

**SOURCES OF CHINA'S ASSERTIVENESS
IN THE SOUTH CHINA SEA**

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Executive Summary

1. Since 2009, China has adopted increasingly muscular actions in the South China Sea. For Beijing, it is largely reacting to the equally or more assertive moves of other claimant states. To other claimants, Beijing's moves are signs of a rising power's creeping assertiveness and even aggressiveness.
2. The perceived decline of US power relative to that of China after the 2008 global financial crisis has largely given China the opportunity to advance its interests, leading to an increased deployment of its military and non-military resources to the disputed waters.
3. US rebalancing to Asia strategy and regional realignments since 2010 had deepened the perception of a US-led encirclement, paradoxically pushing China to pursue a new round of assertiveness in a move to assert its interests and deter regional countries from further aligning with America.
4. The growing pressure however has compelled China to moderate (albeit selectively) its actions after mid-2010 when it took steps to repair relations with claimant states and to manage the disputes in a more conciliatory manner.
5. China's continuing assertiveness is attributable to growing political insecurity, rising nationalism and increasing pluralisation of external policy process.
6. China is promoting a "new type of major power relations" [*xinxing daguo guanxi*] to cultivate peaceful and stable relations with all big powers, particularly the United States.
7. This global strategy goes hand-in-hand with the "regional" strategy of periphery diplomacy, which, by 2014, anchored on "the Belt and Road" [*yidai yilu*] initiative to transform China's geo-economic and geopolitical landscape through regional connectivity initiatives to provide regional public goods and reshape the long-term security order in the Asia-Pacific.

8. Driven by the imperative of nationalist legitimation, China has continued its assertiveness by taking actions to defend its maritime rights and constructing enormous artificial islands from reefs; at the same time, it has taken care not to incite region-wide backlash that will destabilise the regional environment, which might undermine its performance legitimation efforts.

9. Beijing strives to offset the adverse effects of its maritime assertiveness by showcasing, materialising and multiplying the opportunities of its economic inducement and diplomatic reassurance to the regional audience to preserve regional stability and prosperity as an attempt to *strike a balance between Party elites' contending pathways of legitimation*.

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China's Assertive Turn in the South China Sea since 2009

- 1.1 In the South China Sea, China has adopted a number of increasingly muscular actions since 2009. These include enforcing fishing bans on foreign vessels, stepping up maritime patrols, threatening foreign oil companies that conducted maritime surveys and hydrocarbon exploration on behalf of other claimant governments, stopping other claimants' seismic surveys and conducting more exercises in the contested areas.¹
- 1.2 From Beijing's perspective, these actions are largely a reaction to the equally or more assertive moves of other claimant states.² In the eyes of other claimants and parties, Beijing's moves are signs of a rising power's creeping assertiveness and even aggressiveness.
- 1.3 This trend has continued from the Hu Jintao administration to the Xi Jinping era in 2013. Under Xi, China has taken steps to further consolidate its claims to the areas within the nine-dash line: placing oil rigs in waters near the Paracels, sending

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¹ Taylor Fravel observes that China has been more assertive in the South China Sea than in its other territorial disputes today, but less assertive in this dispute than it was during the 1988-1994 period. See "China's Behavior in Its Territorial Disputes and Assertiveness in the South China Sea", paper presented at the CSIS Roundtable, 28 October 2011: 1. See also Clive Schofield and Ian Storey, "The South China Sea Dispute: Increasing Stakes and Rising Tensions", *The James Foundation* (November 2009); International Crisis Group, "Stirring Up the South China Sea (I)", *Asia Report*, no. 223 (23 April 2012); Michael Yahuda, "China's New Assertiveness in the South China Sea", *Journal of Contemporary China* 22, no. 81 (2013): 446-59.

² See, for instance, Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior Part Two: The Maritime Periphery", *China Leadership Monitor*, no. 35 (Summer 2011): 2; David M. Lampton, "The U.S. and China: Sliding from Engagement to Coercive Diplomacy", *PacNet*, no. 63 (4 August 2014).

coastguard and navy ships to the southernmost part of the Spratlys, constructing light houses, as well as reclaiming land and building islands capable of supporting airstrips and harbours and resupplying stations for navy vessels.³

1.4 These actions are seen as Beijing's attempts *to change the status quo* by expanding its footprint and military reach in the contested waters, causing anxieties among the weaker states in the region.⁴

1.5 China's increasing assertiveness over the South China Sea disputes – which also involve Taiwan and four ASEAN member countries of Brunei, Malaysia, the Philippines and Vietnam – is puzzling for two reasons. First, it is a departure from its earlier charm diplomacy in Southeast Asia during the 1996-2007 period, which took the form of cordial bilateral engagement, active participation in multilateral forums and constructive involvement in regional economic integration.⁵

1.6 At the height of this charm engagement, Beijing even agreed to sign the Declaration on the Conduct of Parties in the South China Sea (DOC) in 2002 and acceded to ASEAN's non-aggression pact the Treaty of Amity and Cooperation (TAC) in 2003.

