⁹ More significantly, China, Japan and South Korea established the Organization for East Asia Economic Development (OEAEED), composed of representatives from the region's 10 major cities,¹⁰ which serves as a forum to promote trade and investment throughout the Yellow Sea Rim (apparently ignoring North Korea). The three countries also established the Trilateral Ministerial Conference on Transport and Logistics in 2006, which seeks to establish an interconnected logistics information network, standardize logistics equipment, and improve efficiency, security, and environment protection.¹¹ Such efforts have been somewhat successful in improving integration, primarily because all three sides saw a significant interest in ensuring their success.

On the other hand, intense economic integration has fueled competition between China, Japan, and South Korea. The economic center of gravity in the Yellow Sea Rim has, since 1990, shifted from Kobe to Pusan, and then from Pusan to Shanghai

8 “Fishery and Aquaculture Country Profiles: China,” Food and Agriculture Organization of the United Nations, http://www.fao.org/fishery/countrysector/FI-CP_CN/en.

9 Japan Ministry for Economy, Trade and Industry (METI), “Deepening economic relations in East Asia and Japanese corporate activities,” 132.

10 China: Dalian, Tianjin, Qingdao, Yantai. Japan: Fukuoka, Kitakyushu, Shimonoseki. South Korea: Busan, Incheon, Ulsan.

11 OECD, 103.

and China's Northeast coast. Differences of opinion and prioritization certainly assert themselves in the various trilateral meetings, and cooperation remains restrained by competitive impulses. While such economic competition is natural and perhaps beneficial to integration and efficiency, they also fuel and intensify the security challenges that threaten to undermine the tremendous economic development that all Yellow Sea Rim countries have to date enjoyed.

Security Dynamics

As with its economic dynamics, the Yellow Sea's security dynamics are primarily defined by its geography. The close proximity of the region's political and financial centers, as well as the militaries of the peripheral states, naturally causes significant anxiety for both China and the ROK.

China's claims over the Yellow Sea are far more ambiguous than those in the East or South China Sea. China does not explicitly assert control over the Yellow Sea itself or its islands, as it does in other bodies of water. Nor does it claim an extended Exclusive Economic Zone (EEZ) that violates that of the ROK or Japan. Instead, it seems to prefer an ambiguous stance in which it (either intentionally or implicitly) allows Chinese fishermen to wander into neighboring EEZs.

Despite this ambiguity, China has been particularly outspoken in voicing its discomfort with a large foreign military presence in the Yellow Sea. Just as Prussian advisor Major Klemens Meckel famously advised the Meiji army that the Korean peninsula was "a dagger pointed at the heart of Japan," the Yellow Sea could well be described by Chinese strategists today as a dagger pointed at the heart of China. A Yellow Sea filled with the navies of foreign powers—especially those of the United States and its allies—is seen by some Chinese leaders as a troubling, if not an unbearable phenomenon.

Such discomfort was evident when the United States and the ROK conducted joint exercises in the Yellow Sea following two North Korean attacks in the area in 2010. China announced its official opposition to the exercises, and especially against the introduction of American aircraft carriers, as unnecessarily escalatory and threatening. Major General Luo Yuan, Deputy Secretary General of the PLA's Academy of Military Sciences, wrote that the U.S. is trying to "threaten the Chinese people

and test China's bottom line with this maneuver,"¹² and separately gave five reasons for China's opposition to U.S.-ROK military exercises in the Yellow Sea:¹³

- Chairman Mao's dictum that "we will never allow others to keep snoring beside our beds" summarizes China's discomfort with a U.S. military exercise along its coast.
- China emphasizes crisis prevention, and Luo (implicitly) argued that these exercises were escalatory and could inflame tensions with North Korea.
- Historically, the Yellow Sea was a path for foreign invasion and is in close proximity to China's political and economic heartland. An aircraft carrier's presence is especially distressing, and its combat radius of 1,000 kilometers poses "a direct security threat to China's heartland and the Bohai Rim Economic Circle."
- U.S.-ROK joint military exercises create a new crisis and violate the UN Security Council resolution that calls on restraint from all parties.
- Such incidents damage U.S.-China military relations, especially China's oft-stated objection to the use of maritime surveillance craft along China's marine outlets.

In July 2010, after North Korea sank the ROK corvette *Ch'nan*, the U.S. and ROK had initially planned to conduct a carrier exercise in the Yellow Sea itself, but later adjusted to a "show of force" exercise off the eastern Sea of Japan after China expressed its objections. However, such objections did not stop the U.S. and ROK from conducting carrier exercises in November 2010 after North Korea's artillery attack on *Ynp'yng* Island, or since. China's objections have also changed, at least rhetorically, from rather strong rebukes against a proximate American military presence in the Yellow Sea to a more general opposition to foreign military activities within its exclusive economic zone.¹⁴ Yet Beijing continues to demonstrate resolve—both

12 Michael Forsythe, "Chinese General Says U.S. Carrier in Yellow Sea May Result in Retaliation," Bloomberg News, 10 August 2010, <http://www.bloomberg.com/news/2010-08-10/chinese-general-says-u-s-carrier-in-yellow-sea-may-result-in-retaliation.html>.

13 Luo Yuan, "Why China opposes US-South Korean military exercises in the Yellow Sea," People's Daily, Jul. 16, 2010.

14 Will Sima, "China Mellowing out over Yellow Sea?" China Real Time Report, Dec. 1, 2010, <http://blogs.wsj.com/chinarealtime/2010/12/01/china-mellowing-out-over-yellow-sea/>.

rhetorically and militarily—by denying fear of a conflict and regularly conducting military drills in the Yellow Sea.

North Korean belligerence has also directly degraded China-ROK relations. They shocked the South Korean public and drove a major revision to South Korean defense planning and posture—placing the ROK military on a higher state of alert.¹⁵ Chinese reactions to these attacks—in effect deflecting blame against the North and diffusing a UN response—severely damaged the PRC’s relations with South Korea and, to a lesser degree, with Japan.

The nature and focus of tension in the Yellow Sea changed between 2010 and 2011. Whereas tension in 2010 was decidedly focused on Chinese discomfort with U.S.-ROK joint exercises in the Yellow Sea in response to North Korean belligerence, focus in 2011 shifted away from North Korea and focused squarely on tension between China and South Korea over fishing rights.

In 2011, Chinese fishermen grew bolder in their pursuit of resources within South Korea’s EEZ, just as South Korean coast guard forces grew more aggressive in confronting these fishermen. There were reportedly 370 such incidents in 2010 (more than one per day), and more than 470 such incidents in 2011.¹⁶ In October, South Korean coast guard forces used tear gas and rubber bullets to subdue Chinese fishermen wielding clubs and shovels.¹⁷ An escalation occurred in December 2011, when the captain of a Chinese fishing boat fatally stabbed one South Korean coast guard commando and injured another after they boarded the fishing trawler to arrest the crew for fishing about 100 miles east of Incheon.

Such incidents risk a broader escalation, and both China and South Korea have significant naval capabilities. China’s North Sea Fleet, based in Qingdao, hosts 3 nuclear attack submarines and 16 diesel attack submarines, 10 destroyers, 9 frigates, and a variety of amphibious and landing ships.¹⁸ Moreover, China’s East Sea Fleet

15 See Abraham M. Denmark, “Proactive Deterrence: The Challenge of Escalation Control on the Korean Peninsula,” *On Korea*, (Washington, D.C.: Korea Economic Institute), Vol. 5, 2012, 145-157.

16 Donald Kirk, “High-seas stabbing of Korean commando worsens ties with China,” *The Christian Science Monitor*, Dec. 12, 2011.

17 “Chinese fishermen ‘stab South Korean coast guards,’” *BBC News*, Dec. 12, 2011, <http://www.bbc.co.uk/news/world-asia-16134647>.

18 U.S. Department of Defense, *Military and Security Developments Involving the People’s Republic of China*, 2011, 75.

is based at Dinghai, close to the mouth of the Yellow Sea. The ROK Navy, for its part, can field an estimated 140 surface combatants, 10 diesel-electric attack submarines, and minesweepers.¹⁹ Additionally, both militaries have significant air power and long-range missile capabilities that could significantly challenge the military effectiveness of the other coming in the Yellow Sea.

Implications for the United States

Due to its geopolitical importance, the United States has a significant interest in preserving its freedom of action in the Yellow Sea. A waterway as fundamentally important to the continued peace and prosperity of the world's most important region demands a robust American military presence, especially considering the forces of belligerence and competition that threaten its long-term stability.

To preserve and sustain its freedom of action, the United States should utilize all elements of national power. While finalizing agreements and building institutions that encourage trade and responsible behavior, in the Yellow Sea and elsewhere, will be a necessary component of such a strategy, the U.S. Navy will likely be at the forefront of asserting and preserving U.S. interests in the Yellow Sea.

During peacetime, regular assertions of American rights to freedom of navigation in international waters will send a strong message to the entire region that the United States has the ability and will to preserve its access to the Asia-Pacific. As such, the U.S. Navy should be prepared to send a variety of surface (and, potentially, subsurface) combatants into the Yellow Sea to assert American rights and interests. Given the already congested naval environment in the region, it will be incumbent upon U.S. Naval forces operating in the Yellow Sea to be cognizant of the risk of accident or incident in the region, and especially of the PLA's history of reckless and irresponsible behavior against foreign naval forces operating in waters Beijing would prefer they avoid.

It is in times of tension and crisis that the U.S. Navy will be especially essential to preserving regional stability and asserting American interests in the Yellow Sea. Even if the United States is not a direct participant in a precipitating incident, such as an economic dispute between Chinese and South Korean maritime forces that

¹⁹ Anthony Cordesman, *The Korean military Balance: Comparative Korean Forces and the Forces of Key Neighboring States*, Center for Strategic and International Studies, May 6, 2011, 59.

escalates into a more traditional military confrontation, the United States may be called upon to defend its ally in waters very close to Chinese naval bases and the Chinese homeland. In this scenario, the United States would likely seek to avoid a confrontation and diplomatically defuse tensions. Yet if such efforts prove unsuccessful, the U.S. Navy may be tasked with entering the Yellow Sea.

Entering the Yellow Sea at a time when tensions between China and an American ally would be a fraught endeavor, and will present both a military and a political challenge. Militarily, the U.S. Navy could confront the full brunt of China's anti-access/area denial capabilities. Unlike scenarios involving the East and South China Sea or the Western Pacific, American forces would not have the option of pulling back to safer waters, especially considering the potential for Chinese naval forces to control exit routes from Dinghai. Confronting this military challenge will require capabilities to maintain presence in a challenged, or even denied, environment.

Yet even robust naval capabilities that could operate within a challenging environment will be of very limited utility to the United States if it lacks the political will to utilize them. American political leaders and strategists will likely be under significant pressure from China and from elements of Washington's strategic community to stay out of the Yellow Sea during times of tension so as to avoid escalation and a possible confrontation. While weighing the risks of such a confrontation against the risks that not entering the Yellow Sea could severely damage American credibility in the Asia-Pacific, it will be incumbent upon the U.S. Navy to ensure that it has the ability to enter the Yellow Sea during a time of crisis and effectively defend American interests.

As China rises and Washington begins to compete with Beijing for power and influence in the Asia-Pacific, it is natural for thought leaders and strategists to recognize the importance of the Indian Ocean and the South China Sea as important venues for competition and cooperation between the region's established leading power and its rising power. Yet it would be a mistake for American policymakers to allow their attention to stray too far from the true naval center of gravity of the region—the Yellow Sea. As the Captain's chair of the world's geopolitical cockpit, American presence and influence in the Yellow Sea will be absolutely critical to ensuring stability and prosperity in times likely to be regularly threatened with belligerence, incidents, and risks of escalation.

Dealing with North Korean Provocations Around the Northern Limit Line

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Introduction

The Yellow Sea—known as the West Sea to Koreans—along the west coast of the Korean Peninsula has been the scene of numerous naval incidents between the Democratic People’s Republic of Korea (DPRK)¹ and the Republic of Korea (ROK)² since the signing of the Korean War Armistice Agreement on July 27, 1953. Since the late 1990s, these incidents have been largely characterized by brief clashes between the navies of the two Koreas in the relatively confined waters surrounding the five islands of

Pangnyong-do,³ Taechong-do, Socheong-do, Yeonpyeong-do, and U-do. In 2010, however, the character of these incidents changed as North Korea allegedly carried out a covert attack that sank a South Korean patrol boat (the Cheonan) and eight months later launched an artillery attack on one of the South Korean-controlled islands.

These recent North Korean provocations surprised the international community and have raised tensions on the Korean Peninsula. What was less surprising was where North Korea chose to carry out its provocations—along the Northern Limit Line (NLL), which the regime has repeatedly decried as illegally drawn.

Since its shelling of Yeonpyeong Island in November 2010, North Korea has shifted tactics, adopting a diplomatic approach to secure needed aid. Further provocations

1 Referred to in this paper as North Korea.

2 Referred to in this paper as South Korea.

3 This island is often transliterated in the Western press as “Baengnyeong-do.”

by North Korea as well as other dangerous military interactions on or around the NLL, however, remain a serious threat and carry the risk of miscalculation and unintended escalation. Moreover, changes under way in North Korea could precipitate new tensions and herald a prolonged period of instability that raises the possibility of military intervention by outside powers.

This paper examines the NLL, which has been the underlying factor across North Korea's provocations for the last decade. Following a brief overview of the NLL as a disputed line of demarcation, this paper will explore North Korea's claims in this water space and the calculus that supports its brinkmanship strategy. It will conclude with a discussion of the range of options available to the United States and its allies to deal with this persistent problem that holds the potential for future crises.

The NLL: A Disputed Boundary

The debate over the Northern Limit Line goes back to the Korean War and the manner in which it was drawn. The 1953 Armistice Agreement which was signed by both North Korea and the United Nations Command, ended the Korean War and specified that the five islands — Pangnyong-do, Taecheong-do, Socheong-do, Yeonpyeong-do, and U-do, later known collectively as the Northwest Islands (NWI)— “shall remain under the military control of the Commander-in-Chief, UN Command (UNC).”⁴ However, the negotiators could not agree on a maritime demarcation line, primarily because the United Nations Command wanted to base it on 3 nautical miles (5.6 km) of territorial waters, while North Korea wanted to use 12 nautical miles (22 km).⁵

On 30 August, a month after the Armistice Agreement was signed, UNC commander General Mark Clark unilaterally drew a military line of control in the West Sea to ensure that South Korea's navy and fishing vessels did not stray too far north and restart hostilities.⁶ Clark designated the NLL at the mid-channel between the Northwest Islands and the North Korean-controlled Ongjin Peninsula,⁷ envelop-

4 Little attention was given to defending the five small islands since their status was specified in the armistice and at the time, North Korea did not have a very capable navy.

5 Although 12 nm would later become the international standard, 3 nm was the accepted zone at the time.

6 Park Hee Kwon, *The Law of the Sea and Northeast Asia: A Challenge for Cooperation* (The Hague: Kluwer Law International, 2000).

7 In simpler terms, the line was drawn mid-channel between the North Korean coast and the Northwest Islands.

ing it in an arc and thereby preventing normal egress.⁸ Specifically, the line runs between the mainland portion of Gyeonggi Province that had been part of Hwanghae Province before 1945⁹, and the adjacent offshore islands, including Yeonpyeong and Pangnyong. Because of the conditions of the armistice, the mainland portion reverted to North Korean control, while the islands remained a part of South Korea despite their close proximity.¹⁰ Since the NLL applied largely to South Korean and UNC vessels, it is likely that North Korean officials were not formally notified of the NLL,¹¹ though they do appear to have ascertained the extent of the line in the years since.¹²

8 The line extends into the sea from the Military Demarcation Line (MDL), and consists of straight line segments between 12 approximate channel midpoints, extended in an arc to prevent egress between both sides. On its western end the line extends out along the 38th parallel to the median line between Korea and China. It is also possible that this line may have been based on a military control line that had been utilized during the war by the UNC to help separate enemy combatants.

9 In 1945, Korea was divided into Soviet and American zones of occupation, north and south respectively of the 38th parallel. The southernmost part of Hwanghae (around the towns of Ongjin and Yonan) was cut off from the rest of the province by the dividing line, and joined Gyeonggi Province in the southern half of the country. In 1948, Hwanghae and Gyeonggi provinces became parts of the new countries of North and South Korea respectively.

10 The islands have remained part of South Korean territory for two main reasons. First, the five islands and their surrounding waters were under South Korean jurisdiction when the Korean War broke out because they lie south of the 38th parallel (the pre-Korean War boundary imposed on Korea by the Allies at the end of World War II). The islands never fell under the Communists' control throughout the Korean War because the North did not have enough naval forces to transport landing forces and the islands were strongly defended by the South Korean military forces. The UN navies maintained maritime superiority, which prevented North Korea from using the sea and also allowed allied vessels to move about in relative freedom. Second, the islands did not get much attention during the Armistice Agreement negotiations, apparently because North Korea did not recognize their strategic importance. The status of the islands was discussed as a sub item of the negotiations regarding the military demarcation line (MDL). See Col. Moo Bong-ryoo, *The Korean Armistice and the Islands* (Carlisle Barracks, PA: U.S. Army War College, March 2009).

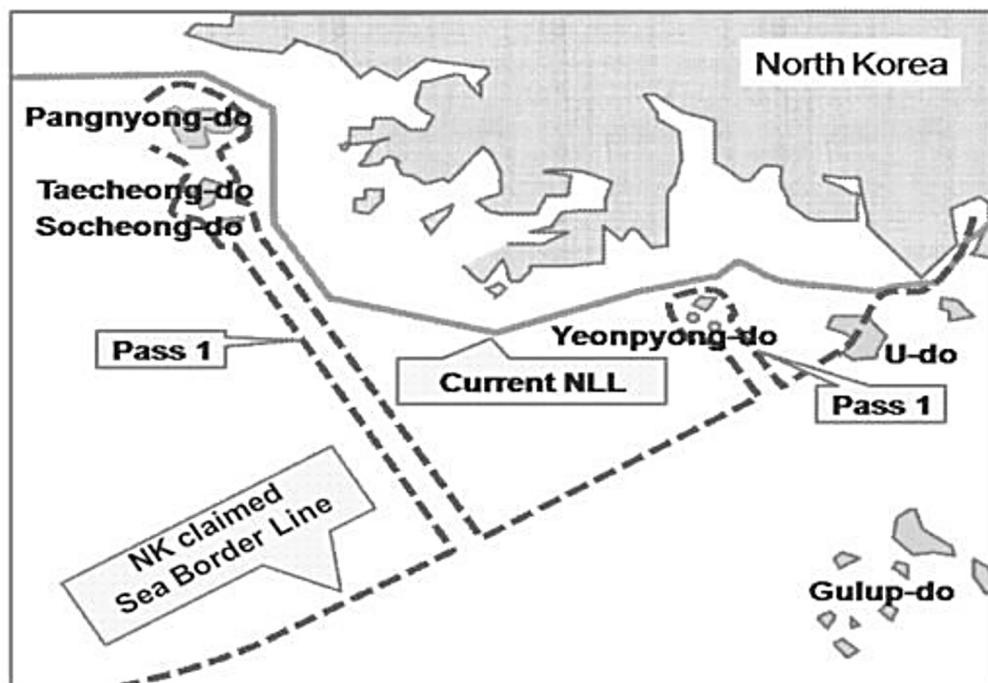
11 Dr. Terence Roehrig, "The Northern Limit Line: The Disputed Boundary Between North and South Korea," NCNK Issue Brief, 30 September 2011.

