

**Cooperation and Confrontation in the
East China Sea Dispute:
Lessons for China-Japan Relations**

By James Manicom

B.A. (Honours)
M.A. (International Relations)

Thesis submitted for the Degree of Doctor of Philosophy
School of Political and International Studies
Faculty of Social Sciences
Flinders University

March 2009

Contents

CONTENTS	1
LIST OF MAPS	3
LIST OF FIGURES	3
LIST OF TABLES	3
SUMMARY	4
DECLARATION	5
ACKNOWLEDGEMENT	6
ACRONYMS.....	7
INTRODUCTION	9
<i>Structure of the thesis.....</i>	<i>17</i>
CHAPTER 1: TERRITORIAL IMPERATIVES IN THE CHINA-JAPAN RELATIONSHIP ..	21
1.1 THE EAST CHINA SEA DISPUTE IN THE CHINA-JAPAN RELATIONSHIP.....	23
1.2 STATE BEHAVIOUR TOWARDS TERRITORY.....	29
1.2.1 <i>The territorial dispute literature</i>	<i>29</i>
1.2.2 <i>Chinese and Japanese policy towards their territorial disputes</i>	<i>34</i>
1.3 THE EAST CHINA SEA DISPUTE: CAUSES, CLAIMS AND SOLUTIONS.....	43
1.3.1 <i>Claims and possible solutions</i>	<i>43</i>
1.3.2 <i>Dispute management and escalation dynamics.....</i>	<i>46</i>
1.4 CONCLUSION: THE EAST CHINA SEA DISPUTE AS A LEAST LIKELY CASE OF TERRITORIAL COMPROMISE?	51
CHAPTER 2: OPPORTUNITY AND WILLINGNESS IN THE STUDY OF MARITIME TERRITORIAL DISPUTES	54
2.1 OPPORTUNITY AND WILLINGNESS IN THE STUDY OF WAR.....	55
2.2 THE OPPORTUNITY AND WILLINGNESS RESEARCH PROGRAM	60
2.3 OPPORTUNITY AND WILLINGNESS IN MARITIME TERRITORIAL DISPUTES	66
2.4 OPPORTUNITY, WILLINGNESS AND THE PROBLEM OF TERRITORIAL VALUE	73
2.5 METHODOLOGY, CASE SELECTION AND CONTRIBUTION OF THE THESIS	78
CHAPTER 3: HISTORY OF THE EAST CHINA SEA DISPUTE, MATERIAL AND IDEATIONAL ELEMENTS	82
3.1 PHASE 1: DISPUTE ONSET AND THE TERRITORIAL STATUS QUO	83
3.1.1 <i>The onset of the dispute.....</i>	<i>83</i>
3.1.2 <i>The 1978 Incident: Reinforcing the territorial status quo.....</i>	<i>85</i>
3.2 PHASE TWO: DISPUTE MANAGEMENT.....	88
3.2.1 <i>The 1990 incident.....</i>	<i>89</i>
3.2.2 <i>The 1992 incident.....</i>	<i>91</i>
3.2.3 <i>The 1996 incident.....</i>	<i>93</i>
3.2.4 <i>The Diaoyu islands in Chinese national identity.....</i>	<i>96</i>
3.2.5 <i>The Senkaku islands in Japanese national identity.....</i>	<i>99</i>
3.2.6 <i>The legal utility of the Senkaku/Diaoyu islands</i>	<i>102</i>
3.3 THE EAST CHINA SEA PHASE: FROM ISLANDS TO MARITIME ZONES.....	104
3.3.1 <i>Management of nationalist tensions.....</i>	<i>105</i>
3.3.2 <i>Rise of material concerns in the East China Sea dispute</i>	<i>107</i>
3.4 CONCLUSION	110
PART II: CONDITIONS OF COOPERATION IN THE EAST CHINA SEA.....	112
CHAPTER 4: COOPERATION ON FISHERIES JURISDICTION, 1997-2000	113
4.1 THE VALUE OF FISHERIES IN THE EAST CHINA SEA	114
4.1.1 <i>The intrinsic-tangible value of East China Sea fisheries to China.....</i>	<i>115</i>
4.1.2 <i>The intrinsic-tangible value of East China Sea fisheries to Japan.....</i>	<i>116</i>
4.1.3 <i>Relational-tangible value to Japan</i>	<i>117</i>
4.2 OPPORTUNITY KNOCKS: CAPABILITIES, ENVIRONMENT AND INTERACTION	119
4.2.1 <i>China's DWF industry: Increased capabilities in a changing environment</i>	<i>120</i>
4.2.2 <i>UNCLOS and expanded maritime jurisdiction.....</i>	<i>122</i>