1.7 Mutual cooperation and cordiality were the main themes throughout that period. Many observers have thus seen China's current assertive behaviour as "a shift" from its earlier approach.⁶

1.8 Second, it contradicts with the country's "peaceful development" notion and Xi Jinping's "periphery diplomacy" [周边外交] strategy. At a high-profile working

³ Jane Perlez, "China said to turn reef into airstrip in disputed water", *New York Times*, 23 November 2014.

⁴ Frank Ching, "Land reclamation a new dimension to South China Sea row", *China Post*, 6 December 2014.

⁵ Alice D. Ba, "China and ASEAN: Re-navigating Relations for a 21st Century Asia", *Asian Survey* 43, no. 4 (2003): 622-47; Kuik Cheng-Chwee, "Multilateralism in China's ASEAN Policy", *Contemporary Southeast Asia* 27, no. 1 (2005): 102-22.

⁶ Aileen S.P. Baviera, "An ASEAN Perspective on the South China Sea: China-ASEAN Collision or China-US Hegemonic Competition?" in *Entering Uncharted Waters?: ASEAN and the South China Sea*, ed. Pavin Chachavalpongpun (Singapore: ISEAS, 2014), pp. 88-112; David Finkelstein, "Is China Getting Assertive on Territorial Disputes", paper presented at CSIS Roundtable, 28 October 2011: 6.

conference in Beijing in October 2013, Xi emphasised the notion of *qin-cheng-hui-rong* [亲诚惠容] – cordiality, sincerity, mutual beneficial and inclusiveness – as the guiding principles of China’s strategy towards its neighbouring countries.

- 1.9 Beijing’s increasingly forceful actions over its near seas, however, are less than congruent with these four principles, thereby sending mixed signals to the smaller regional states.

Systemic Factors at Work

- 2.1 There are deeper, underlying systemic factors that have prompted China to take a more assertive approach to protecting its stakes in the disputed areas. One such factor is a noticeable increase in China’s strength since the 2000s.
- 2.2 By one account, China’s greater ability to deploy “more numerous and in some cases more capable air and naval assets of various types (both military and especially civilian)” around disputed waters has greatly enhanced its capability *and* willingness to defend its interests.⁷
- 2.3 Such capability and willingness to deploy military and non-military resources have increased after the 2008 global financial crisis that resulted in the perceived decline of US relative power, thus providing China with an enlarged window of opportunity to advance its interests.
- 2.4 Several analysts have similarly observe a new “triumphalism” in China since the Beijing Olympics and the onset of the financial crisis, a sense that has “exaggerated China’s rise in influence and the declining power of the United States”.⁸
- 2.5 Other analysts have suggested that, far from being entirely a product of opportunity calculation, China’s assertiveness is to some extent also a reaction to

⁷ Swaine and Fravel, “China’s Assertive Behavior Part Two”, p. 14. See also p. 7.

⁸ For instance, Thomas J. Christensen, “The Advantages of an Assertive China”, *Foreign Affairs* 90, no. 2 (2011): 54-67; Finkelstein, “Is China Getting Assertive on Territorial Disputes”, p. 5.

others' actions or activisms, which were considered as "provocative or unprecedented".⁹

- 2.6 Examples cited include the Philippine Congress's passing of an archipelagic baseline law in 2009, Vietnam's strategy of internationalising the disputes, and the detention and shooting of Chinese fishermen by other claimants.

China's Reactions to US Rebalancing to Asia

- 3.1 A predominant opinion within China is that regional claimant states and the United States are ganging up on China, and that it is this "collusion" that explains the growing tensions in the area in recent years.¹⁰
- 3.2 This collusion has constituted a growing structural pressure on China, in part due to the military component of US rebalancing, and in part to the geographical proximity of the claimant states and the United States' Asian allies to China.
- 3.3 Such pressure increased significantly after the announcements of the rotational deployment of US Marines to Darwin in Australia and the dispatching of US Navy littoral combat ships to Singapore, amidst the continuing consolidation of US military partnerships with Japan, India, Vietnam, the Philippines and other regional states.
- 3.4 Simply put, the more America solidifies the military elements of its rebalancing posture and the more regional countries strengthen their military cooperation with Washington, the higher the perceived pressure on the part of Beijing.
- 3.5 Chinese analysts and officials have thus insisted that it is the pressure of such collusions and US-backed regional developments that have pushed China to react more assertively in order to defend its sovereignty and interests in the areas.