12 It is not clear whether the line was called the NLL at the time. Most authors writing on the NLL give 30 August 1953 as the date the line was established, but do not cite a specific document. A declassified 1974 CIA report indicated that "no documentation can be found to indicate that the NLL was established prior to 1960." However, it is possible that earlier documentation exists that delineates a line, possibly called the Northern Patrol Limit Line at the time, and some North Korean statements acknowledge the line was drawn sometime in the 1950s.

Importance of the NLL

Economic and security reasons underscore the importance of the NLL for both North and South Korea. Economically, the area around the line is a valuable fishing ground that generates considerable revenue for both sides. Blue crab and other migratory fish are in particular demand and draw not only Korean shipping to the area, but also Chinese trawlers that fish illegally on both sides of the NLL. In addition, the NLL has a significant impact on regional commerce, especially for North Korea. Instead of entering the West Sea directly, the NLL forces North Korean ships to detour north of Pangnyong Island before entering the West Sea, adding extra miles and increased fuel costs.¹³

The Northern Limit Line and the NWIs



¹³ Dr. Terence Roehrig, "The Northern Limit Line: The Disputed Boundary Between North and South Korea," op. cit.

For both countries, however, security considerations are of paramount importance and are at the heart on why the two countries to date have not been able to reach an accommodation on the NLL. For Seoul, any shift of the NLL further south jeopardizes the security of the Northwest Islands. Accommodating North Korean demands would make these islands very difficult to defend, even if each island were allowed its own territorial sea. Moreover, the Ongjin Peninsula and the surrounding area contain a number of important North Korean military installations. Shifting the NLL would allow North Korean naval vessels to patrol closer to the Han River estuary and Seoul, reducing warning time for ROK defenses and making it easier for the North Korean Navy to deliver special operations forces. So long as the security situation remains tenuous, South Korea is unlikely to show much willingness to adjust the line. For North Korea, the NLL is an equally serious security concern. The current NLL allows ROK warships to sail very close to the North Korean shore and its military bases in the region. An NLL farther south would provide a larger maritime buffer from South Korean naval patrols and intelligence gathering.¹⁴

North Korea Makes Its Case

North Korea's position on the NLL is clear: it is a "bogus line unilaterally and illegally drawn [by the UNC] in the 1950s" and Pyongyang, therefore, has never recognized it.¹⁵ Pyongyang argues the NLL is inconsistent with the dictates of in-

¹⁴ Ibid.

¹⁵ "S. Korean military to blame for armed clash in West Sea," Korean Central News Agency, 30 June 2002. The South Korean position on the NLL was spelled out in a 2002 Ministry of National Defense paper that reasserted the legitimacy of the NLL, and arguing that North Korea's claims regarding NLL were groundless. The paper concluded that:

- The NLL has been the practical sea demarcation line for the past 49 years and was confirmed and validated by the 1992 South-North Basic Agreement;
- Until a new sea nonaggression demarcation line is established, the NLL will be resolutely maintained like the ground Military Demarcation Line, and decisive responses will be made to all North Korean intrusions; Any new sea nonaggression demarcation must be established through South-North discussions, and the NLL is not the subject of negotiation between the US or UNC and the North;
- North Korea's claims violate the Armistice Agreement and are not compatible with the spirit and provisions of international law. In contrast, North Korea asserts boundary demarcation between states adjacent to each other. Pyongyang argues that North and South Korea adjoin each other with the MDL as a major boundary line on land. The five West Sea Islands are far from the South Korean mainland, and open seas remain among the islands. In this context, North Korea states that attention should be paid to coastal areas, not the islands, in establishing a boundary. In this case, a vertical equidistant median line is set along coastal areas of the peninsula.

ternational law and though it has never challenged UNC/South Korean control of the Northwest Islands, maintains these islands are in North Korea's territorial waters.¹⁶ Over the past decade, North Korea has issued over 200 statements (rhetoric and threats) regarding the NLL through diplomatic channels, the KPA delegation stationed at the Joint Security Area, as well as its state and affiliated media outlets. Most of these statements have been in response to specific past or upcoming events rather than precursors of North Korean contrived events. Almost all were in response to major U.S.-South Korean combined military exercises; naval clashes between North and South Korean navies; and disputes between the North and South Korean fishing boats during the blue crab fishing seasons.

North Korea initially laid out its argument in the early 1970s. At the 1 December 1973 Military Armistice Commission (MAC) meeting, North Korea lodged its first formal protest of the NLL. The DPRK representative announced that the five NWI designated in the armistice were in North Korean territorial waters and that access to these islands required prior notification and permission from the DPRK.¹⁷ The UNC rejected North Korean demands at a subsequent MAC meeting.¹⁸

16 North Korea's argument was bolstered with the adoption of the 1982 UN Law of the Sea Convention (LOS)—to which both Koreas are signatories—of a twelve-nautical mile limit in lieu of a three-nautical mile limit that was the previous norm. According to the UN Convention on the Law of the Sea (UNCLOS), if North and South Korea were typical adjoining states, UNCLOS would dictate a maritime border that was equidistant from the nearest points on land (Art 15). In addition, UNCLOS calls for maritime borders that do not “cut off the territorial sea of another State from the high seas or an exclusive economic zone.” (Art 7 (6)). Though the NWI would be entitled to some measure of their own territorial sea, they would likely not be allowed to cut North Korea off from its territorial waters. See Jon M. Van Dyke, Mark J. Valencia, and Jenny Miller Garmendia, “The North/South Korea Boundary Dispute in the Yellow (West) Sea,” *Marine Policy*, Vol. 27, No. 2 (2003).

17 J.R.V. Prescott, *Maritime Jurisdiction in East Asian Seas*, Occasional Paper No. 4 (Honolulu: East-West Environment and Policy Institute, 1987).

18 South Korean analysts argue that from 1953 to 1973, Pyongyang gave no indication that it disputed the line, demonstrating what international law calls “acquiescence” to the NLL. Finally, in 1992, the two Koreas signed the Basic Agreement which states in Chapter 2, Article 11: “the South-North demarcation line and the areas for nonaggression shall be identical with the Military Demarcation Line provided in the Military Armistice Agreement of July 27, 1953, and the areas that each side has exercised jurisdiction over until the present time,” which the ROK claims indicates DPRK acceptance of the boundaries already drawn, including the NLL.

North Korea counters that it has never recognized the NLL. Pyongyang insists that not raising an objection for a long time does not mean that it agrees with the UNC.³⁸ It also says that a 50-year old North Korean government document, on which the NLL is marked clearly, cannot be used as a proof that the regime indeed recognized the NLL. The DPRK argues that the five islands are located in North Korea's territorial waters, citing KWAA paragraph B of Article 11.39.

North Korea reiterated its position at subsequent MAC meetings and in 1977 drew its own line of demarcation. On 21 June 1977, North Korea promulgated the decree on economic activities of foreigners, foreign vessels and foreign planes in the 200-mile economic sea zone of the Democratic People's Republic of Korea.¹⁹ North Korea stated that it will exercise its absolute rights for living resources and non-living resources in the sea, at or beneath the seabed with a view to conservation, management and exploitation of marine resources.²⁰ Foreigners and foreign vessels cannot conduct fishing activities in the zone concerned without obtaining prior approval from the North Korean authorities, and they must comply with various rules. The line is an equidistant median line from the boundary between Hwanghae and Gyeonggi provinces to the territorial sea boundary between the Korean Peninsula and China. What the Supreme Commander of the Korean Peoples Army proclaimed as a maritime military boundary on August 1 of the same year was the very economic zone line. The following day, the United Nations Command conveyed to North Korea its view that such a unilateral claim could not be accepted under the Armistice Agreement.

In 1999, North Korea announced the “nullification” of the NLL and declared its own demarcation of the sea military boundary, a more southerly “West Sea Military Demarcation Line.”²¹ The following year, it unilaterally classified the five islands into three zones and set up one-mile waterways reaching the first and second zone from the sea military boundary. North Korea based the demarcation on the view that the five islands are in its own waters north of the military boundary and that the islands, which belong to the South, do not have any contiguous territorial waters. It stated that the two waterways linking the sea military boundary and the

19 Chan-wee Lee, “North Korea’s Law of the Sea Policy: Some Legal Issues Concerning Jurisdictions on the Territorial Sea, Economic Zone, and Military Boundary Line,” *Journal of Law and Political Studies*, No. 2 (1999).

20 North Korea is not a signatory to the Conventions on the territorial sea, high seas, and continental shelf and the UN Convention on the Law of the Sea. Given the customary law nature of the territorial waters and the exclusive economic zone (EEZ), it is possible for North Korea to claim 12-mile territorial waters. Considering North Korea’s declarations in 1977 regarding the economic zone and the military boundary, it appears that Pyongyang’s initial goal was aimed not at the EEZ but the military waters. It did not make sense to take up the concept of the economic zone under the law of the sea for that purpose. What’s more, an attempt to exercise inclusive authority for the economic zone could be considered an abuse of rights.

21 “KPA urges U.S. and S. Korea to accept maritime demarcation line at West Sea.” Korean Central News Agency. 21 July 1999. This was the last step in a several year North Korean campaign to discard the Armistice Agreement and create a peace agreement with the United States

five islands are the only waters for South Korean vessels to navigate the islands. Furthermore, the two waterways are not recognized as South Korea's jurisdictional waters. North Korea only allows South Korea to use them for going back and forth between South Korea and the islands. The waterways are under jurisdiction of North Korea.²²

In a strongly worded North Korean White Paper on the NLL delivered to the UN Command in the wake of the June 2002 clash, Pyongyang reiterated its demand for negotiations, labeling the NLL an “illegal and brigandish line drawn by the United States on our sacred territorial waters, without our consent and in violation of international law.”²³ The report further asserted that the United States and South Korea had admitted the line's illegality, skewing statements made by former U.S. officials and other researchers to suit its own propaganda purposes. In addition, while recognizing South Korea's right to the five islands surrounding the Ongjin Peninsula, it strongly refuted Seoul's claim to the waters surrounding those islands under existing international law.²⁴

Clashes and Provocations Along the NLL

Without a permanent peace treaty, the two Koreas have not agreed upon a mutual recognition of maritime borders, and they lack the formal diplomatic channels that could help prevent the escalation of border clashes both on land and at sea. This

22 It is interesting to note that while the North Korean Naval Command routinely protests movements by South Korean vessels close to the NLL in the West Sea, it does not complain as frequently about the South Korean vessels' movement across the North's claimed demarcation line, which is well south of the NLL.

23 SK's position on the NLL is a mirror image of the North's. In a White Paper issued in 1999 at the time of the first naval clash, the MND claimed that the NLL was the final maritime boundary and only negotiations to ratify it were acceptable. Another MND White Paper in 2002 put the emphasis on the two Koreas as the appropriate interlocutors, while softening its stance on the status of the existing NLL, as the final maritime border.

24 “DPRK/CPRF Releases White Paper Rejecting NLL,” Korea Central Broadcasting Station (Pyongyang), 1 August 2002. North Korea further warned that its navy was fully ready to mercilessly strike the intruders using all means in any event. In addition, Pyongyang insisted on discussing the sea demarcation line at the general officer level talks and called for a ROK-US-DPRK working-level meeting that would include experts and military personnel

became clear over the span of ten years from 1999 to 2009 when the navies of both countries engaged in a number of armed engagements.²⁵

- **First Battle of Yeonpyeong.** On June 15, 1999, North and South Korean warships exchanged fire resulting in the sinking of two North Korean ships. It was after this clash that the Korean People's Army General Staff issued a special communiqué declaring the current NLL void and proposing a different line that did not challenge UNC/ROK control of the NWI but drew a line that was approximately equidistant from the two coasts.
- **Second Battle of Yeonpyeong.** North and South Korean ships clashed again in June 2002, this time with greater casualties. After a 20 minute exchange, the North Korean ships moved back across the NLL and the South Korean ships did not pursue. South Korea suffered 5 killed and 19 wounded while estimates of North Korean casualties were around 30 killed and an unknown number wounded.²⁶
- On 1 November 2004 three North Korean vessels crossed the NLL. They were challenged by South Korean patrol boats, but did not respond. The South Korean vessels opened fire and the North Korean boats withdrew without returning fire. No casualties were reported.
- **Battle of Taecheong.** On November 10, 2009, a North Korean gun boat crossed the NLL and entered waters near Taecheong Island. South Korean vessels opened fire reportedly causing serious damage to a North Korean patrol ship and one death.

Subsequent inter-Korean talks made some progress on claims in contested waters, but these diplomatic efforts have faltered in recent years. In October 2007, an inter-Korean summit meeting between Roh Moo-Hyun, the previous South Korean president (2003-2008), and Kim Chong-il yielded a declaration that committed both sides to concrete measures toward improving inter-Korean relations. Both pledged to negotiate a joint fishing area and agreed to a proposal to create a “peace and cooperation zone” in the West Sea, which was aimed at transforming the heavily

²⁵ For an overview of inter-Korean clashes, see *Record of North Korea's Major Conventional Provocations since 1960s* (Washington, DC: CSIS, 25 May 2010) and Hannah Fischer, *North Korean Provocative Actions, 1950 – 2007* (Washington, DC: CRS Report for Congress, 20 April 2007).

²⁶ North Korean patrol boats had crossed the NLL into South Korean waters on numerous occasions in 2001 without incident.

militarized waters into a maritime region for economic cooperation. Significantly, in that declaration North Korea agreed to leave the NLL intact.

Yet, within months, President-elect Lee Myung-bak rescinded the October 4 Declaration and later abrogated the inter-Korean accord from the 2000 summit, which had provided a common approach for both North Korea and South Korea to work toward reconciliation and eventual reunification. Relations deteriorated further in 2009 when North Korea protested South Korea's decision to fully participate in a U.S.-led naval interdiction initiative, which North Korea regarded as a violation of its national sovereignty. In response, North Korea renounced all diplomatic and military agreements with South Korea.

Changing Nature of North Korean Provocations

Up to 2009, Pyongyang's rhetoric and threats surrounding the NLL were mostly tied to its political maneuvering. A continuing leitmotif of North Korean regional foreign policy was its aim to establish diplomatic relations with the United States while isolating South Korea from the regional diplomatic and security forums. Couched within this larger strategic vision was a cold economic reality—the competition for maritime resources. The immediate causes of the pre-2009 clashes were largely economic and tied to the concentration of valuable blue crab south of the NLL and the consequent sharp increase in the frequency of both South and North Korean vessels crossing the NLL to catch crabs, the latter ever more frequently accompanied by North Korean naval vessels.

A leadership shuffle in early 2009 accompanied the start of another period of tension over the NLL, when in January the North Koreans stepped up their rhetoric with regard to the disputed area, threatening an “all out confrontational posture” against the South in response to what they called violations of the sea border. Just weeks later, Gen. Kim Kyok-sik, who had been Chief of the General Staff, was transferred to command of the Fourth Corps of the North Korean army, whose area of responsibility borders the NLL. Kim Kyok-sik is known to be one of Kim Chong-il's most trusted generals, and was likely put in his new position so that he could help plan activities in the NLL area. Soon thereafter, the head of the Operations Department (which at the time was under the authority of the Korean Workers' Party), General O Kuk-ryol, was moved to a senior position on the National Defense Commission (NDC), the chief command and control organ of North Korea's armed forces. Within weeks of this move, the Operations Department was then

placed under the control of the newly enhanced Reconnaissance General Bureau (RGB)—North Korea’s military intelligence organization with responsibility for operations against South Korea—which reports directly to the NDC.²⁷

In the months following these appointments, the nature of North Korea’s provocations changed, becoming much more violent. Instead of the Navy, North Korea relied on the RGB, as well as its coastal artillery, two military organizations tied to the heir apparent and by extension to the unfolding political succession, to conduct provocations along the NLL.

- **Sinking of the Cheonan.** On 26 March 2010, the Cheonan (PCC-772), a 1,200-ton South Korean navy corvette, was severed in half and sank in the waters off Pangnyong Island, the northern-most of the West Sea Islands in the contested waters near the NLL. Forty-six South Korean sailors died in the sinking.²⁸ The Joint Civil-Military Investigation Group (JIG), a multinational commission led by South Korea, concluded after nearly two months of investigation that a North Korean torpedo sank the Cheonan.

Tensions around the peninsula were immediately raised, with South Korean and U.S. forces on alert for additional provocations, and the North preparing for retaliatory strikes by heightening readiness and even repositioning some SA-5 anti-aircraft missiles in the coastal region near where the Cheonan went down. This was followed by U.S.-South Korean joint exercises in the East Sea, South Korean Navy exercises in the West Sea, and North Korean threats of “physical response” and bolstered nuclear deterrent.

- **Shelling of Yeonpyeong Island.** On November 23, 2010, military troops from the South Korea and the United States conducted war-simulation exercises, dubbed “Hoguk” [“Defend the State”], a massive joint endeavor involving 70,000 soldiers, 600 tanks, 500 warplanes, 90 helicopters, and 50 warships. According to the South Korean Ministry of National Defense, the units on those islands, including Yeonpyeong Island, fired 3,657 times, or over 900 shells per hour, into contested waters near the Northern Limit Line (NLL).

²⁷ For a discussion of North Korea’s decision-making surrounding the sinking of the *Cheonan*, see Ken E. Gause, “A Maritime Perspective of North Korean WMD,” in *The Republic of Korea’s Security & the Role of the ROK-US Navies* (Seoul: Korea Institute for Maritime Strategy, 2010).

²⁸ The island is located on the South Korean side of the Northern Limit Line, but within the North Korean contested waters.

Pyongyang issued repeated warnings demanding that South Korea halt the exercises and cease its firing of artillery into North Korean territorial waters. Following the warnings, North Korea launched several MiG-23ML fighter aircraft from the 60th Air Regiment at Pukchang-ni Air Base. These aircraft flew southwest and assumed a patrol pattern over southern Hwanghae Province. Meanwhile, Korean People's Navy (KPN) coastal defense missile units went on alert and a number of patrol vessels sortied from their bases on the West Sea. Additionally, some Fourth Corps long-range artillery units reportedly moved to pre-surveyed firing positions. These were moves that most likely could not have occurred without Kim Chong-il's authorization.²⁹

At 14:34 hours on 23 November the southern 122 mm MRL battery located 1.2 km south of Kaun-gol conducted an unprovoked surprise "time-on-target" artillery attack upon the South Korean-controlled island of Yeonpyeong. After the initial North Korean barrage, there was a 15-minute pause then at 15:10 hours a second barrage commenced. This lasted until 15:41 hours. The entire exchange lasted approximately one hour. The MND estimated that during the engagement the KPA fired approximately 170 rounds while the ROK Marine K-9s expended 80 rounds. Total South Korean casualties as a result of the attack were 2 Marines and 2 civilians killed and 15 Marines and 3 civilians wounded.³⁰

While the artillery engagement was in progress, at 14:50 hours, the ROK Air Force (ROKAF) launched F-15K and KF-16 aircraft in preparation both to conduct retaliatory strikes against KPA positions and engage the KPAF MiG-23s should they undertake hostile actions—the rules of engagement in place at the time required presidential approval before engaging KPA forces except for instances of self-defense. The F-15K and KF-16 were subsequently given Presidential authorization to attack KPA artillery positions should they commence a third artillery barrage. Ultimately the KPA did not conduct a third barrage and these aircraft did not launch any strikes or engage the MiG-23s.³¹

Pyongyang has consistently portrayed its 23 November artillery strike against the South as a self-defensive reaction to South Korean military artillery exer-

²⁹ Joseph S. Bermudez, "The Yonp'yong-do Incident, November 23, 2010," *38 North* Special Report 11-1, 11 January 2011.

