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A Sino-Japanese Clash in the East China Sea

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A Sino-Japanese Clash in the East China Sea

INTRODUCTION

Tensions have risen to dangerous levels between Japan and China over a small group of uninhabited islands in the East China Sea, called the Senkaku by the Japanese and the Diaoyu by the Chinese. These islands were once controlled by the United States as part of its post–World War II occupation of Japan and only returned to Japanese administrative control with the reversion of Okinawa in 1971. As Washington prepared to return these islands to Japan, the People’s Republic of China (PRC) and Taiwan contested Japan’s sovereignty. Two years earlier, a United Nations (UN) geological survey of the East China Sea revealed the potential of significant hydrocarbon resources. Contending sovereignty claims over the islands thus have both historical and resource-related dimensions.

Until recently, this territorial dispute was little more than a minor irritant in Sino-Japanese relations. However, against the backdrop of China’s growing military power, the island dispute has increased concerns in Tokyo about Beijing’s regional intentions and the adequacy of Japan’s security, while stoking nationalistic politics in both capitals. Political miscalculation in Tokyo or Beijing, or unintended military interactions in and around the disputed islands, could escalate further, leading to an armed clash between Asia’s two largest powers. The United States, as a treaty ally of Japan but with vital strategic interests in fostering peaceful relations with China, has a major stake in averting such a clash and resolving the dispute, if possible.

THE CONTINGENCIES

Sino-Japanese tensions in the East China Sea have been building steadily since 2010, when a Chinese fishing trawler rammed two Japan Coast Guard (JCG) vessels in waters near the Senkaku/Diaoyu Islands and Japan detained the captain. Although the crisis was eventually defused, the territorial dispute came to a head again in September 2012, when Japanese prime minister Yoshihiko Noda announced his government’s decision to purchase three of the five islands. The islands were privately owned, but a new wave of activism, including Chinese attempts to land on the islands and a public campaign by the Tokyo governor to purchase them himself, prompted Noda to attempt to neutralize nationalist pressures. The decision triggered widespread anti-Japanese demonstrations in China, resulting in extensive damage to Japanese companies operating there. Eventually China dampened the popular response, but it has since repeatedly stated its intent to assert its own administrative control over the disputed islands. China’s Marine Surveillance agency intensified its patrols of the waters in and around the islands, and China’s Bureau of Fisheries patrols followed suit. The JCG in turn increased its patrols and put them on 24/7 alert.

The danger of escalation to armed conflict increased when the two militaries became directly involved. On December 13, 2012, a small Chinese reconnaissance aircraft entered undetected into Japanese airspace above the islands. The JCG alerted Japan’s Air Self-Defense Force (ASDF), which scrambled fighter jets based in Naha, Okinawa; however, they were too late to intercept. In January, China sent its reconnaissance aircraft back toward the islands accompanied by fighter jets, but stopped short of entering Japan’s airspace, and no direct aerial confrontation occurred. Japan’s Maritime Self-Defense Force (MSDF) reported that a Chinese frigate locked its firing radar on the Japanese destroyer *Yudachi* on January 30, 2013. Chinese authorities instigated an investigation into the

incident in response to Japan's protest, leading to speculation that Beijing was unaware of the ship captain's actions. Although China's Ministry of Defense later denied that the incident took place, it did acknowledge the danger such an act posed.

Given current circumstances in the East China Sea, three contingencies are conceivable: first, an accidental or unintended incident in and around the disputed islands could trigger a military escalation of the crisis; second, either country could make a serious political miscalculation in an effort to demonstrate sovereign control; and third, either country could attempt to forcibly control the islands.

Accidental/Unintended Military Incident

Although recent incidents have sensitized China and Japan to the risk of accidental and unintended military interactions, the danger will persist while emotions run high and their forces operate in close proximity. In stressful and ambiguous times, when decision-making is compressed by the speed of modern weapons systems, the risk of human error is higher. The 2001 collision between a U.S. reconnaissance aircraft and a Chinese fighter jet near Hainan Island is a case in point, as was the intrusion of a Chinese Han submarine in Japanese territorial waters in 2004. So-called rules of engagement (ROEs), intended to guide and control the behavior of local actors, are typically general in scope and leave room for personal interpretation that may lead to actions that escalate a crisis situation. Compounding the risk of unintended escalation between Chinese and Japanese air and naval units is the unpredictable involvement of third parties such as fishermen or civilian activists who may attempt to land on the islands. Their actions could precipitate an armed response by either side.