⁹ Swaine and Fravel, "China's Assertive Behavior Part Two", pp. 8, 11 and 14.

¹⁰ Li Mingjiang, "Chinese Debates of South China Sea Policy: Implications for Future Developments", *RSIS Working Paper* no. 239 (17 May 2012): p. 3.

- 3.6 Notwithstanding this inclination, there are several signs that the growing pressure has compelled China to selectively moderate its actions after mid-2010. Beijing has taken steps to repair relations with most claimant states and to manage the disputes in a more conciliatory manner.
- 3.7 It tried to ameliorate its bilateral ties with Vietnam, reaffirmed its willingness to work with ASEAN on the draft of the implementation guideline for the DOC and agreed to conclude the Guidelines for the Implementation of the DOC in July 2011.¹¹
- 3.8 Despite these developments, the moderation of China's actions seemed to be tactical and selective. The cutting of Vietnamese ship cables took place in May 2011 and the standoff between China and the Philippines in the Scarborough Shoal lasted for months in 2012.

China's Domestic Factors

- 4.1 Apart from the aforementioned structural factors, China's continuing assertiveness is also attributable to a confluence of domestic political conditions: growing political insecurity, rising nationalism and increasing pluralisation of external policy process.¹²
- 4.2 The uneven socioeconomic effects of decades-long reform and development since the late 1970s – coupled with problems surrounding the ethnic minorities in Xinjiang and Tibet – have presented a multitude of growing political challenges to the ruling Chinese Communist Party (CCP) elites.
- 4.3 These challenges include social unrest, public protests, central-periphery conflicts, corruption, political grievances, as well as developmental gaps between coastal and inland provinces. The hundreds of thousands of “mass group incidents” [*qunti shijian*] are indicative of an erosion of government credibility and legitimacy.

¹¹ Li Mingjiang, “Chinese Debates of South China Sea Policy”, pp. 9-10.

¹² Christensen, “The Advantages of an Assertive China”; Finkelstein, “Is China Getting Assertive on Territorial Disputes?”; Scobell and Harold, “An ‘Assertive’ China?”

- 4.4 Chinese leaders are becoming hypersensitive about public criticism on the ground of populist nationalism. To the ruling elites, there is growing imperative to invoke and appeal to nationalist sentiments as a pathway of political legitimation.
- 4.5 As the South China Sea is widely regarded in China as the country's "maritime backyard", this further necessitates the CCP government to take tougher actions to boost its credentials as a protector of China's interests, or at the minimum, to avoid being seen as too soft in defending the country's sovereign rights.
- 4.6 Compounding this nationalist imperative is the growing involvement of multiple sub-national and non-state actors whose views and actions constitute, affect, or steer China's "policies" in the South China Sea.
- 4.7 These diverse actors not only include bureaucratic bodies and enforcement agencies such as the State Oceanic Administration, the Fisheries Law Enforcement Command and Maritime Police Bureau, but also the military, provincial and local authorities, energy companies, state-owned enterprises, specialists and researchers, fishermen, netizens and the media.
- 4.8 Some suggest that many of these actors stand to benefit from China's more assertive actions in the disputed waters.¹³ Among these "new" actors, the People's Liberation Army (PLA) in particular has taken an increasingly active and assertive approach towards maritime issues.
- 4.9 Besides attempting to influence public opinion through official and unofficial statements in the media, the internet and seminars, the military has also tried to shape the country's maritime policy "through the exercise of a quasi-independent level of control over many of the operational aspects of China's military presence in the western Pacific".¹⁴

¹³ Interview, Thomas Christensen, Woodrow Wilson School of Public and International Affairs, Princeton University, Princeton, 9 April 2014.

¹⁴ Swaine and Fravel, "China's Assertive Behavior Part Two", p. 15.