³⁰ Ibid.

³¹ Ibid.

cises, which the North claims resulted in shells landing in its territorial waters. North Korea issued a statement calling the civilian deaths “very regrettable,” but it also criticized South Korea for creating what the North called “a human shield by placing civilians around artillery positions and inside military facilities.” On 29 November, South Korea canceled a series of scheduled artillery drills from Yeonpyeong Island, offering no explanation for the change. The massive U.S.-South Korean joint war exercises resumed in the West Sea, but they took place outside the immediate zone of contested waters, staged approximately 125 miles south of the NLL.

- On 10 August 2011, North Korean artillery fire was reported by South Korean forces in the area of the Northern Limit Line. It was unclear whether the fire, reported to have originated from Yongmae Island, was intended to land on the North or South Korean side of the boundary. One of the shells was reported to have landed near Yeonpyeong Island. It was unclear whether or not the North Korean artillery fire had been part of a training exercise. An hour later, South Korean forces fired shells into the disputed area in response after radioing a warning on an internationally recognized frequency. A second round of North Korean shelling was later reported.

The North Korean response, also on 10 August, claimed that South Korea had mistaken “normal blasting in the area of South Hwanghae Province,” said to be part of a development project, for artillery fire. It added that South Korea had responded with artillery fire without adequately verifying the nature of the disturbance.

- In October 2011, North Korea reportedly test fired anti-ship missiles in the West Sea. The missiles were modified versions of the Styx ground-to-ship missile and were launched from a KPAF IL-28 bomber. According to a South Korean source, “Should the North send IL-28s beyond the Northern Limit Line and fire anti-ship missiles, they will present major threats to our patrol ships and destroyers.” Other sources noted that South Korea would likely counter with its indigenously developed Chunma ground-to-air missile, which it deployed to the border islands in wake of the Yeonpyeong Island shelling.

North Korean Calculus Regarding Provocations

It is critical to understand that North Korea’s provocations along the NLL are couched in its own logic and supported by its own sense of justice. These two con-

siderations drive how and under what circumstances North Korea will resort to brinksmanship activities. A close reading of North Korean public statements can yield insights into Pyongyang's provocation calculus. But, it is only through an understanding of North Korea's unstated calculus that the parameters of likely future provocation can be appreciated.

Stated Calculus

Since early 2009, the North has used state media to define three types of South Korean action that would trigger North Korean military retaliation: infiltration into North Korean claimed waters in the West Sea, leaflet distribution, and propaganda broadcasts. These announcements have come in response to what the regime portrays as the Lee government's hostile policy toward Pyongyang and its rejection of inter-Korean accords signed by Kim Chong-il. They also correlate with unprecedented public leadership appearances at live-fire artillery demonstrations. To date, the only category North Korea has taken direct military action to address is naval maneuvers between Pyongyang's claimed Maritime Military Demarcation Line (MMDL) and the UN Command's Northern Limit Line (NLL).

In its open statements, North Korea is precise in its language and only takes stands that the regime feels it can defend. This was made clear with the lead up to the shelling of Yeonpyeong Island. In January 2009, a KPA General Staff spokesman issued a statement announcing that because the Lee Myung-bak government has continued to insist on a hostile policy toward North Korea, North Korea will conduct an "all-out confrontation" against the South.³² The statement did not threaten the South Korean islands immediately south of the NLL, but focused on the disputed area off the west coast. Although the announcement did not constitute a new threat, it was more pointed and explicit.

Pyongyang inched closer toward a strike in May 2009—when it proclaimed that it could no longer guarantee the "legal status" of the five UN-controlled islands located north of Pyongyang's demarcation line—pointing to what it sees as the current South Korean administration's hostile policy as justification. A year later, in August 2010, North Korea warned in unusually explicit terms that it planned to conduct a military strike in response to South Korean drills near the NLL. Using

³² Although rarely used, KPA General Staff announcements have been used to highlight increased states of North Korean readiness.

the voice of its “Western Zone” regional military command, the North stated that it had “adopted” a “determined decision” to “suppress” South Korean “naval firing” exercises by way of a “physical counterstrike.”³³ Just after the exercises ended, the North fired 130 rounds of artillery into the West Sea near Pangnyong Island.³⁴

Pyongyang’s handling of the Cheonan sinking stands in stark contrast to its earlier provocations—actions that North Korea believed it could publicly defend and that fit neatly within its long-term gripe over the NLL. Instead of justifying covert action through a series of pronouncements, Pyongyang simply refused to take responsibility for the sinking of the Cheonan. In August 2011, North Korea denied culpability for a second round of artillery fire in the area of Yeonpyeong Island, presumably because it wanted to control escalation as it pressed its diplomatic initiative. This allowed Pyongyang to ratchet up tensions on the peninsula to express its growing frustration over not receiving economic aid while not testing Seoul’s new proactive deterrence strategy.

What can be taken away from these latter two incidents is that North Korea will on occasion carry out provocations that fall outside of its stated calculus, such as the disputed NLL. These provocations are governed by an unstated calculus. The red lines associated with this unstated calculus are opaque and operations conducted in support of this calculus will likely be orchestrated in such a way as to give the regime deniability.

Unstated Calculus

North Korea’s unstated calculus in recent years has centered around three issues: North Korean economics, inter-Korean dynamics, and North Korean domestic politics. As Kim Chong-il and his advisors grapple with these issues, brinkmanship and provocation can emerge as a viable (within the North Korean calculus) option. Since 2009, all three of these issues have figured heavily within Pyongyang’s decision-making.

Sinking of the Cheonan. The rationale behind North Korea’s apparent decision to shift provocation tactics, forgoing another clash with the South Korean Navy in favor covertly sinking a ship is remains unclear. On the surface, it seemed to be in retaliation for the losses the KPA Navy had suffered in the clash with the South

33 Pyongyang radio, 3 August 2010.

34 “DPRK Fires Some 130 Rounds of Artillery into Yellow Sea,” *Yonhap* 9 August 2010.

Korean Navy four months earlier. An examination of the timeline leading up to the Cheonan sinking, however, suggests that the North Korean leadership decided on this course of action purely for internal reasons tied to the failed currency revaluation and evolving succession dynamics.³⁵ If this is the case, the ability of the international community to discern potential indicators and warnings for such an attack would be nearly impossible.³⁶

Shelling on and around Yeonpyeong Island. North Korea's obvious motive for shelling the island in November 2010 and August 2011 was related to the Northern Limit Line (NLL). By causing trouble in the area, North Korea was trying to keep the issue alive. However, unstated motives could also have been at work.

The first motive has been widely discussed within defector circles and is tied to the murky politics of succession. The month before the attack, Kim Chong-un had been revealed to the world as the likely heir apparent at the Third Party Conference. The regime had entered the second of a three phase succession during which the young heir would have to display his mettle as not only a leader, but a military tactician in an era of Military First Politics.³⁷

In addition to internal politics, North Korea's decision-making calculus regarding the Yeonpyeong shelling was likely tied to diplomatic posturing. On the international front, the North Korean action forced China to once again take a position that would necessarily disappoint and frustrate the United States and South Korea, thus reinforcing the alignment structure which places China and North Korea on one side and the United States, Japan and South Korea on the other, a situation that suits North Korea's near term interests.

Deterrence Calculations. There is little doubt that deterrence plays an integral role in North Korea's provocation calculations near the Northern Limit Line. The proximity of Seoul to the DMZ (approx. 50km) has always provided North Korea strategic and tactical advantages. By and large, the deterrence which derives from the South Korean-U.S. alliance is balanced with the survival of Seoul. As such,

35 For a detailed discussion of this timeline, see Ken E. Gause, *North Korea Under Kim Chong-il: Power, Politics, and Prospects for Change* (Santa Barbara, CA: Praeger, 2011).

36 North Korea has a long history of intentionally building up tension on the Korean Peninsula in order to achieve internal stability.

37 Kim Chong-un is reportedly building his military bona fides as an expert in the use of artillery. His first guidance inspection after the Third Party Conference was to an artillery exercise.

North Korea most likely calculates that skirmishes and even provocations along the periphery (i.e., along the NLL) will not be met with retaliation because the United States and South Korea are not willing to risk escalation.³⁸

How the North would subsequently respond to retaliation by the South is difficult to predict, especially under the current circumstances. Potential voices of restraint in the leadership could be muted or drowned out by those wishing to avoid any suggestion of weakness or indecision during this sensitive transition period. Some elements in the regime or military may also feel emboldened to engage in brinkmanship with the South, not only because Seoul and its environs remain vulnerable to devastating artillery fires but also because North Korea has now acquired a rudimentary nuclear deterrent. China's unambiguous support of North Korea during the Cheonan crisis may also have added to a sense of empowerment. Finally, Pyongyang could miscalculate Washington's resolve to support its South Korean ally in a serious crisis, believing it to be distracted by other military commitments and having no stomach for a confrontation with North Korea that would almost certainly risk aggravating relations with China.³⁹

Dealing with North Korean Provocations Along the NLL

At the time of this paper (November 2011), North Korea is continuing its diplomatic outreach. Pyongyang has dialed back its rhetoric regarding threats of provocations along the NLL.⁴⁰ That said, it will come as no surprise if Pyongyang returns

38 By shelling Yeonpyeong Island in November 2010 and killing civilians, North Korea attempted to demonstrate that the South Korean population is vulnerable to North Korean attack and that the South Korean government cannot protect its own population. North Korea presumably is willing to act in an inhumane way in order to reinforce its own deterrent.

39 Paul B. Stares, *Military Escalation in Korea* (New York, NY: Council on Foreign Relations Contingency Planning Memorandum No. 10, November 2010).

40 That said, on 25 November 2011, North Korea's military supreme command denounced South Korea's annual exercise near the border as a rehearsal for war against the North and warned that the North's armed forces are ready for "a decisive battle to counter any military provocation." The warning went on to state that if South Korea dares "to impair the dignity of (the North) again and fire one bullet or shell toward its inviolable territorial waters, sky and land, the deluge of fire on Yeonpyeong Island will lead to that in Chongwadae and the sea of fire in Chongwadae to the deluge of fire sweeping away the stronghold of the group of traitors." Cheong Wa Dae refers to South Korea's presidential offices.

to its pattern of “drama and catastrophe” to secure concessions as the country moves toward the important year of 2012 (Kim Il-sung’s one hundredth birthday) when North Korea is supposed to make great strides toward becoming a “strong and prosperous nation.”⁴¹

How should the United States and South Korea approach this uncertain future? It is important to understand that deterrence as a core component of U.S.-South Korean defense strategy on the Korean Peninsula did not fail with the sinking of the Cheonan and the shelling of Yeonpyeong Island. Washington and Seoul seek above all to deter North Korea from a major invasion of the South and the use of nuclear weapons. What failed was deterrence at the lower level. The question is whether measures can be adopted to prevent North Korea from conducting provocations such as the ones that it has along the NLL, which are off the peninsula and, as such, at the low end of the escalation spectrum.

Enhancing Capabilities to Reinforce Deterrence

According to conventional wisdom, deterring provocations at the lower end of the conflict spectrum, while by no means assured, most likely comes by deploying capabilities that are commensurate with the threat, such as precise conventional munitions, combined with a demonstrated resolve to act in the face of such aggression. The United States and South Korea have made progress along these lines in recent years by modernizing their armed forces on the Peninsula and through Seoul’s shift in declaratory policy (Proactive Deterrence),⁴² strongly affirming its resolve to act firmly and proportionally in response to future North Korean provocations.⁴³ South

41 There is currently a debate on-going within the Pyongyang watching community over how long North Korea will continue to lead with diplomacy versus brinkmanship. Some believe Pyongyang’s current diplomatic campaign will last at least until April 2012 as North Korea seeks a calm international environment in the lead up to the 100th anniversary of Kim Il-sung and the formalization of the succession process. Others contend that if the food situation continues to falter, the regime will conclude that diplomacy has failed and return to a brinkmanship strategy.

42 For example, South Korea has significantly strengthened its troop levels and weaponry—including MRLs and Cobra attack helicopters—on Yeonpyeong-do and other frontline islands in the past year.

43 Since not all types of potentially provocative behavior would be addressed by such military measures, the threat of additional punitive actions for any North Korean transgressions would act as a further disincentive. Without necessarily being specific, such threats could suggest intensified economic pressure, such as preemptively closing the Kaesong industrial park.

Korea has also modified its rules of engagement to permit more rapid response to North Korean incursions.⁴⁴ Additional measures could include enhancing surveillance and patrolling of disputed/sensitive areas, improving South Korea's deep water ASW capability,⁴⁵ and upgrading joint U.S.-South Korean planning to manage a range of contingencies besides full-scale war.

Taking Measures to Change North Korean Calculations

The United States and South Korea must give much deliberation to how it wants to respond to future North Korean provocations. This means distinguishing responses meant to deter versus responses meant to punish.⁴⁶ This will drive the nature of the operations and the means and assets employed. A lack of coordination and agreement on how to proceed could lead to a disjointed response that sends the wrong message to Pyongyang.

A response aimed at deterrence focuses on preventing the escalation of conflict, repelling the North Korean attack, and restoring the status quo,⁴⁷ while a response aimed at punishment emphasizes striking some of North Korea's key military targets and destroying its will to fight, even at the risk of escalation.⁴⁸ In the past, such

44 Recent North Korean provocations have occurred so unexpectedly and quickly that the current armistice ROE, with its limits on available options and hindrance of a prompt response, has proven almost useless in support of a deterrent posture. This is not by coincidence since part of North Korea's strategy has been to end conflicts in such a way as to undermine international sanctions and shift blame to South Korea by making its response seem disconnected and disproportionate.

45 Some progress has been made along these lines. In response to the sinking of the *Cheonan*, the South Korean Ministry of National Defense has placed the armed forces on a robust military readiness posture, with 24 hour surveillance via the use of combined U.S.-South Korean intelligence assets. This was bolstered by the prohibition of navigation through South Korean territorial waters of North Korean vessels, an apparent abrogation of the *Agreement on Maritime Transportation Between South and North Korea*. See Geoffrey Till and Yoon Sukjoon, editors, *Korean Maritime Strategy: Issues and Challenges* (Seoul: Korea Institute for Maritime Strategy, 2011).

46 One way of mapping out potential responses would be through gaming. This would allow the United States and South Korea to classify North Korean provocations into several categories and establish red lines for each category. Should North Korea cross any of these red lines, appropriate detailed responses would already be worked out.

47 A target set associated with a deterrence-based response could include units and headquarters that were involved in the provocation.

48 Such targets would include significant command and control facilities, as well as core strategic capabilities, including nuclear and missile facilities.

a hard line response (or threat thereof) has had a positive effect on North Korean policymakers' strategic decision-making by casting fear and doubt on a course of retribution.⁴⁹

Understanding the Limits of Deterrence

That said, the Korean Peninsula is in many respects unique when it comes to prescriptions involving demonstrations of force or deterrence at the lower end. Because of the uncertainties and asymmetries of interest and resolve involved, retaliation carries the real risk of escalating more minor attacks into broader conflagrations.⁵⁰ Threatening to escalate any crisis and punish Pyongyang for any attack is likely to elicit attempts by the North to test South Korean resolve and force Seoul to escalate a crisis that does not need escalation.⁵¹ North Korea may not believe the South's promises to retaliate, or may see strategic advantage in forcing Seoul to act on them, which could lead to a broader conflict with tragic consequences. In addition, a more active deterrent strategy by the United States and South Korea in itself could have unforeseen consequences. Stepped-up intelligence gathering operations along the periphery of North Korea, for example, could be viewed by Pyongyang as intolerably intrusive and elicit a military response, as has happened in the past.

Management of a serious crisis on or around the Korean peninsula could also be complicated by other factors. Pyongyang's grasp of potentially fast-moving events could be quite limited and slow, given the North's relatively unsophisticated intelligence and communication systems. Furthermore, the limited options for communicating with the North Korean leadership could hinder attempts to bring a rapidly deteriorating situation under control. Since the Cheonan incident, the North has

49 There are several examples of demonstrations of force impacting North Korean calculations. The U.S. show of force following the capture of the USS Pueblo resulted in North Korea releasing the remaining crew members. The U.S. military's Operation Paul Bunyan and move to DEFCON status following the DMZ axe murders in 1976 led to Kim Il-sung publicly expressing regret and reportedly issuing a strong warning to the KPA and even his own son, Kim Chong-il. Finally, sensing an imminent military attack following the first nuclear crisis in 1993, North Korea met with the United States to resume the second round of talks in Geneva. Sung-Chool Lee, *The ROK-U.S. Joint Political and Military Response to North Korean Armed Provocations* (Washington, DC: CSIS, October 2011).

50 Abe Denmark's comments at the US-ROK and US-Japan Strategic Dialogue in Lahaina, HI, June 2011.

51 Ibid.

shut down the military-to-military hotline established in 2004 for maritime emergencies in the West Sea; it also regularly turns off the UN fax machine communications link at Panmunjom to demonstrate its displeasure.⁵² Other North-South military and intelligence links are evidently ad hoc and not reliable for rapid communications.

Therefore, going forward, nuance and restraint will be just as important as strength and resolve in preserving stability.

Reaching Out to China

Regardless of operational and tactical adjustments, a critical diplomatic piece still needs to be put in place. The United States and China have to coordinate their policies, not only toward North Korea's venturesome behavior, but regarding the contingencies related to the evolution of the North Korean situation. The international community, particularly the United States and its allies including Japan and South Korea, should make it clear to North Korea that there are limits to which North Korea can indulge in aggressive and risk-taking behavior. The key to all these efforts seems to be to persuade China to lean more heavily on North Korea to change its behavior. In the near term, this will be a challenge given China's apparent decision to reassure North Korea about its security rather than rein it in. As for China's future role in dealing with the challenges on the Korean Peninsula, there is clearly a need for a dialogue with Beijing to better understand what is driving China's shift on North Korea and to clarify its intentions. The United States and the South Korea should try to engage the China, trilaterally if possible and bilaterally if necessary, to explore current Chinese thinking about North Korea. Should China prove reluctant to conduct such a dialogue officially, the United States (possibly together with South Korea) should explore Track 1.5 or Track 2 channels.

Being Aware of Indications and Warnings

Divining North Korea's intentions is widely considered to be one of the hardest intelligence challenges. Nothing illustrates this more than the Cheonan incident and its aftermath. There were few prior indications to suggest an elevated risk of an attack. The task is not hopeless, however. Although preparations for covert actions

⁵² The United States recently had to use a bull horn to announce planned military exercises. See Paul B. Stares, *Military Escalation in Korea*, op. cit.

would for obvious reasons be difficult to detect in advance, South Korea and the United States should be mindful of particular dates on the calendar—notable Korean anniversaries, birthdays, planned exercises, and major political events—when a provocation might resonate positively in the North or negatively in the South.⁵³ Similar attention should also be paid to the appointment and movement of key North Korean military and security personnel. As noted above, Gen. Kim Kyok-sik was placed in charge of the Fourth Corps in the months leading up to the Cheonan sinking. He also met with Kim Chong-il and Kim Chong-un during their visit to Hwanghae Province days before the shelling of Yeonpyeong Island. Recent reporting suggests that Gen. Kim has been appointed deputy chief of the General Staff. Identifying the new commander of the Fourth Corps could provide insights into North Korean planning.