4.2.3 <i>Interaction opportunities in the fisheries realm</i>	127
4.3 WILLINGNESS: JAPAN'S CHANGE OF HEART	129
4.3.1 <i>Domestic politics and lobby groups in Japan</i>	129
4.3.2 <i>China's decision</i>	133
4.3.3 <i>Balancing territorial objectives with the bilateral relationship</i>	134
4.4 COOPERATION ACHIEVED: THE PROVISIONAL MEASURES ZONE	135
4.5 CONCLUSION: THE CONDITIONS OF COOPERATION.....	142
CHAPTER 5: COOPERATION ON MARINE RESEARCH ACTIVITIES, 2000-2001	145
5.1 THE VALUE OF MARINE SURVEYS IN THE EAST CHINA SEA.....	146
5.1.1 <i>Relational-tangible value of Chinese survey activities to Japan</i>	150
5.1.2 <i>The intrinsic-tangible value of marine surveys to China</i>	153
5.1.3 <i>The relational-tangible value of the surveys to China</i>	154
5.2 OPPORTUNITY: THE CHALLENGE OF LIMITED POLICY OPTIONS	156
5.2.1 <i>Changes in the environment: Intrusions accelerate</i>	157
5.2.2 <i>Interaction opportunities: No effort to clarify the issue</i>	158
5.2.3 <i>Japan's limited policy menu</i>	160
5.3 THE EMERGENCE OF WILLINGNESS.....	164
5.3.1 <i>Role of the bureaucracy and the media</i>	165
5.3.2 <i>Alternative foreign policy tools: Pursuing the diplomatic option</i>	168
5.3.3 <i>The decision to apply ODA pressure</i>	169
5.4 COOPERATION ACHIEVED: THE AGREEMENT ON PRIOR NOTIFICATION OF MARINE RESEARCH ...	171
5.4.1 <i>Reasons for the agreement's failure</i>	172
5.4.2 <i>Political will for cooperation</i>	176
5.5 CONCLUSION: THE CONDITIONS OF COOPERATION.....	177
PART III: CONDITIONS OF CONFRONTATION IN THE EAST CHINA SEA.	180
CHAPTER 6: CHINA'S ESCALATION 2004-2005, PROTECTING JURISDICTION.....	181
6.1 VALUE OF EAST CHINA SEA RESOURCE DEVELOPMENT TO CHINA	183
6.1.1 <i>Intrinsic-tangible: Resource needs and energy security</i>	183
6.1.2 <i>Relational-tangible: The strategic value of the East China Sea</i>	188
6.1.3 <i>Relational-intangible: Anti-Japanese sentiment in Chinese foreign policy</i>	190
6.2 OPPORTUNITY: CAPABILITY, INTERACTION AND THE MENU FOR CHOICE	192
6.2.1 <i>China's capabilities: China's offshore experience pre-1993</i>	193
6.2.2 <i>Structural shift 1993: Net oil importer status and the opening of the East China Sea</i>	194
6.2.3 <i>Interaction opportunities: Japan's reaction to China's offshore development</i>	198
6.3 WILLINGNESS: CHINA CHOOSES CONFRONTATION	206
6.3.1 <i>China rejects Japan's claim</i>	207
6.3.2 <i>Bureaucratic actors: CNOOC and PLAN</i>	210
6.3.3 <i>Bilateral relations vs. territorial value</i>	214
6.3.4 <i>Political will for confrontation</i>	216
6.4 CONCLUSION: THE CONDITIONS OF CONFRONTATION	217
CHAPTER 7: JAPAN'S CONFRONTATIONAL CHOICE IN 2005, THE TEIKOKU DECISION	219
7.1 VALUE OF EAST CHINA SEA RESOURCE DEVELOPMENT TO JAPAN.....	221
7.1.1 <i>Intrinsic-tangible value: Hydrocarbon resources</i>	221
7.1.2 <i>Relational-tangible value: China's maritime expansion</i>	226
7.1.3 <i>Relational-intangible value: Domestic concerns about rising China</i>	229
7.2 OPPORTUNITY: JAPAN'S MENU FOR CHOICE	231
7.2.1 <i>Interaction opportunities: Japanese frustration and restraint</i>	232
7.2.2 <i>Capabilities: Operational progress and institutional stasis</i>	233
7.2.3 <i>Environmental limits: Geological barriers</i>	236
7.3 WILLINGNESS: MAKING THE BEST OF LIMITED OPPORTUNITIES	238
7.3.1 <i>The Teikoku decision: Political, bureaucratic and popular support</i>	239
7.3.2 <i>Bilateral relations versus territorial value</i>	241
7.4 OUTCOME: THE LIMITS OF CONFRONTATION?	244
7.4.1 <i>The turning point</i>	245
7.4.2 <i>Political will for confrontation</i>	248
7.5 CONCLUSION: THE CONDITIONS OF CONFRONTATION	249
PART IV: FINDINGS AND CONCLUSION.....	251