- 4.10 In recent years, the PLA has increased its interactions with various maritime law enforcement agencies, which took the form of providing training and conducting highly publicised joint drills in waters claimed by China.¹⁵
- 4.11 The growing involvement of different bureaucratic actors has created an increasing multiplicity of interests, perspectives and activities, leading to the problem of fragmented authority in China's maritime policy.¹⁶
- 4.12 Each agency seeks to interpret and defend China's maritime rights based on its own institutional interests and agenda. As a result, it is becoming more difficult for Beijing to coordinate the actions of different actors.¹⁷

China's South China Sea Policy under Xi Jinping

- 5.1 China's maritime assertiveness has continued under Xi. Under the new leadership, however, Beijing's assertive actions have appeared to be more selective, and more importantly, taking place side-by-side with a seemingly contradictory effort of displaying greater reassurance and inducement towards the smaller regional countries.
- 5.2 Xi's South China Sea policy, in essence, is a policy of *deliberate contradiction*: selectively showcasing its harder stick (and making this as a new normal) while complementing it with the dangling of the much bigger carrots.
- 5.3 The interplay of structural and domestic factors has contributed to – and determined – such contradiction in China's policy since Xi took power in 2013.
- 5.4 The contradiction in Xi's maritime policy is arguably, by and large, a net result of the ruling CCP elites' efforts *to strike a balance between two competing pathways of authority-justification* – i.e. performance legitimization and nationalist

¹⁵ Jakobson, *China's Unpredictable Maritime Security Actors*, pp. 20-3.

¹⁶ Scobell and Harold, "An 'Assertive' China?" p. 113; Jakobson, *China's Unpredictable Maritime Security Actors*.

¹⁷ Finkelstein, "Is China Getting Assertive on Territorial Disputes", p. 5.

legitimation – amidst the dual challenges of mounting political insecurity at home and growing structural pressure at the systemic level.

- 5.5 Structurally, the mounting pressure of US rebalancing activities along China’s periphery – coupled with the perceived Japanese assertiveness in the East China Sea and several smaller states’ actions in the South China Sea – have all contributed to Beijing’s deepened sense of vulnerability.
- 5.6 In the face of such growing forces, China’s policy elites have concluded that the best way to mitigate the top-down pressure – deemed likely to endure for some time – is via diplomatic and geo-economic approaches rather than military means.¹⁸
- 5.7 Hence China’s persistent efforts to promote a “new type of major power relations” [*xinxing daguo guanxi*] are to cultivate peaceful and stable relations with all big powers, particularly the United States.
- 5.8 This global strategy is pursued hand-in-hand with the “regional” strategy of periphery diplomacy, which, by 2014, appeared to anchor on “the Belt and Road” [*yidai yilu*] initiative. The initiative aims to transform the geo-economic and geopolitical landscape surrounding China through a string of regional connectivity initiatives as a way to reshape the long-term security order in the Asia-Pacific.¹⁹
- 5.9 In October 2013, Xi presided over an unprecedented working conference on periphery diplomacy in Beijing, which was attended by all CCP politburo standing committee members and other leading party and state officials.

¹⁸ Zhang Yunling, *Xunqiu Zhongguo yu Shijie de Liangxing Hudong* (Seeking Positive Interactions between China and the World) (Beijing: CASS Publisher, 2013); interview, Wang Yizhou, School of International Studies, Peking University, Beijing, 11 March 2014.

¹⁹ Zhang Jie, ed. *Goujian Xinxing Daguo Guanxi yu Suzao Heping de Zhoubian Huanjin* (Constructing a New Type of Major Power Relations and Developing a Peaceful Periphery Environment) (Beijing: Social Sciences Academic Press, 2014); and various articles in “Zhoubian zhanlue xinshi yu Zhongguo zhoubian zhanlue” (Periphery Strategic Situations and China’s Periphery Strategy: A CICIR Conference Report), *Xiandai Guoji Guanxi* (Contemporary International Relations) 10 (2013): esp. 1-38.

- 5.10 In November 2014, Xi delivered an important speech at another high profile meeting, the Central Conference on Foreign Affairs, where he emphasised China's relations with neighbours more than its relations with major powers and developing countries.²⁰
- 5.11 Both meetings underscored Xi's determination to strengthen China's ties with its neighbouring countries, not least to improve the country's long-term structural position.
- 5.12 Despite this deepened determination to strengthen neighbourly ties, Xi's China has continued to assert its sovereignty claims by stepping up creation and expansion of artificial islands at seven sites in the disputed areas since 2014, attempting to establish a "new normal" in the maritime heart of Asian waters in the face of the Philippine's arbitration case at the UNCLOS tribunal hearings.
- 5.13 The scale and speed of China's land reclamation has rattled regional states and alarmed the United States who reacted strongly by signalling in mid-2015 the possibility of sending military aircraft and ships within 12 nautical miles of the manmade islands to assert freedom of navigation. The operations were eventually carried out in October and November 2015.
- 5.14 China, in turn, has responded in a mixed manner: while criticising Washington for interfering, it has attempted to calm its neighbours by announcing in August 2015 that it had halted land reclamation, calling on regional countries to speed up consultations on the code of conduct, and further demonstrating its resolve to promote the Belt and Road initiative.