Looking for Avenues for Progress

Getting past the recent rise in tensions surrounding the NLL depends on an inter-Korean dialogue, which has been largely stifled by the Cheonan affair. It is not clear today how “closure” can be obtained, as a North Korean apology or acceptance of responsibility for the sinking is unlikely. Since the attack, Pyongyang has adamantly and repeatedly denied responsibility. The North’s leadership will not want to take a step that would cause it to lose face or to embarrass its Chinese patron, which has thus far accepted the North’s denial.

One mechanism that may prove useful in getting past the Cheonan tragedy is the recent UN Command-Korean Peoples’ Army (KPA) dialogue at Panmunjom. Several rounds of colonel-level talks have taken place in recent months. Surprisingly, the North has continued these discussions despite a U.S.-South Korean joint military exercise, an event which would normally have provided a convenient pretext for the North to refuse to return to the table. It may be too much to think that the North might use this dialogue to somehow signal its acknowledgment of responsibility for the attack on the Cheonan. Nevertheless, it is possible that these talks could

⁵³ Kim Chong-il traveled to South Hwanghae Province and inspected two KPA units, one day after the KPA Supreme Command issued a report that threatened “a sea of fire” in the south. The North Korean media reported on 26 November that he inspected KPA Air Force Unit 1016 and KPA large combined unit (*taeyonhap pudae*) 233, described by KCNA as being in “the western sector of the front.” Kim’s visit to the area around the one year anniversary of the Yeonpyeong shelling followed reports that the KPA added or reinforced a number of coastal artillery positions. According to ROK media, some coastal artillery guns may have been placed and concealed in a cemetery in Kangryong County.

provide a face-saving mechanism that would allow both sides to explore ways of getting past this tragedy.

What the United States Should Do Unilaterally

The United States government position on the NLL, separate from the United Nations Command,⁵⁴ is not clearly expressed. As the Executive Agent of the UN Command, the United States is responsible for upholding the armistice agreement, the one formal document agreed upon by all sides to manage security relations on the peninsula. For the United States, the issue is not the legality of the line itself,⁵⁵ but the violations of the armistice triggered by the clashes over the line.⁵⁶ Rather than focusing on the reasons for the clashes, Washington has emphasized the practicality and effectiveness of respecting present arrangements.

The United States has sidestepped the issue of negotiations on the status of the NLL. While some U.S. officials have privately admitted that the best way to resolve the issue would be for the two Koreas to negotiate a new line that would lessen the likelihood of future clashes,⁵⁷ there is no overt indication of U.S. pressure on Seoul

54 The United Nations Command (UNC) emphasized its position on the border issue on 23 August 1999 at a meeting in Panmunjom with North Korean representatives when it stated that the NLL issue was nonnegotiable, because the demarcation line had been recognized as the de facto maritime border for long years by both Koreas.

55 Some U.S. officials have in fact expressed concern over South Korea's assertion that the NLL is a de facto maritime boundary. In February 1975, Secretary of State Henry Kissinger wrote in a confidential cable, now declassified, that the "Northern Patrol Limit Line does not have international legal status...Insofar as it purports unilaterally to divide international waters, it is clearly contrary to international law and USG Law of the Sea position." See "Public affairs aspects of North Korea boat/aircraft incidents," U.S. Department of State, 1975STATE046188. Earlier in 1973 a "Joint State-Defense Message" to the U.S. Embassy in Seoul stated that South Korea "is wrong in assuming we will join in attempts to impose NLL," and the U.S. Ambassador told the South Korean government that the 12-mile (19 km) North Korean territorial sea claim created a zone of uncertain status with respect to the NLL. See U.S. Ambassador Francis Underhill (18 December 1973),"Defusing western coastal island situation," U.S. Department of State, 1973SEOUL08512

56 Although the United States is the author of the NLL, it lacks the authority to negotiate a final maritime boundary with North Korea This is the prerogative of governmental authority, not the UNC as a military command. According to the Law of the Sea, the delineation of a new line can only be accomplished with South Korean participation (as the adjacent state), a position reflected in the Basic Protocol.

57 Author's discussions with U.S. officials from 2000 to 2010.

in this direction. However, Washington is very aware that an incident along the line could escalate into a larger conflict.⁵⁸ This concern has become particularly acute given Seoul's resolute statements that it will respond to any further North Korean provocations along the NLL.⁵⁹

Despite these concerns, the United States is dedicated to its long-standing ally. As such, the United States should continue to reassure South Korea of its alliance commitment.⁶⁰ This includes unambiguous statements that the United States remains a steadfast ally, active participation in defensive exercises, and the provision of military assistance deemed necessary to fill any gaps in South Korea's defense posture.⁶¹ The United States should reinforce this commitment by making clear its red lines with regard to North Korean saber rattling provocations along the lines of clarity it has already brought to red lines associated with proliferation and transfer of WMD. These steps would go a long way to ensuring that Pyongyang will not miscalculate U.S. resolve to support South Korea in a future crisis.

58 John Barry Kotch and Michael Abbey, "Ending Naval Clashes on the Northern Limit Line and the Quest for a West Sea Peace Regime," *Asian Perspective*, Vol. 27, No. 2 (2003).

59 Here, the fear is of undercutting the South Korean position vis-à-vis North Korea is paramount. Washington is also on guard against attempts by Pyongyang to lure it into direct negotiations over the NLL in an effort to sideline the South, although the operative paragraphs of the 1991 Basic Agreement recognizes both Koreas as the relevant interlocutors in pending territorial issues apart from the DMZ itself. See Basic Agreement, Chapter 2, Article 11 that reads: "The South-North demarcation line and areas for non-aggression shall be identical with the Military Demarcation Line specified in the Military Armistice Agreement of July 27, 1953 and the areas that have been under the jurisdiction of each side until the present time."

60 This is critical given North Korea's penchant of using provocations along the NLL to drive wedges within the alliance by exploiting the varying opinions within South Korea and the United States on the line of demarcation.

61 The current commander of U.S. Forces Korea, Gen. James D. Thurman, recently offered full support for South Korea in case of future North Korean provocations in a meeting with South Korean Gen. Jung Seung-jo, the JCS chairman. Both exchanged opinions on coordinated responses by the allies to potential North Korean provocations. See "USFK Chief Pledges Support In Contingencies," *Yonhap* News Online, 23 November 2011.

Potential Flashpoints in the East China Sea

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Since 2009, much attention has been paid to the South China Sea and its potential for conflict arising from fishing spats, competition over oil and gas, or territorial disputes. Less consideration has been given to the East China Sea, yet the same issues exist and pose similar dangers. It is arguable that the risk of a conflict in the East China Sea that would directly involve the United States is greater than in the South China Sea due to the fact that the main territorial dispute—the Senkaku/Diaoyu Islands which are administered by Japan and claimed by China—are covered under the 1960 US-Japan Treaty of Mutual Cooperation and Security.

This paper will briefly present US and Chinese interests in the South China Sea. It will then discuss the conceivable contingencies that could result in an armed clash in those waters. Finally, the paper will explore steps that could be taken to prevent or mitigate a crisis.

Competing Interests Heighten Tension

The East China Sea is bounded on the west by mainland China, on the south by Taiwan, and on the east by the Ryukyu Islands of Japan. The Taiwan Strait connects the East China Sea with the South China Sea; the Korea Strait connects the East China Sea to the Sea of Japan. And in the north, the East China Sea merges with the Yellow Sea. Nations with borders on the sea include the People's Republic of China, Taiwan, Japan, and South Korea.

* The author is deeply indebted to CSIS research associate Brittany Billingsley for her assistance in preparation of this paper.

China's interests and concerns in the East China Sea will be discussed in depth in another panel and therefore will be summarized here for the purpose of understanding the potential flashpoints in those waters. Beijing looks at the East China Sea through the lens of territorial integrity and sovereignty. It has important economic and energy interests there. In addition, the East China Sea is critically important for the PLA Navy's intent to develop blue water naval capacity.

The main disputed land feature in the East China Sea is the Senkaku/Diaoyu Islands—eight tiny islets lying between Taiwan and Okinawa—which are currently under de facto Japanese control but are also claimed by China and Taiwan. A second dispute that has recently flared up is between China and South Korea over Socotra Rock, also known as Ieodo, which is a submerged reef on which South Korea has constructed a scientific research station. Both disputes affect ocean territory and the resources contained therein. Sovereignty and jurisdictional concerns arise from interpretations of the 1982 UN Convention on the Law of the Sea (UNCLOS), including definitions of Exclusive Economic Zones (EEZ) and rights within the EEZ.

Tied to this is China's interest in the East China Sea's natural resources. Proven fishery resources and sea-floor deposits of metals as well as potential hydrocarbon resources are at stake. Estimates of unproven oil reserves for the entire East China Sea vary widely. Chinese officials estimate the range to be anywhere from 70 to 160 billion barrels of oil while foreign estimates fall somewhere in the middle. Estimates for unproven natural gas reserves also show a wide range. In 1970, a Japanese survey put estimates at 7 trillion cubic feet for the East China Sea; Chinese estimates in 2005 put the potential reserves closer to 175-210 trillion cubic feet.¹ Actual oil and gas discoveries have proven somewhat less impressive, however, and will likely not be a game-changer for either China or Japan's energy security.² Nevertheless, China has already begun drilling in the East China Sea and several of its rigs sit along Japan's self-imposed median line, prompting protests from Tokyo and creating a heightened risk of conflict.

China also relies on the East China Sea for trans-Pacific trade. From its ports at Shanghai, Qingdao, Ningbo, Fuzhou and Wenzhou, access to the Pacific Ocean passes through Japan's Ryukyu Island chain. That same island chain is at the core

1 "East China Sea," US Energy Information Administration, March 2008.

2 Chris Acheson, "Disputed Claims in the East China Sea: An Interview with James Manicom," 25 July 2011.

of the PLA Navy's thinking about Chinese security, including worries of being bottled up within the First Island Chain (which extends from the Ryukyu Islands, Taiwan and the Philippines into the South China Sea). To ensure that it can overcome any barrier that would prevent its egress into the western Pacific, the PLAN is conducting a growing number of transit operations through the Ryukyu Islands.³ In the past two years, Chinese flotillas of 10 or more ships have traversed the Miyako Strait to conduct naval exercises in the Pacific. In addition, China has stepped up its maritime patrols to better defend its claims in the East China Sea. This has resulted in frequent confrontations with Japanese Coast Guard forces, which are engaged in similar missions. Both the patrols and the transits through the Ryukyus are meant to demonstrate China's growing maritime prowess to other regional actors—especially Japan and the US.

Implications for US Interests

Many of the interests the US has in the East China Sea are similar to those in the South China Sea disputes. For instance, the US has an interest in the EEZ disputes in the East China Sea being resolved in accordance with the provisions of UNCLOS and international law. Similarly, the United States has a vested interest in the free flow of commerce and freedom of navigation. Chinese protests to peaceful foreign military transit through its EEZ run counter to the principle of freedom of navigation.

Additionally, the US bears the burden of maintaining peace and security in the region and has a special obligation to defend Japan through its mutual defense treaty with that nation (see details below). The territorial disputes between China and Japan in the East China Sea could inadvertently draw the US into a wider conflict with China. Furthermore, the US alliance with Japan is considered the cornerstone of US policy in the Pacific and a US response (or lack thereof) to a China-Japan conflict would have implications for US credibility in the region with its allies and partners. The US Asia “pivot” and the ongoing adjustment of US force posture in the region is intended to reinvigorate US presence and demonstrate US “staying power” in the Pacific. If a crisis begins to develop and the US opts to remain aloof, this would negate all of the positive signals the US has been so intent to provide.

³ Peter A. Dutton, “Scouting, Signaling, and Gatekeeping: Chinese Naval Operations in Japanese Waters and the International Law Implications,” US Naval War College China Maritime Studies, No. 2 (February 2009): 4-17.

Contingencies that Could Spark Conflict

There are numerous flashpoints in the East China Sea that could produce an armed clash and potentially escalate if tensions are not defused. Contingencies involving direct conflict between China and Japan are the most worrisome because of the common occurrence of rows over fishing, air and naval patrols, and energy issues, and because of the strong likelihood of US involvement in a military skirmish. However, there are other scenarios that albeit less likely, could nevertheless spark conflict in the East China Sea, such as an incident involving US and Chinese ships or aircraft, or a Taiwan Strait contingency.

Patrols near Drilling Rigs Result in a Clash

Placement of oil and gas rigs is a source of fierce contention between China and Japan. As animosity over resource development grew throughout the first decade of this century, hopes for an interim resolution of the dispute were raised by the 2008 China-Japan Principled Consensus on the East China Sea. The Consensus labeled the Sea one of “peace, cooperation and friendship” and paved the way for joint resource development through the establishment of a joint development zone and provisions for Japanese companies to invest in a gas field operated by China (Chunxiao in Chinese, Shirakaba in Japanese).⁴ In addition, it created a framework for an eventual treaty. Unfortunately, implementation of the Consensus has foundered due to flare-ups of territorial disputes and negative public opinion in both countries. In March 2011, a leading Chinese offshore oil company announced that it had begun pumping oil from the Chunxiao field without Japanese involvement, sparking renewed friction.⁵ Negotiations over a treaty aimed at joint development of the gas fields were launched in July 2010, but were suspended in September after Japan imprisoned a Chinese fishing trawler captain whose boat collided with Japanese coast guard ships near the Senkaku/Diaoyu Islands.

4 2008 China-Japan Principled Consensus on the East China Sea Issue. 18 June 2008. <http://cil.nus.edu.sg/rp/il/pdf/2008%20China-Japan%20Principled%20Consensus%20on%20the%20East%20China%20Sea%20Issue-pdf.pdf>. An agreement was not reached on the Asunaro gas field (Longjing, in Chinese) in part because of South Korean claims in the area.

5 “Japan says China oil production in disputed field regrettable,” Reuters, 9 March 2011.

6 “Oil and gas in troubled waters,” The Economist, 6 October 2005.

Chinese companies continue to drill in and around disputed waters and Japanese companies have government approval to do the same since 2005.⁶ Thus far, Japanese companies have hesitated to conduct exploration in the East China Sea largely due to strong opposition from Beijing, in spite of Japanese legislation that authorizes the Japanese Coast Guard to protect drilling rigs.⁷ However, it is possible that Japanese companies will grow tired of waiting for China to make good on its promise to engage in joint development and begin exploration drilling on their own. Beijing would undoubtedly consider such activity to be an infringement on Chinese sovereignty. As Japanese companies develop gas and oil fields, patrols from both sides would likely be dispatched to defend their respective territorial claims and to intercept the opposing side's forces. As ships and aircraft close the distance between one another, uncertainty escalates and could result in an accident or intended clash that would endanger the lives of Chinese and Japanese sailors as well as the crew manning the drilling rig. Both countries could send military back-up to the region, raising the risks of a wider conflict.

Such a scenario is not without precedence. In September 2005, five Chinese warships—including a Sovremenny-class guided-missile destroyer—were discovered patrolling the area around the Chunxiao gas field by Japanese reconnaissance planes.⁸ One of the ships reportedly aimed its gun at a Japanese plane, but did not fire.⁹ Instances of hostile contact between Chinese and Japanese patrols near gas fields running along the Japanese median line have increased since they began seven years ago. A recent incident involving Chinese marine surveillance ships and the Japanese Coast Guard near the Chunxiao field occurred just this past February.¹⁰

Territorial Disputes End in Conflict

A contingency that arises from a clash between ships patrolling and surveying near the Senkaku/Diaoyu Islands is also a possibility. The territorial issue is very emotional in both Japan and China, and both governments are under pressure to de-

7 James Manicom, "Hu-Fukuda Summit: The East China Sea Dispute," *China Brief*, Vol.8 No.12 (June 2008). And James Manicom, "Why Not to Sweat About China," *The Diplomat*, 18 June 2011.

8 Arthur S. Ding, "China's Energy Security Demands and the East China Sea: A Growing Likelihood of Conflict in East Asia?" *The China and Eurasia Forum Quarterly*, Vol.3 No.3 (2005): 35-38.

9 Mark J. Valencia, "The East China Sea Dispute: Context, Claims, Issues, and Possible Solutions," *Asian Perspective* Vol.31 No.1 (2007): 131.

10 Wang Qian, "China expels two Japanese ships," *China Daily*, 24 February 2012. .

fend their claims. China asserts the islands—which it considers to be part of the Taiwan archipelago—were discovered by Chinese sailors as early as the 14th century when they were used as navigational aids, and then were integrated into Chinese defense planning in the 16th century. Japan meanwhile contends the islands were discovered in 1884, and were subsequently incorporated into Japan’s territory, first by the Japanese cabinet in January 1895 and then again in April 1895 with the Shimonoseki Peace Treaty, which ended the Sino-Japanese War. Following the end of World War II, the islands were under US jurisdiction until 1972, when they were transferred back to Japan under the Okinawa Reversion Treaty.

China disputes Japan’s claim in part because it contends the islands were “stolen” by Tokyo with the 1895 treaty, and because it believes Japan did not have control over the islands while the US was administering them, thereby negating Japan’s claim to uninterrupted control of the islands from 1895-1971.¹¹ The US for its part clarified its position on the islands in 2010 and lent credence to Japanese claims when Secretary Clinton asserted that the “Senkakus fall within the scope of Article 5 of the 1960 US-Japan Treaty of Mutual Cooperation and Security” and are thus included in US security commitments to Japan.¹² Japan’s claim was further strengthened in March 2012, when it named 39 uninhabited islands, including four among the Senkaku/Daioyu island chain. China strongly protested the move, saying that unilateral Japanese action was “illegal and invalid,” and quickly responded by releasing standardized names of its own.¹³

A closely related issue to the territorial dispute is the overlapping EEZs within the East China Sea. UNCLOS allows for a claim that both an EEZ and a continental shelf are 200 nautical miles, though a continental shelf can be extended to up to 350 nautical miles.¹⁴ China’s claim in the East China Sea stretches to the Okinawa Trough.¹⁵ Japan claims the area between its undisputed territory and the median

11 Gong Yingchun, “The Development and Current Status of Maritime Disputes in the East China Sea,” 112-114. And Valencia, 151-153.

12 “Joint Press Availability with Japanese Foreign Minister Seiji Maehara,” Press Availability, US Department of State, 27 October 2010. Clinton and Bush Administration officials also stated that the Senkakus fall under the scope of the U.S.-Japan alliance. “U.S.-Japan Treaty Covers Disputed Isles,” Reuters, 28 November 1996; and Yoichi Funabashi, “Maintain the Armitage Doctrine Quietly,” Asahi Shimbun, 2 February 2004.

13 “China opposes Japan’s naming Diaoyu Islands,” Xinhua, 3 March 2012. And “China releases standard names of Diaoyu Islands,” Xinhua, 3 March 2012.