CHAPTER 8: OPPORTUNITY AND WILLINGNESS IN THE JUNE 2008 ‘CONSENSUS’..	252
8.1: CONDITIONS OF COOPERATION AND CONFRONTATION	252
8.2: ORIGINS OF THE JUNE 2008 ‘CONSENSUS’	256
8.2.1 <i>Phase 1: Confidence building</i>	256
8.2.2 <i>Phase 2: Stumbling toward consensus</i>	258
8.2.3 <i>Substance of the June 2008 ‘consensus’</i>	260
8.3: EXPLAINING THE JUNE ‘CONSENSUS’: LESSONS FOR POLITICAL WILL	266
8.3.1 <i>Wither the political will for cooperation in the East China Sea dispute?</i>	272
8.4: PROSPECTS FOR FUTURE COOPERATION AND CONFRONTATION	275
8.4.1 <i>Interaction opportunities, domestic actors and future resource cooperation</i>	276
8.4.2 <i>An expanded Japanese policy menu: Creating the opportunity for confrontation?</i>	280
8.5: CONCLUSION	284
CHAPTER 9: FINDINGS, IMPLICATIONS AND AREAS OF FUTURE RESEARCH	285
9.1 CONDITIONS OF COOPERATION IN THE EAST CHINA SEA.....	285
9.1.1 <i>Lessons for Chinese and Japanese foreign policy</i>	289
9.2 OPPORTUNITY & WILLINGNESS AS AN ALTERNATIVE FRAMEWORK	292
9.3 THE INTERACTION BETWEEN OPPORTUNITY AND WILLINGNESS	295
FINAL THOUGHT.....	297
APPENDIX: TIMELINE OF THE CHUNXIAO DISPUTE.....	299
WORKS CITED	301

List of Maps

MAP 1: THE PROVISIONAL MEASURES ZONE.....	137
MAP 2: CHUNXIAO DEVELOPMENT PLANS 2003	198
MAP 3: DISPUTED AREA IN THE EAST CHINA SEA	209
MAP 4: THE SINO-JAPANESE JOINT DEVELOPMENT ZONE IN THE EAST CHINA SEA	261

List of Figures

FIGURE 1: TERRITORIAL VALUE	77
FIGURE 2: TERRITORIAL VALUE IN THE EAST CHINA SEA DISPUTE	78
FIGURE 3: TERRITORIAL VALUE OF THE EAST CHINA SEA, 1996.....	119
FIGURE 4: TERRITORIAL VALUE OF THE EAST CHINA SEA, 2000	156
FIGURE 5: TERRITORIAL VALUE OF THE EAST CHINA SEA TO BEIJING 2005	192
FIGURE 6: TERRITORIAL VALUE OF THE EAST CHINA SEA TO TOKYO, 2004-05	231

List of Tables

TABLE 1: CHINA'S PRIMARY ENERGY DEMAND (MTOE)	185
---	-----

Summary

A gap exists in our understanding of the East China Sea territorial dispute. This dispute is concerned with the sovereignty of the Senkaku/Diaoyu islands and the contested jurisdiction over related maritime areas granted under the UN Convention of the Law of the Sea. Scholarship on the dispute can be divided into two camps. On the one hand are scholars who analyse the impact of material and ideational interests on escalation dynamics and dispute management. On the other side are those who have outlined several innovative delimitation solutions to the dispute, despite the lack of political will in China and Japan to pursue them. Absent from this debate is an understanding of the process by which Chinese and Japanese leaders pursue cooperative policy choices over confrontational ones. By exploring the cooperative and confrontational dynamics of the East China Sea dispute, this thesis aims to identify the conditions under which the political will to pursue settlement may emerge. This research aim is accomplished by a comparison between two cases of cooperation—over fisheries and marine scientific research—with two cases of confrontation, both over the Chunxiao gas field. Viewed through Harvey Starr's opportunity and willingness framework, the aim is to identify the conditions under which China and Japan may develop the political will to settle the East China Sea dispute. In light of the nascent joint development agreement reached in June 2008, and the importance of joint development as a first step towards the settlement options proposed by Ji Guoxing, Mark Valencia, and others, this thesis is particularly timely and provides a substantial contribution to the existing scholarly literature in the issue area.

Declaration

I certify that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.