The Domestic Sources of Xi's South China Sea Policy

- 6.1 To be sure, China's emerging strategies are motivated by not entirely structural drivers, but also domestic needs. Internationally, an unstable and hostile environment may distract the leaders from concentrating on their otherwise more

²⁰ Website of China's Ministry of Foreign Affairs, "The Central Conference on Work Relating to Foreign Affairs was held in Beijing", 29 November 2014, available at <http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1215680.shtml> accessed 8 December 2014.

pressing domestic challenges. Domestically, worsening internal problems may weaken the country's ability to withstand and respond to external pressures, in turn posing greater challenges to the party's domestic functions and political standing.

- 6.2 Indeed, it is this domestic imperative of preserving the CCP's authority in the face of mounting internal problems and changing external environment that has fundamentally driven China's emerging strategies: to foster a stable relationship with America while reshaping Asian regional order and to seek to provide regional public goods via promoting deeper regional connectivity.
- 6.3 China's move to further integrate itself with the immediate and near regions, in particular, is motivated primarily by the CCP elites' need to create more conducive conditions for ensuring continuing economic growth and sustainable development, a goal central to maintaining the party's performance legitimacy.
- 6.4 In the eyes of the Chinese elites, the various goals of "the Belt and Road" initiative – such as enhancing trade and investment links by building transcontinental railways, expressways, energy pipelines, ports and industrial zones between China and countries in its wider "peripheries" in Southeast, South, Central and Western Asia – are expected to serve a range of mutually strengthening purposes.
- 6.5 These purposes include compensating its reduced trade and investment with US and European markets after the global financial crisis by expanding its economic links with geographically closer areas; channelling demands for the production surplus of its steel and cement industries to rebalance its own development by connecting its underdeveloped western regions and central provinces with Europe and the rest of Asia; enhancing its energy security by diversifying energy sources, transport routes and resource acquisitions; and promoting renminbi regionalisation, internationalisation and stable and interdependent relationships with the peripheral countries.²¹

²¹ Yukon Huang, "Courting Asia: China's Maritime Silk Route vs America's Pivot", *The Diplomat*, 25 April 2014; Gao Bai et al. *Gaotie yu Zhongguo 21 Shiji Dazhanlue* (The High Speed Rail and China's Grand Strategy in the 21st Century) (Beijing: Social Sciences Academic Press, 2012); Cheng Siwei, *Renminbi Guojihua zhi Lu* (The Pathways for Renminbi Internationalisation) (Beijing: China CITIC Press, 2014); Wang Jianwei, UM-UKM Roundtable, "China's Periphery Diplomacy under Xi Jinping", Kuala Lumpur, 1 December 2014.

- 6.6 Indeed, domestic politics have compelled China to continue treading the tightrope between sovereignty-preservation and stability-preservation. Chinese policy elites are pressured to find an “optimal” balance across the trade-offs of its policy measures. In the South China Sea, it has chosen to rely mainly on coastguard and civilian law enforcement agencies, rather than naval forces, to assert its interests. It has continued to reclaim islands and build military outputs in the contested areas without provoking direct confrontation.
- 6.7 Beijing’s bottom line is to be assertive and act in accordance with the pathway of nationalist legitimation, but short of inciting region-wide backlash that will destabilise regional environment and undermine its performance legitimation efforts.
- 6.8 Beijing has attempted to offset the adverse impact of its assertive actions by stepping up its reassurance and inducement efforts. These include establishing the Asian Infrastructure Investment Bank (with the participation of all ASEAN members, including Vietnam) and China-ASEAN Maritime Cooperation Fund, exploring cooperation over energy and maritime development in the South China Sea (with Brunei and Vietnam), promoting industrial park development (Malaysia), strengthening investment and bilateral local-currency swap cooperation and pushing forward an upgraded China-ASEAN Free Trade Area.
- 6.9 Through these ongoing cooperative and integrative processes, China aims to transform its relations with claimant states and neighbouring countries into that of institutionalised interdependence, mutual beneficial and common security.
- 6.10 These dynamics are likely to persist in the years to come, due in part to the looming uncertainty surrounding US-China relations even after Xi Jinping’s visit to the United States in September 2015, and in part to the vast array of domestic challenges confronting China’s leaders.