14 Valencia, 146.

15 Gong, 118.

line between its coast and China;¹⁶ however, Japanese officials have recently suggested that Japan in fact claims a full 200 nautical mile EEZ, which goes beyond this median line.¹⁷ Complicating these claims is that, according to UNCLOS, rocks which are not self-sustaining for human or economic life are not permitted to generate an EEZ or a continental shelf. China argues that the Senkaku/Diaoyu Islands are simply rocks; Japan disagrees and believes they are entitled to both a continental shelf and an EEZ. Regardless of whether land features are ignored, the two EEZs will overlap as the furthest distance between the Japanese and Chinese coastlines is less than 400 nautical miles, though the extent of that overlap is yet to be determined.¹⁸

For both sides, protection of these claims is of vital significance and their maritime patrol and surveillance activity reflects this. Chinese patrols are nothing new, as maritime surveillance within disputed areas has been conducted since the 1990s.¹⁹ Since 2006, China has conducted monthly “routine patrols,”²⁰ but also conducts “special patrols” in defense of exploration in the East China Sea. In 2010 alone, marine surveillance ships conducted 1,668 patrols while surveillance aircraft had conducted 1,944 patrols. These patrols detected over 400 cases of “infringement on Chinese maritime interests.”²¹ As concerns over maritime resources, territorial disputes, and safety have grown, China has announced its intention to “intensify” patrols in the disputed region²² in an effort to undermine Japanese administration of the islands while simultaneously exercising de facto Chinese jurisdiction over them.²³

Some Chinese analysts have proposed the establishment of a “quasi-military national coast guard force” to eliminate overlap between existing maritime admin-

16 Valencia, 144.

17 Acheson. And Atsuko Kanehara, “Provisional Arrangements as Equitable Legal Management of Maritime Delimitation Disputes in the East China Sea,” NBR Special Report No.35 (December 2011): 135 and 141.

18 Valencia, 145 and 153-154.

19 Kanehara, 142.

20 Wang, “China expels two Japanese ships.”

21 Wang Qian, “Japan survey vessels expelled from sea,” China Daily, 25 February 2012.

22 “China to ‘intensify’ maritime territorial patrols,” Xinhua, 19 March 2012.

23 Yu Jianbin, “China Maritime Surveillance Ship Formation Recently Carried Out Cruising Patrol in Waters Near Diaoyudao,” Global Times Online, 27 March 2012.

istrative entities and to better protect “national interests in China’s territorial sea waters, exclusive economic zones and the continental shelf.” While such realignment would take years if pursued,²⁴ this unified entity would in theory help China more strongly assert its claims and would likely further agitate its neighbors. There are also plans to expand China’s geographical mapping activity. China’s National Administration of Surveying, Mapping and Geoinformation (NASMG) announced in March that a 13-agency government working group had been established to continue surveying the South China Sea in order to draw up a map and clearly “declared China’s stance” on territorial disputes. Similar mapping is planned for the area around the Senkaku/Diaoyu Islands and other disputed areas in the East China Sea “when the time is right.”²⁵

Japan meanwhile defends its patrol activity as legitimate and considers Chinese attempts to expel Japanese Coast Guard aircraft and vessels “unacceptable.”²⁶ In March 2012, the Tokyo government submitted revisions to the Japan Coast Guard Law and the Law on Navigation of Foreign Ships through the Territorial Sea and Internal Waters. The revisions would give the Coast Guard police powers in remote areas such as the Senkaku Islands; it would also give the Coast Guard the authority to expel foreign vessels without inspection, and would provide better equipment and weapons to the Coast Guard so that it could better fulfill their missions.²⁷ The Japanese Coast Guard reportedly now monitors the disputed islands almost twenty-four hours a day, aided by surveillance equipment installed on the islands.²⁸

These measures have resulted in a continuous action and reaction pattern that will bring the two sides’ maritime patrols into even greater contact. Considering the audacity both sides have displayed in an effort to get the other to leave “their” territory, a shooting incident cannot be ruled out and accidents involving Chinese and Japanese vessels are a serious risk. It is quite possible that a patrol boat from either side might pursue a surveillance craft from the other in an effort to expel it from disputed zones. In the past this has led to a retreat and subsequent return of the expelled country’s patrols to its own waters. However, a future scenario could un-

24 Hao Zhou, “China Yet to be a Sea Power,” Global Times Online, 23 March 2012.

25 Yu.

26 “Japan lodges protest with China over East China Sea,” BBC News, 20 February 2012.

27 “Beef up JCG’s patrols of remote isles, territorial waters,” The Yomiuri Shimbun, 15 March 2012.

28 Hao.

fold in which the desire to defend territorial claims combines with unclear signaling, triggering a face-off between vessels and aircraft that would risk lives.

The most dangerous scenario would be a Chinese attempt to seize the Senkaku/Diaoyu islands. In such a contingency, the US would likely respond to a Japanese request for military assistance. Japan is likely to call for assistance only in the event that a clash with China escalates beyond Japanese Coast Guard or SDF capacity. The US is unlikely to send reinforcements at the outset of a China-Japan conflict at sea in the hopes that cooler heads in Tokyo and Beijing would prevail and a diplomatic resolution can be found. The US is also likely to hesitate to get militarily involved for fear that direct conflict between US and Chinese forces could lead to a larger scale crisis. Nevertheless, a refusal to respond positively to a Japanese request for assistance could mark the end of the alliance and jeopardize US standing with other regional partners and allies. Should the stand-off between China and Japan begin to spiral out of control, US intervention for both its and Japan's sake may be necessary.

PLAN Operations Agitate the Japanese Maritime Self Defense Force (JMSDF)

There is a risk of an accidental collision between Chinese and Japanese fighter jets operating in the East China Sea that could incite severe bilateral tensions. Chinese planes frequently fly very close to the Senkaku/Diaoyu islands and Japanese jets scramble to intercept them. According to Japan's Defense Ministry, in fiscal year 2011 Air Self-Defense Force jet scrambled a record 156 times to meet Chinese aircraft approaching Japanese airspace, an increase of 60 percent over the previous fiscal year.²⁹ An accident could also be caused by Chinese naval helicopters "buzzing" Japanese MSCF ships. The Japanese have issued protests in the past when Chinese helicopters have conducted maneuvers that have put in jeopardy the safe navigation of Japanese vessels.³⁰

Another situation which could cause conflict between Japanese and Chinese forces is the transit of Chinese PLA Navy vessels through the maritime space near Japanese territory. In addition to defending its localized interests, China intends to become a definitive sea power, and is seeking to develop a blue water navy. To do this,

²⁹ Asahi Shimbun, April 26, 2012.

³⁰ Hiroshi Hiyama, "Japan Defense Paper Highlights China's Growing Military Reach," AFP, September 10, 2010.

it must operate beyond the First Island Chain and eventually into and beyond the Second Island Chain currently guarded by US forces in Japan and Guam.

Planted among sea lines of communication between the East China Sea and the Pacific, the Ryukyus are strategically located as a gateway to the Pacific, but could also come into play in the event of a Taiwan contingency.³¹ China's surveillance and mapping efforts as well as transit operations are all part of an effort to test Japanese and US force reaction time and capabilities as well as prepare for contingencies.³² As noted above, China is traversing the Miyako Strait to conduct naval exercises in the western Pacific.

As the PLAN develops these abilities, JMSDF activity in the Ryukyu Islands will also likely increase, thus bringing the two sides into greater contact with one another and increasing the likelihood of a clash.

Another Chinese Fisherman Sparks a Crisis

An incident between the Japanese Coast Guard and a Chinese national has potential to be a flashpoint for a political crisis, especially since nationalism and emotions are intense in both countries. In September 2010, a Chinese fishing trawler operating near the disputed Senkaku/Diaoyu Islands rammed a Japanese Coast Guard vessel. The incident escalated to a fever pitch through the fall as China and Japan swapped official complaints and punitive actions. Japan was host to several anti-China protests, although they paled in comparison to the coinciding anti-Japanese protests in China.³³ Official rhetoric which highlighted the other side's incursion on sovereign rights and territory only fueled the fire. The swift and strong response from China to Japan's refusal to release the captain—including canceling high-level visits and interfering with customs procedures for exports of rare earth exports to Japan—led many to believe that the central Chinese government was at least influenced in part by nationalist voices at home.³⁴

31 James Holmes and Toshi Yoshihara, "Ryukyu Chain in China's Island Strategy," China Brief, Vol.10 No.18 (September 2010): 11-14.

32 Valencia, 129.

33 "Chinese, Japanese Stage Protests Over East China Sea Islands," VOA News, 16 October 2010.

34 James Manicom, "Growing Nationalism and Maritime Jurisdiction in the East China Sea," China Brief Vol. 10 No. 21 (October 2010): 9-11.

Not all interactions between the Japanese Coast Guard and Chinese fishermen escalate into a crisis, however. In November 2011, the Japanese Coast Guard engaged in a six-hour chase before stopping and arresting a Chinese captain who was operating in Japanese waters. The captain was released after paying a fine for breaking Japanese Fishery Law, and both China and Japan stated that the incident was handled “appropriately.”³⁵ Both governments avoided the strong rhetoric on sovereignty that was apparent a year earlier and managed to relegate nationalistic voices to the sidelines. The key to the moderation displayed by both sides was likely the fact that the Chinese trawler was not operating near the disputed islands.

US-China Crisis: A Dangerous Contingency

As the previous scenarios suggest, direct conflict between the United States and China in the East China Sea is possible if the US is drawn into a Sino-Japanese crisis already in progress. There is also a risk of an accident in the East China Sea between US military platforms such as naval vessels or reconnaissance aircraft and PLAN surface ships, submarines, or aircraft. China and the US disagree over freedom of navigation and the conduct of military activity in a country’s EEZ: the United States contends that peaceful transit is acceptable, while Chinese domestic law requires foreign navies to request permission from Beijing to enter its territorial waters. Increased Chinese patrols in the East China Sea will bring Chinese ships into greater contact with US forces transiting through the region. This could result in Chinese harassment of US ships in response to “incursions” into Chinese territory, as has been previously observed elsewhere.³⁶ China’s Song-class diesel submarines have tracked US Navy ships operation in the seas near Japan and Taiwan. In November 2007, a Chinese submarine shadowed the USS Kitty Hawk as it entered the Taiwan Straits on its return voyage to Yokosuka, Japan. In the late fall of 2006, a Song-class submarine surfaced within torpedo range of the Kitty Hawk off the coast of Okinawa, Japan. Miscalculation by either side could result in an unintended clash that could escalate politically and potentially militarily as well.

35 James J. Przystup, “Japan-China Relations: Another New Start,” *Comparative Connections* Vol.13 No.3 (January 2012). And Wyatt Olson, “East China Sea pact does little to defuse tensions between Japan and China,” *Stars and Stripes*, 12 March 2012.

36 “Chinese ships ‘harass’ US vessel,” *BBC News*, 9 March 2009.

A Cross-Strait Contingency in the East China Sea

Although relations between Taiwan and Mainland China have improved in recent years, it is not impossible to imagine a resurgence of cross-Strait tensions in the future. If the PLA were to strike Taiwan, and Taipei requested assistance in its defense, the US would likely respond by sending forces homeported at US bases in Japan. Japan would probably become involved through the provision of host nation support, logistics, and intelligence. As China prepares to engage US forces, it may take actions to threaten Japan in an attempt to dissuade it from providing support to US forces. However, any such action against Japan is likely to backfire and instead reinforce Japan's commitment to backing US operations to defend Taiwan. This contingency has a low probability of occurring, but a high risk of major consequence if it does occur.

Impact on Regional Security and Balance of Power

An accident between US and Chinese forces in the East China Sea that was not resolved amicably could result in a wider military conflict or heightened US-Chinese strategic competition. Countries in the region could be pressured to take sides with the potential emergence of pro-China and pro-US blocs in the Asia-Pacific. A Chinese attack on Taiwan, though highly unlikely in the near future, would provoke a major US-China conflict that would likely result in China's defeat and prolonged US-Chinese tensions that would have a profoundly negative impact on regional security.

Small-scale skirmishes between China and Japan carry the potential to affect the regional balance of power. A dust-up between Chinese patrol ships and the Japanese Coast Guard in which Chinese forces prevail would signal the beginning of a power shift in Northeast Asia, especially if it appeared that the US avoided involvement because it feared the consequences of escalation of a conflict with China or Chinese forces effectively denied the United States access to waters shared by Beijing and Tokyo. Either result would suggest that China was assuming the role of the new hegemon in the Asia Pacific, and Beijing would use the opportunity to showcase its newfound maritime strength. It would likely push more aggressively for its territorial claims to be fully recognized by the international community, and could possibly produce greater accommodation by its Asian neighbors.

Following such a loss of face for Japan, Tokyo might be more subdued, and avoid taking more assertive action to defend its claims while Japanese officials regrouped and rethought their approach to the region. Alternatively, a defeat of Japanese forces might instead result in renewed nationalist calls for a rematch and the region could see greater shows of force against China by Japan or potentially by Japan and the US. A key variable in determining the impact of a Sino-Japanese skirmish on the regional balance of power would be the perception by regional states of US credibility and power in the Asia-Pacific. Failure of the US to come to its ally's defense would likely deal a major blow to US credibility in the region. Japan and other allies and partners would likely undertake a more active role in their own defense, with Japan perhaps developing nuclear weapons, or lean more toward currying Beijing's favor.

It is more likely however that the US would respond in the event that a crisis between China and Japan (or between China and Taiwan for that matter) began to spin out of control, and even if the skirmish resulted in a Chinese victory prior to US involvement, it would not go unchallenged for long. The United States' relationship with Japan is so critical to its Asia policy that Washington is more likely to stand with its ally than to avoid getting involved, even if the contingency was relatively small in scale. Should China be quelled by a US and Japanese joint response, it would bolster Japanese confidence and US' reliability with its allies and partners insofar as meeting a challenge to regional stability. China may attempt to save face by accusing the US of interfering in the dispute, and would continue to deploy patrols in the area, although it is possible Beijing's posturing would be more tempered.

Preventing and Mitigating a Crisis

Both China and Japan recognize the existence of dangerous flashpoints in the East China Sea and have taken some positive steps to dispel tension and avoid a crisis. In 1997, the two countries signed a bilateral Fisheries Agreement which entered into force in 2000. The agreement was intended to improve cooperative fisheries administration in the East China Sea, but there is ambiguity regarding disputed regions. Both sides agreed during negotiations not to enforce their own fisheries laws against the other side's fishermen operating near the Senkaku/Daiyou Islands.

After several run-ins between Japanese and Chinese vessels and a growing friction over hydrocarbon development in disputed areas, the 2008 Principled Consensus sought a means for both sides to cooperate through mutually beneficial energy de-

velopment. Unfortunately, persistent bilateral friction due to each side's domestic political environment, territorial disputes, and the still unresolved issue of delimitation within the East China Sea have stalled progress.

China and Japan are also both members of the Western Pacific Naval Symposium, which issues the Code for Unalerted Encounters at Sea (CUES). CUES provides safety measures and procedures for members to follow with the intent to limit uncertainty and facilitate communication between ships and aircraft. Adherence to the procedures is voluntary, however; members cannot force one another to follow them.

Various exchanges and crisis management mechanisms have been proposed by Japan and China, though they have been slow in getting off the ground. Emergency hotlines, for instance, have been suggested at high levels. In March 2010, a hotline was established between the (DPJ) and Chinese Communist Party (CCP).³⁷ Two months later, Chinese Premier Wen Jiabao and Japanese Prime Minister Yukio Hatoyama agreed to set up a hotline between their political leaders (though not between defense ministers). In May 2012, Japan and China launched intergovernmental talks on maritime affairs, focusing on security and crisis management in the East China Sea, including waters around the Senkaku/Diaoyu Islands.

Considering steps already taken by China and Japan to defuse tension, and how much work still must be done, there are several options to move forward in lieu of a final resolution to the EEZ and territorial disputes.

- **Fully implement bilateral and multilateral agreements.** China and Japan should move forward with joint development of hydrocarbons in the East China Sea per the 2008 Principled Consensus. The consensus was left vague, and so specifics for how joint development should be pursued must be discussed. If the two nations can find ways forward, it would benefit not only their energy security—albeit perhaps to only a small extent—but would more importantly develop a cooperative atmosphere between each side's respective energy industries that could have positive spillover effects on other contentious issues. Japanese and Chinese ships operating in the East China Sea should also strictly adhere to the CUES procedures to avoid incidents at sea and mitigate a crisis in the event of an accident.

37 Isamu Nikaïdo, "DPJ, Chinese Communist Party calling on the hotline," *The Asahi Shimbun*, 26 March 2012.

- Manage the domestic audiences. Nationalist voices in both Japan and China are strong and hold sway with their policymakers, sometimes encouraging more assertive stances than would have been otherwise considered. Both sides must seek to avoid stoking sensitivities tied to disputed territories in the East China Sea, and avoid adopting hard-line positions.
- Institute new and regular crisis management mechanisms. A hotline should be established between defense leaderships as soon as possible. The maritime crisis management mechanism just initiated to prevent conflict in the East China Sea is expected to consist of a regular dialogue between the Japanese and Chinese foreign and defense ministries, fisheries administrations, energy agencies, and coast guards.³⁸ These consultations should be held at least annually regardless of whether there are incidents or crises between the two sides. Establishing a Code of Conduct for parties in the East China Sea that would apply to the two Koreas, Japan, China, Taiwan and other navies operating in the area could provide a framework for promoting maritime safety and resolving territorial disputes.
- Sign an INCSEA (Incidents at Sea) agreement. An INCSEA agreement between China and Japan could provide for 1) steps to avoid collision; 2) not interfering in the “formations” of the other party; 3) avoiding maneuvers in areas of heavy sea traffic; 4) requiring surveillance ships to maintain a safe distance from the object of investigation so as to avoid “embarrassing or endangering the ships under surveillance”; 5) using accepted international signals when ships maneuver near one another; 6) not simulating attacks on, launching objects toward or illuminating the bridges of the other party’s ship; 7) informing vessels when submarines are exercising near them; 8) and requiring aircraft commanders to use the greatest caution and prudence in approaching aircraft and ships of the other party and not permitting simulated attacks against aircraft or ships, performing aerobatics over ships, or dropping hazardous objects near them.³⁹

38 “Japan, China eye ‘crisis’ plan to avoid sea disputes,” *The Economic Times*, 23 November 2011.

39 An INCSEA with these provisions was proposed after the end of the Cold War in late 1992 to manage friction between Russia and Japan and these steps were subsequently implemented. See Vice Admiral (Ret.) Fumio Ota, “Conflict Prevention and Confidence Building Measures between Japan and China,” 5 January 2009. http://www.strategycenter.net/research/pubID.192/pub_detail.asp.

- Institute new and regular military exchanges. China and Japan should conduct routine exchanges and ship visits; cooperate in the areas of natural disasters, at sea rescue and other humanitarian operations; enhance cooperation on counter-illegal activities such as drugs, piracy, and terrorism; conduct joint exercises; engage in bilateral or multilateral cooperative security activities; conduct regular dialogues through their National Defense Universities; and increase exchanges of high-level military officers. Japan and China have begun studies on the potential for joint projects in the areas of research and environmental study.⁴⁰ This should be pursued with fervor and expanded to include other areas of mutual concern as well.

⁴⁰ “China urges joint maritime projects,” The Japan Times Online, 3 April 2012.

Chinese and Japanese Geo-Strategic Interests in the East China Sea

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Introduction

It would be tempting to dismiss the September 2010 clash between a Chinese fishing vessel and the ships of the Japanese coast guard near the Senkaku/Diaoyu Islands near Taiwan as an idiosyncratic fluke.¹ If the Chinese captain hadn't been drunk; if diplomats had been more effective; or if the Japanese side hadn't felt the need to arrest the captain; then the whole episode might have blown over. Yet despite these special features, the episode was symptomatic of a real and enduring problem: the clash of interests between the two countries in the maritime arena, what Japan regards as a lifeline of national survival and China has chosen as a new domain of national security activity. As my colleague Peter Singer properly points out, conflict is most likely when nations enter domains where, for one or both countries, the interaction is unrestrained by experience, norms, and rules.²

This think-piece explores the underlying reasons for the increase in tensions between China and Japan in and over the waters of the East China Sea.³ I do not believe that a serious (i.e., violent) conflict is inevitable, or even highly likely. But the risks are growing. A major clash would harm the two countries' political relations and be a blow to the interests of the United States. And there are conflict-avoidance measures that might be adopted that could reduce the chances of a clash to a lower and acceptable level.