James Manicom
Adelaide
March 2009

Acknowledgement

No one completes a PhD thesis without help from a wide array of colleagues, friends and family. First and foremost, thanks are due to my supervisor Andrew O’Neil, who has supported my work since my Master’s degree and has provided mentorship and friendship for five years. The School of Political and International Studies provided an exciting and diverse intellectual environment for postgraduate study. Thanks are due to the participants of the Work in Progress seminar series that attended my presentations and provided feedback, in particular Richard DeAngelis, John Fitzpatrick, Haydon Manning, Michael Sullivan and Maryanne Kelton. Richard Leaver functioned as a second supervisor and used his expertise to sharpen the discussion of many of the issues contained within. Several colleagues suffered through reading the entire manuscript, despite having their own research and family pressures, including Ben Habib, Alex Stephens, and Vlado Vivoda, who accurately described the thesis as “more than I ever wanted to know about the East China Sea dispute.” Vandra Harris provided guidance and inspiration through the fog of graduate study, often to the frustration of her own supervisor. My fieldtrip to China and Japan would have been a complete failure is not for John Bradford, the International Office at Flinders University, Francis Reagan, Xi Yanbin of the International Affairs Office at CASS, and of course the interviewees who agreed to discuss a controversial and topical national security issue. Chris Chung, Jean-Marc Blanchard, Steve Chan, Robert Sutter and Harvey Starr all provided valuable guidance on key arguments either through personal correspondence or through their role as a discussant at a conference. I am also indebted to reviewers at *Global Change, Peace, and Security*, *Contemporary Southeast Asia*, and the Australasian Political Studies Association for feedback and in some cases corrections to aspects of the project. Stephen Fildes of the Spatial Information Systems Laboratory at Flinders University drew the excellent maps contained within. I also owe a debt to Ian Storey and the Indo-Pacific Maritime Security Network for their informative and useful postings. Annan Govindasamy and Ben Page, through their tremendous work ethic and sense of humour, provided an office environment that was conducive to both work and fun. This thesis was completed with the support of the Endeavour International Postgraduate Research Scholarship, the Flinders Overseas Field Trip Grant, the Flinders Conference Travel Grant as well as extensive top-up funding from the Faculty of Social Sciences.

Finally, my graduate work could not have been accomplished without my family. Richard, Esther, Dan, Beth, Sarah, George and Loretta all provided financial, emotional or logistical support to the project. That said they’ve always wanted a reason to visit Australia! Lastly, love and thanks to Caroline, who helped prove that a couple can complete medical school and graduate school simultaneously.

Acronyms

Agency for Natural Resources and Energy (ANRE)
Air Defense Identification Zone (ADIZ)
Air Self-Defense Force (ASDF)
Arabian Oil Company (AOC)
Asia Pacific Economic Cooperation (APEC)
Asian Development Bank (ADB)
Association of Southeast Asian Nations (ASEAN)
Basic Ocean Law (BOL)
China National Offshore Oil Company (CNOOC)
China National Petroleum Corporation (CNPC)
Chinese Communist Party (CCP)
Confidence Building Measure (CBM)
Continental Shelf Convention (CSC)
Democratic Party of Japan (DPJ)
Distant Water Fishery (DWF)
East China Sea (ECS)
Exclusive Economic Zone (EEZ)
Exclusive Fisheries Zone (EFZ)
Food and Agriculture Organization (FAO)
Geographic Information Systems (GIS)
International Court of Justice (ICG)
Japan Coast Guard (JCG)
Japan Defense Agency (JDA)
Japan Fisheries Agency (JFA)
Japan National Oil Company (JNOC)
Japan Oil, Gas and Metals National Corporation (JOGMEC)
Japan Petroleum Exploration Company (JAPEX)
Joint Development Zone (JDZ)
Law on the Territorial Sea and the Contiguous Zone (LTC)
Liberal Democratic Party (LDP)
Liquefied Natural Gas (LNG)
Marine Scientific Research (MSR)
Maritime Safety Agency (MSA)
Maritime Self-Defense Force (MSDF)
Mid-Term Defense Program (MTDP)
Ministry of Agriculture, Forestry and Fisheries (MAFF)
Ministry of Defense (MOD)
Ministry of Economy, Trade and Industry (METI)
Ministry of Finance (MOF)
Ministry of Foreign Affairs, China (MFA)
Ministry of Foreign Affairs, Japan (MOFA)
Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
National Defense Program Outline (NDPO)
National Development and Reform Commission (NDRC)
National Federation of Fisheries Cooperatives (NFFC)
National Institute of Defense Studies (NIDS)
National Oil Company (NOC)
National People's Congress (NPC)
Official Development Assistance (ODA)
People's Liberation Army Navy (PLAN)

People's Republic of China (PRC)
Provisional Measures Zone (PMZ)
Sea Line of Communication (SLOC)
Self-Defense Force (SDF)
South China Sea (SCS)
State Oceanic Administration (SOA)
United Nations (UN)
United Nations Convention on the Law of the Sea (UNCLOS)
World Trade Organization (WTO)
Units
Barrels per day (b/d)
Cubic Feet (cf)
Million tons of oil equivalent (mtoe)
Nautical mile (nm)