1 In order to maintain neutrality on the territorial dispute, I use both the Japanese and Chinese names.

2 Peter W. Singer, "Battlefields of the Future," *Sud Deutsche Zeitung*, February 4, 2011 (http://www.brookings.edu/opinions/2011/0204_future_war_singer.aspx).

3 The discussion is based on my *Perils of Proximity: China-Japan Security Relations* (Washington, D.C.: Brookings Institution Press, 2010).

Japan's Anxiety

For an island nation like Japan that lacks natural resources and depends on global commerce, the protection of sea lanes is no small matter for its national success and survival. Since World War II, of course, Japan has relied on the U.S. Navy to ensure that trade continues to flow. But that does not eliminate an existential anxiety. As Rear Admiral Takei Tomohisa, director-general of the operation and planning department of the Maritime Staff Office, wrote in 2008: “Japan’s national survival relies on unimpeded economic activities via SLOCs....Protecting maritime interests and preserving shipping lanes in today’s climate has become more challenging,... [and] mitigating factors such as proliferation of WMD, maritime terrorism, piracy and a constantly global climate compound the security problems surrounding maritime interests.”⁴ Because Japan regards sea-lane security as so fundamental, their protection is a core mission of the Maritime Self-Defense Forces (in addition to protection of the home and offshore islands). And no sea lanes are more important than those that traverse the East China Sea.

Japanese specific concern about the future of Taiwan only heightens more general anxiety about sea-lane security. Shigeo of Kyorin University, who worked for many years at the National Institute of Defense Studies, was one of several scholars to stress the strategic value of Taiwan for Japan. As he put it: “If Taiwan unifies with China, East Asia including the sea lanes will fall entirely under the influence of China. The unification of Taiwan will by no means matter little to Japan.”⁵ Furusho Koichi, former chief of the MSDF, agreed: “If you assume that conditions are balanced now, they would collapse as soon as Taiwan unifies with China. The sea lanes would turn all red.”⁶ (Note that this anxiety exists even though China’s own proposal for Taiwan unification does not seem to contemplate the PLA Navy operating out of Taiwan ports. Even if they did, Japanese ships could simply bypass the Taiwan Strait.) For Hiramatsu, much of the activity of the PLA Navy in recent years (for example, underwater surveying) stemmed from China’s preparations for a

4 Takei Tomohisa, “Japan Maritime Self Defense Force in the New Maritime,” manuscript, November 2008, p. 3, 7.

5 Shigeo Hiramatsu, “After Defeat of DPP, What Are Chinese Submarines Aiming At?” *Sankei Shimbun*, January 30, 2008, OSC.JPP20080130020001.

6 Furusho was cited in “Japan’s Rivalry with China is Stirring a Crowded Sea,” *New York Times*, September 11, 2005.

Taiwan contingency. (Conservative scholars like Hiramatsu may be more pessimistic than other analysts, but his basic worry are shared across much of the spectrum.)

China's Geo-Strategic Initiative

For over forty years, the People's Liberation Army Navy (PLAN) and Air Force (PLAAF) played a distinctly secondary role in China's defense posture. The ground forces that had won the revolution were the dominant service (and still are). Moreover, from the late 1960s to the late 1980s, the real threat was on land: the Soviet Union. Resources were so limited that the navy could serve only as a coastal defense force and the air force's mission was to defend China's borders and protect the ground forces.

In the early 1990s, strategic factors forced a dual change in force-structure priorities. On the one hand, the Soviet Union collapsed, ending the land threat from the north and permitting serious attention for the first time to the sea and air vulnerability to the east and south.⁷ On the other hand, the first Persian Gulf War exposed both the backwardness of the People's Liberation Army, whose force structure was similar to the Iraqi armed forces, and the sophisticated strengths of the U.S. military. The shock of that realization led to a set of decisions in 1993 on basic strategy that in turn were translated into the acquisition of advanced equipment, the reform of institutions, and the revision of doctrine.⁸ On equipment, defense companies in the new Russia were only happy to cater to China's needs.

The task to rectify the PLA's weakness became concrete and urgent in the mid-1990s. The PRC leadership concluded (rightly or wrongly) that Taiwan's leaders intended to seek *de jure* independence and so challenge China's fundamental principle that the island was a part of the state called China. Beijing had been prepared to wait patiently for Taiwan to "return to the embrace of the Motherland," but this new assessment made it necessary to give the PLA, and particularly the PLAN, the PLAAF, and the Second Artillery, the capabilities necessary to deter "separatism"

⁷ Note that it was the expansion of Soviet air and naval power in Asia that turned the Japan MSDF into a serious navy and the fall of the Soviet Union that created the PLAN's transformation from a coastal defense force.

⁸ See David M. Finkelstein, "China's National Military Strategy: An Overview of the 'Military Strategic Guidelines,'" in *Right-Sizing the People's Liberation Army: Exploring the Contours of China's Military*, edited by Roy Kamphausen and Andrew Scobell (Carlisle, Pa.: Strategic Studies Institute, U.S. Army War College, 2007), pp. 69-140, especially pp. 95-132.

and inflict punishment if deterrence failed. If punishment was to be effective, PLA strategists also concluded, it would be necessary to counter a likely intervention by the U.S. Navy and Air Force, should they be ordered to come to Taiwan's defense.

Deterring Taiwan's independence is not the PLAN's only new objective. According to China's defense white paper, the PLAN's primary missions are to "guard against enemy invasion from the sea, defend the state's sovereignty over its territorial waters, and safeguard the state's maritime rights and interests."⁹ It seeks to become a modern maritime force "consisting of combined arms with both nuclear and conventional means of operations" and gradually to "expand the strategic depth of its offshore defensive operations."¹⁰ Wu Shengli and Hu Yanli, commander and political commissary of the PLAN, in 2007 provided their own, plausible statement of the reasons for naval missions: "maintain the safety of the oceanic transportation and the strategic passageway for energy and resources, ensure the jurisdiction of our nation to neighboring areas, continental shelf, and exclusive economic zones (EEZ), and effectively safeguard our national maritime rights." And Wu and Hu attach numbers to missions: "more than 18,000 kilometer of oceanic coast line, more than 6,500 islands that are larger than 500 square meters, more than three million square kilometers of oceanic area with sovereignty and jurisdiction and international exclusive exploitation right for 75,000 square kilometers at the bottom of the Pacific."¹¹

Aside from deterring Taiwan's independence and creating a maritime buffer, there are additional issues at play. One is territorial. Both China and Japan claim the Senkaku/Diaoyu Islands, which Japan controls. That dispute has three aspects. First, there may be energy and mineral resources in the seabed. Second, Japan's claim is

9 ONI, *China's Navy 2007*, p. 1.

10 From the PRC 2006 Defense White Paper, cited in ONI, *China's Navy 2007*, p. iii. For CMC Chairman Hu Jintao's endorsement of that view, see "Hu Jintao Emphasizes When Meeting Deputies to 10th Navy CPC Congress, Follow the Principle of Integrating Revolutionization, Modernization, and Regularization, and Forge a Powerful People's Navy That Meets the Demands of our Army's Historic Mission; Guo Boxiong, Cao Gangchuan, and Xu Caihou Attend," Xinhua, December 27, 2006, OSC, CPP20061227004003.

11 Wu Shengli and Hu Yanli, "Building a Powerful People's Navy That Meets the Requirements of the Historical Mission for our Army," *Qiushi*, July 2007, OSC, CPP20070716710027 [March 1, 2009], emphasis added. There are apparently differences of views within the Navy on how much strategic depth China needs. Some reportedly emphasize the area within the first island chain. Others advocate a "far sea defense" that possesses the capabilities to go beyond that boundary. See Office of Secretary of Defense, "Military Power of the People's Republic of China 2009," March 2009 (www.defenselink.mil/pubs/pdfs/China_Military_Power_Report_2009.pdf), pp. 17-18.

a key debating point in its assertion that a median line in the East China Sea should define its and China's exclusive economic zones (China says that its EEZ extends for the whole continental shelf). Third, Chinese companies have already undertaken oil and gas drilling in the continental shelf east of Shanghai, close to an area that Japan claims as its EEZ. In 2004 and 2005, this contest for resources fostered concerns in each country about the security of its drilling platforms. There was a danger the dispute might become militarized. Seeking a diplomatic solution, Tokyo and Beijing, reached a "political agreement" in June 2008, but efforts to implement it have made little progress.

As China began to think about missions more ambitious than coastal defense, the PLA adopted a "layered" approach, similar to that pursued by the Soviet Union during the Cold War.¹² The Pacific island chains define, more or less, the boundaries of each defense zone: first, from Kyushu Island through the Ryukus and Taiwan to the Philippines; second, from the east-central coast of Japan through Guam and down to Papua; third, down the middle of the Pacific through Hawaii. The objective was to create strategic depth for China by reducing or denying access to adversary navies to deploy in each of the zones. As one Chinese security scholar noted, China had seas but not the ocean. "If a big power is not at the same time a maritime power, its position is not secure."¹³ In the near term, however, the seas within the first island chain were most important. This was where the PLAN would want to establish dominance in case China ever had to act forcefully to punish Taiwan for unacceptable political initiatives and complicate any American effort to intervene. Also, this was the area where maritime energy resources most accessible to China exist. Geo-economic priorities converged with geo-strategic ones.

There are terminological differences at play here. U.S. analysts speak in terms of island chains, which is not surprising since they formed the organizing principle for U.S. naval planning before, during, and after World War II. Chinese military

12 Michael McDevitt, "The Strategic and Operational Context Driving PLA Navy Building," in *Right-Sizing the People's Liberation Army: Exploring the Contours of China's Military*, edited by Roy Kamphausen and Andrew Scobell (Carlisle, Pa.: Strategic Studies Institute, U.S. Army War College, 2007), pp. 481-522, cited passage on p. 490. On the anti-access/area-denial focus, see Roger Cliff, Mark Burles, Michael S. Chase, Derek Eaton, and Kevin L. Pollpeter, *Entering the Dragon's Lair: Chinese Antiaccess Strategies and Their Implications for the United States* (Santa Monica, Cal.: RAND Corporation, 2007).

13 Ma Haoliang, "China Needs to Break Through the Encirclement of First Island Chain; Nansha Cannot Afford to be 'Harassed,'" *Ta Kung Pao Online*, February 21, 2009, OSC, CPP20090221708020 [February 21, 2009].

strategists are apparently less inclined now to use island chains as their organizing concepts. They either do not use geographical features to orient its strategy of offshore defense or they think in terms of “near coast,” “near seas,” and “far seas.”¹⁴ Similarly, the United States regards China’s offshore strategy as one of anti-access and area denial, while the Chinese speak in terms of counter-intervention. But the substance behind the two sets of terms is essentially the same.

And whatever the terminology, the implication is obvious. China’s strategy for the East Asian littoral poses a problem for Japan and the United States, because its push for strategic depth encroaches upon their traditional area of operations. In Japan’s case, surface and subsurface vessels of the Japan Maritime Self-Defense Force regularly patrol the East Asian littoral in order to protect vital sea lanes of communication and to assert the country’s maritime rights. Planes of the Air Self-Defense Force monitor Japan’s large air defense identification zone and scramble to challenge intrusions by foreign military aircraft. (Of course, the U.S. Navy and Air Force patrol in the same areas.)

Consequently, the East China Sea is getting more crowded. By challenging Japan in the Senkaku/Diaoyu Islands, expanding naval operations, sailing through maritime straits near Japan, surveying the seabed, and so on, China works to create “facts on—and under—the sea.” Expanding air force patrols can create “facts in the air.”

Published reports of PLA activities in the last quarter of 2008 are illustrative of a higher tempo. In October, MSDF P-3C patrol planes detected two PLAN submarines tailing the U.S. aircraft carrier *George Washington* in waters between Japan and Korea. Later in the month, four Chinese naval vessels, including a destroyer, went through the Tsugaru Strait between Honshu and Hokkaido. The transit was in international waters but still caused attention in Japan. In early November, four *Luzhou* missile destroyers were observed patrolling in the East China Sea off the coast of Okinawa, reportedly in Japanese territorial waters. In December, two PRC survey ships came close to the Senkaku Islands, in what Tokyo considers its territorial waters. And the Federation of American Scientists reported in February that Chinese attack submarines had done twelve patrols in 2008, compared to seven in

¹⁴ Paul H.B. Godwin, “China’s Emerging Military Doctrine: A Role for Nuclear Submarines?” in *China’s Future Nuclear Submarine Force*, edited by Andrew S. Erickson and others (U.S. Naval Institute Press, 2007), p. 49; Nan Li, “The Evolution of China’s Naval Strategy and Capabilities: From ‘Near Coast’ and ‘Near Seas’ to ‘Far Seas,’” *Asian Security*, vol. 5 (May 2009), pp. 144-169.

2007, two in 2006 and none in 2005.¹⁵ When the volume of traffic grows, so does the chance of a collision.

Operational complications aside, China's program to extend its strategic perimeter way from the coast is a challenge to the basic purpose of the American and Japanese presence in the East China Sea: to foster regional stability. There is no reason, hypothetically, why China could not contribute itself to those public goods. But there is no guarantee that it will. The Pentagon's annual report on the PLA is skeptical: "Current trends in China's military capabilities are a major factor in changing East Asian military balances, and could provide China with a force capable of conducting a range of military operations well beyond Taiwan."¹⁶

Institutional Matters

Complicating matters are some institutional factors in both China and Japan. The main one is that their respective armed forces are not the only actors in the maritime domain.

A key organization on the Chinese side is the marine surveillance force (*haijian zongdui*; MSF). It is a component of the State Oceanic Administration, which in turn is subordinate to the Ministry of Land and Resources under the State Council. One of its core missions is to "uphold China's maritime rights and interests by administrative law-enforcement means." The MSF's fleet of ships and planes is increasingly modern, and they bring increasing firepower to its law-enforcement mission. It began to patrol the East China Sea, including near the Diaoyu/Senkaku Islands, in 2006 and conducts daily sorties. Then there are China's fishing fleets and its fisheries agency that patrols fishing grounds of the East and South China Seas.

15 "MSDF detected two Chinese submarines in East China Sea that aimed to threaten U.S. aircraft carrier," *Sankei Shimbun*, October 17, 2008; "Chinese Destroyer Sailed Through Tsugaru Strait," *Yomiuri Shimbun*, October 22, 2008, OSC, JPP20081021969112; "Chinese, Russian Warships Spotted in Japanese Territorial Waters," *Nihon Keizai Shimbun*, November 4, 2008, OSC, JPP20081104044003; "Chinese Survey Ships Enter Japanese Waters," Jiji Press, December 8, 2008, OSC, JPP20081208969069.

16 Office of the Secretary of Defense (hereafter OSD), "Military Power of the People's Republic of China 2009," p. 28. For a speculative exercise about the consequences of growth of the PLAN in support of an anti-access strategy, see James Kraska, "How the United States Lost the Naval War in 2015," *Orbis*, vol. 54 (Winter 2010), pp. 35-45.

On the Japanese side, the Japan Coast Guard (JCG), which Richard Samuels defines as the “fourth branch of the Japanese military,” falls under the Ministry of Land, Infrastructure, Transport, and Tourism. Its missions include both law enforcement and security and so overlap with those of the MSDF, and the vast majority of its personnel engage in operations to protect Japan’s territorial waters (especially the Senkakus) and exclusive economic zones. Its funding has increased in recent years. So has its equipment, both surface ships and aircraft, and in both quality and quantity. In addition, its operational flexibility is expanding.¹⁷

When added to an increasing pace of activity in the East China Sea, this multiplicity of actors and chains of command only increases the chances of incidents, such as the one in September 2010. When those happen, other institutional factors in both countries come into play: civil-military relations, strategic culture, command and control, public nationalism, and weak crisis management capacity.¹⁸

The Broader Context

Finally, it should not be forgotten that the East China Sea is only one arena of competition stimulated by the evolving shift in the East Asian power balance in China’s direction.

Its power in Asia is growing. Its economy passed Japan’s as the biggest in the region in 2010. The capabilities of the People’s Liberation Army (PLA) are growing steadily while those of Japan’s Self-Defense Forces (SDF) are improving only slightly. The PLA’s budget has grown by

Type	Percentage Modern	
	2000	2009
Surface ships	< 5%	about 26%
Submarines	< 10%	about 55%
Air force	< 5%	about 25%
Air defense	5%	40%

Source: Office of the Secretary of Defense, “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2011,” p. 43 [http://www.defense.gov/pubs/pdfs/2011_CMPR_Final.pdf]

17 Richard J. Samuels, “New Fighting Power!?: Japan’s Growing Maritime Capabilities and East Asian Security,” *International Security*, vol. 32 (Winter 2007), pp. 84-112; Yuki Tatsumi, *Japan’s National Security Policy Infrastructure: Can Tokyo Meet Washington’s Expectation?* (Washington, D.C.: Henry L. Stimson Center, 2008).

18 Bush, *Perils of Proximity*.

double digits each year, while the SDF's is essentially flat, and the focus of Chinese military modernization is power projection. Over the last ten years, the share of modern equipment in various platforms has increased.

Reinforcing the specifics, the changing balance of force structure, of naval and air operations, and of territorial and maritime claims is a more general anxiety that each country has about the intentions of the other. Japanese watch China's military modernization with deep concern, and are anxious about the long-term implications for their country's strategic lifeline: sea lanes of communication. China has worried that looser restrictions on Japan's military and a stronger U.S.-Japan alliance are designed to contain its own revival as a great power and prevent the unification of Taiwan. In effect, a security dilemma has developed between the two countries. Strategists in both countries cite with concern the old Chinese expression, "Two tigers cannot coexist on the same mountain."

Yet the Japan-China interaction since the mid-1990s is not a perfect fit to the security-dilemma concept as developed in the international relations literature. In that concept, each of a pair of states has good reason to cooperate but is unable to persuade the other of its peaceful intentions and must still guard against the possibility of future aggression by the other. Each state's efforts to prudently prepare to defend against aggression by the other is likely also to provide the ability to threaten the other and the other will perceive it as such. The other state will acquire military capabilities and alliances as defensive measures and come to see the first state as hostile.¹⁹

The problem is that Japan's and China's actions do not exactly fit this paradigm. The capabilities that China acquired from the late nineties were primarily a response to its developing security dilemma with Taiwan. Japan acquired new capabilities and strengthened its alliance with the United States primarily to cope with its security dilemma with North Korea. Of course, capabilities can be dual use. Countries can misperceive the reason for its adversary's build-up, believing that it is the target. And history can intensify misperceptions and aggravate threat perceptions. That is certainly true in this case given China's memories of Japanese aggression in the first half of the twentieth century and Japanese resentment that China will not acknowledge its benign behavior in the second half. Still, recollections of the past

¹⁹ Based on Robert Jervis, "Was the Cold War a Security Dilemma?" *Journal of Cold War Studies*, vol. 3, (Winter 2001), p. 36.

darken the shadow of the future. Finally, the situation in Northeast Asia, with its multiple and overlapping security dilemmas may simply demonstrate the limitations of the security-dilemma concept.

Yet I have concluded that a narrow version of the concept—where mutual fear regarding material power creates a downward spiral—is only moderately helpful in understanding tensions like those between China and Japan.²⁰ Also important are interactions for good or ill on specific points of tension. The lessons learned in these areas inform conclusions about broader trends. In the context of a general insecurity situation, specific spirals also occur that cause each side to be even more suspicious about the other's intentions than they otherwise would be. Each side more negatively interprets today's relations and prospects for the future because of the lessons learned cumulatively from past interaction regarding these sensitive issues.²¹ Just as important as the amount of power each party possesses is how each uses that power and “socializes” the other about its character and goals. How Japan and China interact in the maritime domain is one of those issues from which Beijing and Tokyo will each learn lessons about the broader, long-term intentions of the other.

The United States Factor

A clash between Chinese and Japanese maritime units in the East China Sea would pose a serious dilemma for the United States. Most difficult would be an incident in the area of the Senkaku/Diaoyu Islands. They are under Japan's administrative control, even though Washington takes no position on whether China or Japan has sovereignty over them under international law. But the U.S. commitment to defend Japan, enshrined in Article 5 of the Mutual Security Treaty, applies to “territories under the administration of Japan.” Successive U.S. administrations have reaffirmed that application, suggesting that the United States would be legally obligated to assist Japan if the People's Liberation Army attacked or seized the islands. In the more ambiguous contingency of a fight over oil and gas fields in the East China

20 See Richard C. Bush, “China-Japan Tensions, 1995-2006: Why They Happened, What to Do,” Brookings Institution Foreign Policy Program Policy Paper No. 16, June 2009, (http://www.brookings.edu/papers/2009/06_china_japan_bush.aspx).

21 Another factor that can drive a security dilemma is historical memory. For an application of this multi-faceted approach, see Richard C. Bush, *Perils of Proximity: China-Japan Security Relations* (Brookings, 2010), pp. 23-40.

Sea, Washington would not be legally obligated to render assistance to Japan, but Tokyo would likely pressure it to do so.

In any clash over the islands or some other part of the East China Sea that could not be immediately contained, Tokyo would thus look to Washington for help in standing up to China's probable reliance on coercive diplomacy. Washington seeks good relations with both China and Japan. It does not want to get drawn into a conflict between the two, especially one that it believed was not necessary to protect the vital interests of either. Washington would prefer not to see its commitment to Japan's security put to the test over an incident like a bigger clash over the Diaoyu/Senkaku than has occurred so far. But Washington would understand that not responding would impose serious political costs on its relations with Tokyo and would raise questions about U.S. credibility more broadly among other states that depend on the United States for their security. Congressional and public opinion would probably favor Japan or at least oppose China.

Avoiding a Tragedy

If the rivalry between Japan and China in the East China Sea is not in the interests of any of the parties concerned, what should be done to avoid it? It probably makes sense to start with small steps and build toward larger ones.

First, the two governments should take steps to reduce the most likely source of conflict: the unregulated interaction of coast guards and naval and air forces in the East China Sea. There are a variety of conflict-avoidance mechanisms that could be employed. The U.S.-Soviet Incidents at Sea Agreement is a useful precedent.

Second, the two militaries should continue and expand the exchanges and dialogues that have resumed in the last few years. Moreover, they should be sustained even if minor tensions arise (China has a tendency to suspend exchanges in those cases).

Third, the two governments should accelerate efforts to reach a follow-up agreement to implement the "political agreement" governing the exploitation of energy resources in the East China Sea. That will remove another potential source of tension.

Objectively, these are relatively easy steps. They have been hard to take but they should be pursued. Even more difficult are initiatives that would remove the underlying sources of conflict: resolution of the Diaoyu/Senkaku Islands dispute; reach-

ing a broader and mutually acceptable approach to resource exploration in the East China Sea; remedying the institutional factors in each country that would turn small incidents into crises and make crisis containment difficult; creating mechanisms that would ameliorate the mutual mistrust fostered by China's rise and any strengthening of the U.S.-Japan alliance; gearing the alliance to shape China's rise in a positive, constructive direction; and mitigating memories of the past so they do not cloud the future.

All of these projects are very difficult. They are constrained by bureaucratic resistance and political opposition. But it is not in either country's interest to see a deterioration of what can be a mutually and peace-promoting relationship.

China's Evolving Interests and Activities in the East China Sea

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Introduction

For China the East China Sea is a strategically important body of water. Beijing sees the sea as a natural barrier between China's economic, political, and demographic centers of gravity and potential adversaries. Furthermore, the presence of natural resources, particularly hydrocarbons, in the East China Sea provides China with an important means for sustaining its economic development and limiting reliance on foreign imports. Ensuring the free flow of seaborne trade, which in part transits through Chinese ports in the East China Sea, is important for China's economy. Summed together, these factors make this body of water a strategic concern for Beijing.

In a speech to the Central Military Commission in late 2004, Chinese Communist Party General Secretary and President, Hu Jintao, noted that “[m]ore than half of the three million km² of maritime surface area over which China has sovereignty and jurisdiction is involved in territorial water or maritime rights and interest disputes with neighboring states”¹—a theme that China's last three defense white papers has highlighted.²

In the East China Sea, China has four disputes—two maritime boundary disputes, one each with Japan and South Korea, and two territorial sovereignty disputes over

1 Hu Jintao, “*Renqing Xinshiji Xinjieduan Wojun Lishi Shiming* [Understand the New Historic Missions of Our Military in the New Period of the New Century]” (Speech presented at the Expanded Session of the Central Military Commission, Beijing, China, December 24, 2004), <http://gfjy.jiangxi.gov.cn/HTMNew/11349.htm>.

2 Information Office of the State Council, *China's National Defense in 2010* (Beijing, China: March 2011); Information Office of the State Council, *China's National Defense in 2008* (Beijing: China: January 2009); and Information Office of the State Council, *China's National Defense in 2006* (Beijing: China: December 2006). The 2006 defense white paper was the first to note problems with China's maritime rights and interests.

offshore islands: the Senkaku Islands³, disputed by Japan and Taiwan; and Socotra Rock, a submerged rock which South Korea also claims.⁴ Periodically, these disputes are the basis for international incidents, such as when the Japanese coast guard arrested a Chinese fishing captain in 2010—an incident that may have led to the suspension of Chinese rare earth exports to Japan.⁵

These issues have received scant media attention when compared with China's disputes in the South China Sea, but they are arguably just as important, to Beijing. The commander of the East China Sea division of the China Maritime Surveillance noted in March 2012, if “these problems are not resolved peacefully, they may potentially become important factors that could lead to conflict and even war.”⁶

This paper will address the issue of how China's interests in the East China Sea have evolved over the years, and, more importantly, how they are currently playing out. It does not go into detail about Chinese maritime claims or China's approach to international maritime law. The first half of this paper is an overview of China's sovereignty, maritime, and security interests. The second half describes trends in China's approach to securing those interests.

China's Interests in the East China Sea

Beijing's East China Sea interests fall into three categories all of which are tightly intertwined with each other—they are sovereignty, economic, and security interests.

3 This paper will refer to the islands solely by using the name Senkaku Islands, not its Chinese name, the Diaoyu Islands. It should not be construed as a statement for or against any particular claims to these islands.

4 Socotra Rock [*Ieo Do* in Korean, and *Suyan Shi* in Chinese] is a small submerged formation about 150 km southwest of South Korea's Jeju Island. Complicating the dispute, this rock feature sits in the middle of the overlapping Chinese and South Korean maritime boundary claims.

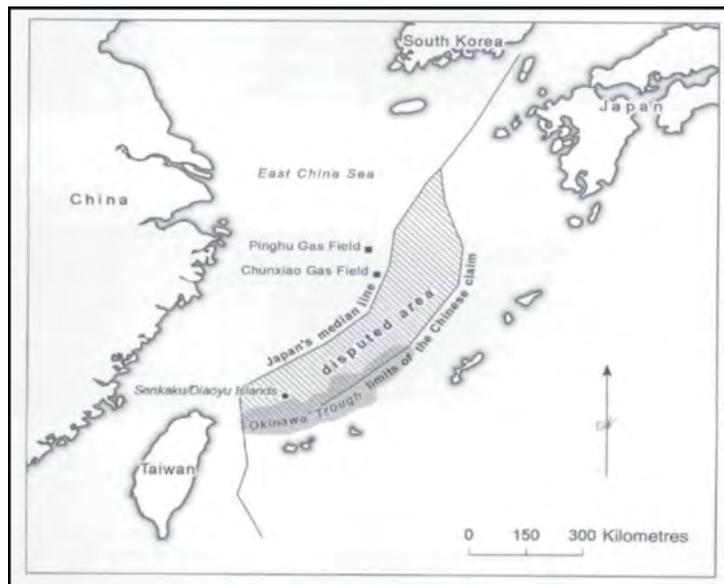
5 Keith Bradsher, “Amid Tension, China Blocks Vital Exports to Japan,” *The New York Times*, September 22, 2010, <http://www.nytimes.com/2010/09/23/business/global/23rare.html>.

6 Liu Zhengdong, “*Donghai Weiquan: Zhongguo Ruhe Yousuo Zuowei*” [Legal Rights in the East China Sea: How Should China Act?], *Xinhua*, March 20, 2012, http://news.cn.yahoo.com/ypen/20120320/936983_2.html.

Sovereignty interests

China's territorial sovereignty and maritime boundary claims in the East China Sea can be best delineated into three periods. In the first period, from 1949 to about 1969, China took a relatively ambivalent approach to its maritime interests in the East China Sea. During this time it mainly focused on ensuring sovereignty over China's immediate littoral. China's first official maritime claim in the region was in 1950, when Beijing declared a fisheries conservation zone along its East China Sea coast. Eight years later, China officially declared a territorial sea out to 12 nautical miles (nm).⁷ This claim was in close alignment with the rights accorded coastal states in the *United Nations (UN) Convention on the Territorial Sea and the Contiguous Zone*, signed a mere five months prior to China's claim, but to which China was neither a participant nor signatory.⁸ China was also not present at several other UN maritime conventions, such as the *Convention on Fishing and Conservation of Living Resources of the High Sea*, *Convention on the Continental Shelf*, and the 1958 and 1960 *UN Law of the Sea Conferences*.⁹

In 1970, China's detached approach towards maritime sovereignty began to recognize the potential economic value of controlling maritime areas. This shift followed similar changes in how the rest of East Asia viewed maritime sovereignty. Acting in response to competing Taiwan and Japanese claims to the Senkaku Islands, in



7 Greg Austin, *China's Ocean Frontier: International Law, Military Force and National Development* (Canberra, Australia: Allen and Unwin, 1998), 45.

8 United Nations, *Convention on the Territorial Sea and the Contiguous Zone*, Geneva, Switzerland, April 29, 1958.

9 Austin, *China's Ocean Frontier: International Law, Military Force and National Development*, 48–49.

1970 Beijing finally laid official claim to this group of islands.¹⁰ China also began that year to put forward its first official claim in the East China Sea to the continental shelf, a claim it slowly developed over the next few years. Many of China's continental shelf claims in the 1970s were reactionary, acting in response to Japanese and South Korean actions.¹¹

The third period, from the 1980s until today, saw China increasingly reinforce its sovereignty claims through various legal mechanisms. For example, in 1982 China signed the *UN Convention on the Law of the Sea*, although it didn't ratify it until 14 years later. In 1992, China formally issued the *Law on the Territorial Sea and Contiguous Zone of the People's Republic of China*. Six years later, China issued the *Law on the Exclusive Economic Zone and the Continental Shelf of the People's Republic of China*, officially claiming sovereignty over an exclusive economic zone (EEZ) out to 200 nautical miles (nm).¹²

Economic interests

Like its closely-related sovereignty interests in the region, China's economic interests have evolved since 1949. In the East China Sea, China's economic interests primarily revolve around natural resources. In 1950 China declared an exclusive fishing zone in a portion of the East China Sea up to 80 nm wide.¹³ In the early

10 Comprising eight uninhabited land features, the Senkaku Islands are located in the southern portion of the East China Sea, approximately 160 km to the northeast of Taiwan. The crux of the dispute over these islands revolves around whether they were part of the territory transferred to Japan with the signing of the 1895 Treaty of Shimonoseki, which ended the Sino-Japanese War. Beijing and Taiwan argue yes, and that therefore they should have reverted back to Chinese control (then the Republic of China) after World War II. Because the PRC, in Beijing's view, officially represents China from 1949 onward, sovereignty over the islands should have then switched from the Republic of China to the PRC—hence Beijing's separate dispute with Taipei over the islands. Japan, however, disagrees with both, maintaining that the islands were annexed prior to the treaty and therefore should not be considered as part of the territory Japan had to return to China after the war. Greg Austin, *China's Ocean Frontier: International Law, Military Force and National Development* (Canberra, Australia: Allen and Unwin, 1998), 49; Guoxing Ji, *Maritime Jurisdiction in the East China Sea*, Policy Papers (Institute on Global Conflict and Cooperation: UC Berkeley, October 10, 1995), 9–12.

11 Austin, *China's Ocean Frontier: International Law, Military Force and National Development*, 49–53

12 Peter Dutton, "Discussion on China's EEZ Claims," telephone, April 23, 2012. National People's Congress, "Law on the Exclusive Economic Zone and the Continental Shelf of the People's Republic of China," June 26, 1998.

13 Austin, *China's Ocean Frontier: International Law, Military Force and National Development*, 44–45.

1970s, Beijing began to take an interest in the offshore oil and natural gas reserves in the region, following a similar trend among other East Asian states.¹⁴ China's interests in the region expanded further in the mid 1980s as it continued to recognize the value of its "rich maritime resources."¹⁵ Hydrocarbons are arguably China's main offshore economic interest and a key underlying factor for China's maritime sovereignty disputes in the region, and the East China Sea is estimated by Beijing to have reserves ranging from 70 to 160 billion barrels of oil and up to 210 trillion cubic feet of natural gas,¹⁶

An equally significant economic interest in the East China Sea is the stability of the sea lanes upon which China's economy depends. As its economy has grown and globalized, Beijing has expressed concern with the security of its sea lanes. In 2010, the World Bank estimated that the value of China's total foreign trade (imports and exports) was equivalent to 55 percent of China's gross domestic product, or about \$5.7 trillion.¹⁷ China's foreign trade, as much as 90 percent according to one Chinese estimate, travels by sea.¹⁸ Furthermore, since 1993, China has been a net importer of oil, and in 2010 it imported over 52 percent of its consumed oil.¹⁹ China's growing reliance on seaborne oil imports is not lost on Beijing, which makes

14 M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, NJ: Princeton University Press, 2008), 268, 276–277; and Austin, *China's Ocean Frontier: International Law, Military Force and National Development*, 34. Prior to this, China's offshore island claims, such as those in the South China Sea, centered solely on control of the island, and not on control of the resources in the adjacent waters.

15 Bernard D. Cole, *The Great Wall at Sea: China's Navy Enters the Twenty-First Century* (Annapolis, MD: Naval Institute Press, 2001), 46.

16 Energy Information Administration, "Country Analysis Brief: East China Sea", March 8, 2008, http://www.eia.gov/EMEU/cabs/East_China_Sea/pdf.pdf.

17 The World Bank, "China-Trade as Percentage of GDP," *World Bank Data Bank*, n.d., http://databank.worldbank.org/ddp/html-jsp/QuickViewReport.jsp?RowAxis=WDI_Ctry~&ColAxis=WDI_Time~&PageAxis=WDI_Series~&PageAxisCaption=Series~&RowAxisCaption=Country~&ColAxisCaption=Time~&NEW_REPORT_SCALE=1&NEW_REPORT_PRECISION=0&newReport=yes&ROW_COUNT=1&COLUMN_COUNT=5&PAGE_COUNT=3&COMMA_SEP=fals.

18 Yang Jiamian, "Freedom and Safety of Navigation in the South China Sea and Its Importance to the Economic Development and Prosperity of East Asia and the World," website of the Shanghai Institute of International Studies, December 15, 2011. http://www.sis.org.cn/en/zhuanti_view_en.aspx?id=10116.

19 Energy Information Administration, "Country Analysis Briefs: China," November 2010. <http://www.eia.gov/EMEU/cabs/China/pdf.pdf>.

frequent references to a “Malacca Dilemma,” as code words for anxieties associated with attempts by a hostile power to interdict China’s oil imports.²⁰ The PLA’s premier book on strategic-level thinking, *The Science of Military Strategy*, notes, China’s maritime areas are “not only an important hub of communications and transportations, but also China’s lifeline to communicate with the outside world [*sic*].”²¹

China’s third category of interest in the East China Sea involves security issues. China’s security interests in the region are captured in three closely related priorities: defend China’s economic and political centers of gravity along its coastal areas; prevent Taiwan from moving towards de jure independence—to include deterring or preventing the intervention of outside actors on behalf of Taiwan; and safeguard China’s growing economic interests in the region.

First and foremost, Beijing sees the East China Sea as a possible buffer from external threats. Indeed, The PRC’s earliest maritime security concern was defending its coastline from attacks from the sea.²² To that effect, providing for China’s coastal defense was the PLA Navy’s original reason d’être.²³ This concern with defending China’s coastal areas from external attack remains present today, as shown in *The Science of Military Strategy*: “[a]s a country with a large area of territorial waters, the seas and numerous islands dotted within them also provide large space for our naval defense [*sic*].”²⁴ Expounding upon this thought, PLA Major General Peng Guangqian (ret.) noted at a U.S. Naval War College conference in 2009 that China’s maritime area, including the East China Sea, is “a strategic barrier for homeland security” and that:

[i]f coastal defense were to fall into danger, China’s politically and economically central regions would be exposed to external threat. In the context of modern warfare, military skills such as long-range precision strike develop gradually, which makes coastal sea area more and more

20 Ian Storey, “China’s ‘Malacca Dilemma,’” *China Brief* 6, 8 (April 12, 2006).

21 Guangqian Peng and Youzhi Yao, eds., *The Science of Military Strategy* (Beijing, China: Military Science Publishing House, 2005), 440.

22 Austin, *China’s Ocean Frontier: International Law, Military Force and National Development*, 44–45; Cole, *The Great Wall at Sea: China’s Navy Enters the Twenty-First Century*, 21.

23 Cole, *The Great Wall at Sea: China’s Navy Enters the Twenty-First Century*, 10, 16–17.

24 Peng and Yao, *The Science of Military Strategy*, 440.

meaningful for homeland defense as a region providing strategic depth and precious early-warning time. In short, the coastal area is the gateway for China's entire national security.²⁵

A second important security concern for Beijing is to regain the offshore islands still controlled by the Republic of Taiwan, including of course, the island itself.

Deterring any attempt by Taiwan to become formally independent remains the central driver behind PLA modernization.²⁶ Whether attempting to enforce an island blockade or conduct a full-scale assault against the island, the PLA will need to conduct operations in the East China Sea to the north of Taiwan. In addition, the PLA has to assume that an attempt to use force would cause the United States to intervene on behalf of Taiwan. As the 2011 Department of Defense Report on China's military power notes, "In pursuit of [deterring Taiwan independence], Beijing is developing capabilities intended to deter, delay, or deny possible U.S. support for the island in the event of conflict."²⁷

Finally, as noted above, starting in the 1970s, China's maritime sovereignty and economic interests in the East China Sea have expanded, requiring the ability to defend these interests in the event of a conflict.²⁸ The importance of ensuring China's maritime interests is reflected in the last three iterations of China's authoritative defense white paper. The 2006, 2008, and 2010 editions have all noted that China's maritime rights and interests are being violated.²⁹ Senior Colonel Feng Liang and Lieutenant Colonel Duan Tingzhi, both from the PLA Navy's Naval Command College, provide a typical example of PLA Navy views regarding this issue:

25 Guangqian Peng, "China's Maritime Rights and Interests," in *Military Activities in the EEZ: A U.S.-China Dialogue on Security and International Law in the Maritime Commons*, ed. Peter Dutton, China Maritime Study 7 (Newport, RI: Naval Institute Press, 2010), 15–16.

26 Cole, *The Great Wall at Sea: China's Navy Enters the Twenty-First Century*, 26–27; U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2011* (Washington, DC, May 6, 2011), sec. I.

27 U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2011*, I.

28 Cole, *The Great Wall at Sea: China's Navy Enters the Twenty-First Century*, 27.

29 Information Office of the State Council, *China's National Defense in 2010* (Beijing, China: March 2011); Information Office of the State Council, *China's National Defense in 2008* (Beijing: China: January 2009); and Information Office of the State Council, *China's National Defense in 2006* (Beijing: China: December 2006).

In addition to the existing problems of Taiwan, the Diaoyu Islands, and the Spratly Islands; competition over East China Sea oil fields has also caused regional maritime security problems for China. Furthermore, the maritime rights problems of the continental shelf, exclusive economic zones, and fishery resources all present China with a complex situation.³⁰

Some Themes in the Manifestation of China's Interests in the East China Sea

China is undertaking at least four sets of activities in order to safeguard its interests. First, China promotes an official policy of pushing for joint development of contested areas with Japan, shelving the more contentious territorial dispute issue until a later date. Second, and concurrently with the first, China seeks to unilaterally develop its economic interests—sometimes even in contested areas. Third, China has in recent years strengthened its civil maritime law enforcement capabilities. Finally, China has pursued a decades-long military modernization effort, designed in part to safeguard its maritime interests.

Shelving territorial disputes while pushing for joint development

In order to ensure that its dispute with Japan didn't damage the overall bilateral relationship, at an early stage China sought from to shelve its territorial dispute with Japan over the Senkaku Islands—while still maintaining that its claim to sovereignty was legitimate. Beijing argued that the focus should be on joint development of natural resources. Soon after establishing its official claim to the islands in 1970, Beijing suggested several times that China and Japan postpone discussion of the sovereignty issue until a later date in order to improve the overall Sino-Japanese relationship. During the signing of the historic *Sino-Japanese Peace and Friendship Treaty* in 1978, for example, Deng Xiaoping allegedly stated to his Japanese counterpart that:

30 Liang Feng and Duan Tingzhi, “*Zhongguo Haiyang Diyu'an Anquan Tezheng Yu Xinshiji Haishang Zhan-lue* [Characteristics of China's Sea Geostrategic Security and Sea Security Strategy in the New Century],” *China Military Science* 20, no. 1 (2007): 28.

There is the problem of what you call the Senkaku Islands and what we call the Diaoyu Islands, and there is also the problem of the continental shelf. In Japan there are some people who use these issues to obstruct the signing of the Treaty. In our country there are also people who want to obstruct [the treaty]...But it is better not to dwell on it. In the spirit of the Peace and Friendship Treaty, it does not matter to put the issue to the side for some years.³¹

A more recent example of shelving the more contentious disputes until later and seeking joint development is a 2008 Sino-Japanese agreement to jointly develop oil and gas fields in the East China Sea. Under this agreement, the *Principled Consensus on the East China Sea Issue*, the two sides agreed to the following: first, to cooperate in a manner that would not prejudice their individual positions until their respective overlapping maritime claims are settled; and second, to jointly develop a small block in the northern portion of the East China Sea. China also agreed to consider joint ventures with Japanese oil companies to develop the Chunxiao³² gas field which sits just 3 miles west of the median line between China's and Japan's claims.³³ However, recent news reports indicate that despite this agreement, these initiatives have so far failed to materialize.³⁴

31 Deng Xiaoping, 1978, cited in Reinhard Drifte, *Japanese-Chinese Territorial Disputes in the East China Sea--Between Military Confrontation and Economic Cooperation*, Working Paper (London: Asia Research Centre, London School of Economics and Political Science, 2008), http://eprints.lse.ac.uk/20881/1/Japanese-Chinese_territorial_disputes_in_the_East_China_Sea_%28LSERO%29.pdf.

32 Chunxiao is the Chinese name for this gas reserve in the middle of the East China Sea. In Japan, it is referred to as the Shirakaba gas field. This paper uses Chunxiao throughout, since this appears to be the more commonly recognized name in English.

33 Gao Jianjun, "A Note on the 2008 Cooperation Consensus Between China and Japan in the East China Sea," *Ocean Development & International Law* 40, no. 3 (September 2009): 291; Energy Information Administration, "Country Analysis Brief: East China Sea."

34 Reuters, "Japan Says China's Oil Production at the Disputed Chunxiao Gas Field Is Regrettable," *Energy-pedia News*, March 10, 2011, <http://www.energy-pedia.com/news/china/japan-says-chinas-oil-production-at-the-disputed-chunxiao-gas-field-is-regrettable>; and Sachiko Sakamaki and John Duce, "China May Be Drilling in East China Sea Near Disputed Island, Japan Says," *Bloomberg*, October 21, 2010, <http://www.bloomberg.com/news/2010-10-21/japan-says-china-may-be-drilling-in-east-china-sea-near-disputed-islands.html>.

Developing the maritime economy

The economic importance, both realized and potential, which Beijing attributes to its maritime areas is evident in the number of maritime development plans China has released in recent years. At the national level, every Five Year Plan (FYP) since the 7th (1986-1990) has noted the need to develop China’s maritime resources, with the most recent, the 12th FYP (2011-2015), devoting an entire chapter to this issue.³⁵ In addition, there have been a number of maritime-specific development plans, both at the national and local level. Table 1 below contains a sample of China’s national and local level maritime development plans.

Table 1: Select Chinese National and Local-level Maritime Economy Development Plans

Program/Plan name (English)	Program/Plan name (Chinese)	Year released
National-level plans		
7th – 12th Five Year Plans	N/A	1986+
The Development of China’s Maritime Enterprises	中国海洋事业的发展	1998
Outline of the National Ocean Economy Development Plan, 2001-2010	全国海洋经济发展规划纲要	2003
The Maritime Engineering Equipment Manufacturing Industry Long Term Development Plan, 2011-2020	海洋工程装备制造业中长期发展规划	2012
Local-level plans (East China Sea region only)		
The Comprehensive Plan to Strengthen Construction of the Zhejiang Province Maritime Economy	浙江省海洋经济强省建设总体规划	2005
Lianyungang City [Jiangsu Province] “10th Five Year” Maritime Economy Development Plan	连云港市“十五”海洋经济发展规划	2005
Zhoushan City [Zhejiang Province] Maritime Economy Development Plan	舟山海洋经济发展计划	2010
Zhejiang Province Maritime Economy Development Pilot Project	浙江海洋经济发展试点	2011
Zhejiang Province Maritime New Industry Development Plan, 2010-2015	浙江省海洋新兴产业发展规划(2010-2015)	2011

35 State Council (China), “*Di Shisi Zhang: Tuijin Haiyang Jingji Fazhan*” [Chapter 14: Push Forward the Development of the Maritime Economy], *Guomin Jingji he Shehui Fazhan Di Shier ge Wu.Nian Guohua Gangyao* [The 12th Five Year Plan for National Economic and Social Development], March 16, 2011. <http://www.ndrc.gov.cn/fzgh/ghwb/gjjh/P020110919592208575015.pdf>.

Since the 1980s China has also prospected and drilled for oil and gas in the East China Sea, primarily to the west of the undisputed maritime region in the sea. More recently, however, several reports have emerged of China's drilling activities around the Chunxiao gas field being close to, or possibly even beyond, the disputed maritime boundary with Japan.³⁶ Despite Japan's protests over these activities, China denies its drilling activities are within Japan's claimed maritime EEZ. Technically, the gas field lies just a few miles to the west of the median line, and is therefore outside of Japan's claimed maritime boundary with China. However, Japan argues that while the drilling activities may be located in China's territory, the gas and oil reserves from which China draws encompass a much larger area, spilling across the median line into Japan's EEZ.³⁷ In other words, according to Japan, China's drilling activities could be siphoning from reserves located in Japan's EEZ.³⁸

Expanding civil maritime law enforcement capabilities

In order to safeguard its economic maritime interests, China has recently strengthened its maritime law enforcement forces. China's maritime law enforcement forces are divided into five separate organizations: the China Maritime Police, the China Maritime Surveillance, the Maritime Safety Administration, the Fisheries Law Enforcement Command, and the General Administration of Customs.³⁹ Recent incidents show that these civil maritime law enforcement forces are frequently on the front line of safeguarding China's economic interests. For example, in August 2011, Japanese authorities reported that two China Fisheries Law Enforcement Command vessels entered Japanese-claimed waters off the Senkaku Islands.⁴⁰ In January 2012, the Shanghai branch of the Maritime Safety Administration announced that

36 Mark J. Valencia, "The East China Sea Dispute: Context, Claims, Issues, and Possible Solutions," *Asian Perspective* 31, no. 1 (2007): 131–135; Sakamaki and Duce, "China May Be Drilling in East China Sea Near Disputed Island, Japan Says."

37 Gao Jianjun, p. 294.

38 Of note, Iraq made a somewhat similar claim prior to its invasion of Kuwait in 1990, when it accused Kuwait of siphoning off oil from Iraq's South Rumalya Field, located on the border with Kuwait. E. Lauterpacht, C. J. Greenwood, Marc Weller, and Daniel Bethelham, eds., *The Kuwait Crisis: Basic Documents*, (Cambridge: Cambridge University Press, Jan 1, 1991), p. 77.

39 Lyle J. Goldstein, *Five Dragons Stirring up the Sea: Challenge and Opportunity in China's Improving Maritime Enforcement Capabilities*, China Maritime Study (Newport, RI: U.S. Naval War College, April 2010).

40 *Daily Yomiuri*, "Chinese Boats Enter Waters off Senkakus," August 25, 2011, <http://www.yomiuri.co.jp/dy/national/T110824006192.htm>.

it would expand the range of its surveillance flights over disputed portions of the East China Sea.⁴¹ Two months later, six China Maritime Surveillance vessels conducted a series of exercises in the disputed waters just off the Pinghu and Chunxiao gas fields.⁴² China also appears to be now conducting patrols around Socotra Rock, something that South Korea protests.⁴³ China has made recent announcements that it would strengthen the capabilities of its maritime law enforcement agencies, likely signaling a larger role for them in enforcing China's maritime claims.⁴⁴

Expanding Naval Capabilities

Since at least the early 1990s, China has been gradually modernizing its navy, transforming it from a coastal navy to an incipient blue water navy. Driving this modernization effort are Beijing's perceived needs to deter Taiwan independence; deter, delay, or deny a third party from intervening on Taiwan's behalf; and protect China's maritime economic interests—all of which involve the East China Sea to some extent. The first major push to transform the PLA Navy followed closely on the heels of a major transformation in China's official reassessment of its security situation. In 1985, Deng Xiaoping shifted the PLA from a track of preparing for total war fought mainly within China, to one that focused on fighting smaller conflicts along China's periphery, termed "local wars." This new peripheral focus in turn required a navy able to operate further from China's coasts in order to push out China's defensive lines. For the PLA Navy, the specific result of this strategic shift was the "offshore defense strategy," a three-stage gradual approach to transform-

41 "China to Boost Surveillance Flights over Disputed East China Sea Areas," *The Japan Times Online*, January 27, 2012, <http://www.japantimes.co.jp/text/nn20120127f4.html>.

42 Seima Oki, "China Vessels Hold Drill Near Gas Fields," *Daily Yomiuri* (Japan, March 19, 2012), sec. National, <http://www.yomiuri.co.jp/dy/national/T120318002931.htm>.

43 Byung-soo Park and Min-hee Park, "Stormy Seas Caused by China's Claim to Ieo-do Reef," *The Hankyoreh*, March 12, 2012, sec. International, http://english.hani.co.kr/arti/english_edition/e_international/523076.html.

44 Huang Yan and Chris Buckley, "China to Expand Fleet to Patrol Disputed Seas," *Reuters* (Beijing, October 27, 2010), <http://af.reuters.com/article/energyOilNews/idAFTOE69Q04X20101027>; Stacy A. Pedrozo, "China's Active Defense Strategy and Its Regional Impact" (presented at the Testimony before the U.S.-China Economic and Security Review Commission, Washington, DC, January 27, 2011); and *People's Daily*, "China to Strengthen Maritime Forces Amid Disputes", June 17, 2011, <http://english.people.com.cn/90001/90776/90883/7412388.html>.

ing the PLA Navy into a global navy.⁴⁵ Of import for this paper, the first stage of this aspirational strategy was for the PLA Navy to be able to exert control over the maritime region up to the first island chain—which would in effect encompass the entirety of the East China Sea.

A more recent top-level push for naval expansion came with a new set of guidelines provided to the PLA in 2004. Speaking to an expanded session of the Central Military Commission, Hu Jintao provided the PLA with four missions, collectively referred to as the *Historic Missions*.⁴⁶ Relevant to this paper, Hu specifically noted two missions where the PLA Navy was to play a larger role. The first was captured in Hu’s exhortation to the navy to be able to safeguard all of China’s sovereign territories, to include its disputed maritime claims throughout the region. Second, Hu called upon the navy to broaden its area of operations in order to defend China’s expanding interests, specifically noting the need to “go beyond the scope of [China’s] territorial land, seas, and airspace; and continually expand and stretch towards the ocean, out into space, and in the electromagnetic spectrum [emphasis added].”⁴⁷ Two years later, the PLA’s General Political Department released a set of lessons on the *Historic Missions*, providing additional information on Hu’s call to the navy to expand its area of operations. According to one of these lessons:

China’s important maritime security interests include safeguarding the maritime resources for supporting China’s continued economic develop-

45 The three stages of the Offshore Defense Strategy are first, by 2000 have the PLA Navy able to exert control over the maritime territory up to the first island chain; second, from 2000 to 2020, have the PLA Navy able to control out to the second island chain; and third, by 2050, transform the PLA Navy into a truly global navy. Bernard D. Cole, *The Great Wall at Sea: China’s Navy Enters the Twenty-First Century* (Annapolis, MD: Naval Institute Press, 2001), 165–68.

46 The four missions are to reinforce the armed forces’ loyalty to the Chinese Communist Party; to help ensure China’s sovereignty, territorial integrity, and domestic security in order to continue its national development; to help safeguard China’s expanding national interests; and to help ensure world peace. For a more in-depth assessment of the *Historic Missions*, see Daniel M. Hartnett, “Towards a Globally Focused Chinese Military: The Historic Missions of the Chinese Armed Forces” (Alexandria, VA: CNA China Studies, June 2008); <http://www.cna.org/sites/default/files/9.pdf>; and U.S.-China Economic and Security Review Commission, *Hearing on China’s Military and Security Activities Abroad*, testimony of Daniel M. Hartnett, March 4, 2009.

47 Hu Jintao, “Renqing Xinshiji Xinjieduan Wujun Lishi Shiming [Understand the New Historic Missions of Our Military in the New Period of the New Century]” (presented at the Expanded Session of the Central Military Commission, Beijing, China, December 24, 2004), <http://gfjy.jiangxi.gov.cn/HTMNew/11349.htm>.

ment; developing and safeguarding the security of China's foreign maritime trade shipping routes and petroleum lines; attacking the problems of maritime terrorism, piracy, smuggling, and transnational crimes; and building a peaceful and good regional maritime security order. These interests concern the security and development of the entire nation.⁴⁸

In order to fulfill these top-level calls for the PLA Navy to expand its ability to defend China's growing maritime interests, the PLA Navy has sought to modernize its forces over the past two decades. Although too long to detail fully here, this effort cuts across all aspects of the PLA Navy. As Ron O'Rourke from the Congressional Research Service notes, "China's naval modernization effort...encompasses a broad array of weapon acquisition programs, including anti-ship ballistic missiles (ASBMs), submarines, and surface ships. China's naval modernization effort also includes reforms and improvements in maintenance and logistics, naval doctrine, personnel quality, education, training, and exercises."⁴⁹ Taken together, these new platforms and capabilities are gradually providing the PLA with the ability to implement what is commonly referred to as an "anti-access/area denial strategy." According to Jim Thomas, vice president at the Center for Strategic and Budgetary Assessments,

China's continuing development of anti-access/area denial (A2/AD) capabilities including submarines, ballistic and cruise missile forces, fifth-generation fighters, and advanced air defenses, could potentially create a sea denial network stretching from the East China Sea to the South China Sea. The steady expansion of China's maritime reconnaissance-strike complex is creating "no-go zones" in the Western Pacific, gradually eroding America's ability to project military power into a region of long-standing vital interest.⁵⁰

48 General Political Department of the PLA, "Di San Jiang: Wei Weihu Guojia Fazhan de Zhongyao Zhanlue Jiyu Tigong Jianqiang de Anquan Baozhang [Lesson 3: Provide a Firm Security Guarantee In order to Safeguard the Important Strategic Opportunity for National Development]," N.D. http://www.ycgfy.com/article_print.asp?articleid=2282.

49 Ronald O'Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress* (Washington, DC: Congressional Research Service, March 23, 2012), summary; See also U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2011* (Washington, DC, May 6, 2011), 2–3.

50 Jim Thomas, "China's Active Defense Strategy and Its Regional Implications" (presented at the Testimony before the U.S.-China Economic and Security Review Commission, Washington, DC, January 27, 2011).

Conclusions

For Beijing, the East China Sea is a strategic body of water. China has a multitude of interests in the sea, which can be categorized according to three interrelated types. These interests include sovereignty, economic, and security interests in the region. China's maritime sovereignty claims predominantly revolve around claims to an EEZ, the extended continental shelf, and the disputed Senkaku Islands and Socotra Rock. The East China Sea also provides an important economic benefit to China due to potential hydrocarbon resources, fishing, and the numerous sea lanes upon which China's economy is reliant. From a security perspective, the East China Sea acts as a natural barrier between China's important economic, political, and population centers; and potential adversaries. Furthermore, each of these interests has greatly expanded since 1949. Taken together, this greatly raises the value of the East China Sea in Beijing's eyes.

In order to safeguard these expanding maritime interests, Beijing undertakes a multi-pronged approach. First, China officially seeks to implement a policy of shelving the more intractable sovereignty disputes when pursuing improved bilateral relations with the other claimants. A notable example of this is the 2008 agreement with Japan to shelve the maritime boundary issue in order to jointly develop the gas and oil fields that straddle the median line of their respective EEZ claims. At the same time, however, China also seeks to unilaterally develop its economic interests in the region. China's economic development in the region may be exacerbating tensions with Japan as China develops areas immediately adjacent to, if not just over, Japan's claimed waters. Finally, China also aims to improve its ability to defend its growing maritime interests. This method follows two paths. First, Beijing is rapidly improving the capabilities of its various maritime law enforcement agencies, which are often on the front lines of China's maritime disputes. Second, since at least the late 1980s, China has been modernizing and improving its naval forces, in part to defend its maritime interests. This decade long naval modernization process has allowed the Chinese navy to gradually expand its area of operations away from China's littoral, providing a growing buffer zone between China and any potential adversaries.