Political Miscalculation in an Effort to Demonstrate Sovereign Control

Political miscalculation of either country's intent or resolve, as well as miscalculation of the U.S. position, could lead to armed conflict. First, Japan and China are already finding it difficult to read each other's actions. Past Japanese government leasing of the Senkaku/Diaoyu Islands effectively kept nationalist activists—Japanese as well as Chinese and Taiwanese—at bay. In mid-2012, however, rising nationalist sentiments during leadership transitions inflamed the dispute. This stimulated heated debate in Tokyo over how to consolidate Japanese sovereignty and was a factor in the December 2012 election of conservative prime minister Shinzo Abe, who advocated inhabiting the islands. This escalation in asserting sovereignty claims through the use of patrols, populating the islands, and perhaps even military defense of the territory could lead to heightened tensions between the two countries and whip up nationalist sentiments, potentially limiting the capacity of leaders to peacefully manage the dispute.

Second, China could miscalculate U.S. interests and intentions. Since last year, U.S. policymakers have sought to lessen tensions but have also taken steps to clarify the U.S. role in deterring any coercive action by China. U.S. and Japanese forces have conducted regular exercises to strengthen defense of Japan's southwestern islands and maritime surveillance capabilities. Both former secretary of state Hillary Clinton and former secretary of defense Leon Panetta clearly stated that the United States will defend Japan against any aggression, and on November 29, 2012, the U.S. Senate passed a resolution accompanying the 2013 National Defense Authorization Act to demonstrate congressional support for the Obama administration's commitment to Japan's defense. As tensions escalated late last year, Washington increased its deployments in and around Japan. Early this year, as military interactions raised the potential for conflict, Clinton restated the U.S. position that it would not accept any unilateral attempt

to wrest control of the islands. Still, Beijing could miscalculate Washington's commitment to defend Japan and/or seek to test that commitment. Finally, U.S. assurances could lead Tokyo to overestimate Washington's response and to act in a manner that would increase the chance for confrontation. To date, however, Tokyo has tended to err on the side of caution in planning and exercises with U.S. forces, and it is unlikely Japan would act without evidence of U.S. assistance.

Deliberate Action to Forcibly Establish Control Over Islands

Although this seems highly unlikely today, either party could take military action to assert sovereignty over the disputed islands. Rising domestic pressures or an unexpected opportunity for a *fait accompli* could lead to a decision by either government to establish military control over the territory.

WARNING INDICATORS

Although it seems that neither Tokyo nor Beijing wants to use force to pursue its interests in the territorial dispute, it is possible that either government could choose to do so in the future. Indicators of a strategic decision by either country to escalate tensions include:

- *Introduction of Japanese or Chinese military forces on or in the vicinity of the islands to claim or defend sovereignty.* Japan and China have kept their militaries distant from the disputed islands; a military presence would intensify the dispute and raise the probability of armed conflict.
- *Deliberate use of economic sanctions.* China's informal embargo on rare-earth exports to Japan during the 2010 crisis and the setback to Japanese investment in the latter half of 2012 suggest a new role for economic instruments of pressure in this dispute. The imposition of sanctions (i.e., embargos, boycotts, or blockades) to harm economic performance would signal a desire to escalate conflict. Government action to reduce conspicuously economic dependence would be a lesser but equally important indicator of a strategic shift.
- *Government-sponsored nationalist activism.* Nationalist activism has until now come from a host of social actors, including fishermen, local politicians, and advocacy groups. A deliberate effort by either government to stimulate popular nationalism against the other nation would signal a shift in intentions away from resolving the territorial dispute peacefully. Government calls to mobilize popular support for the defense of the islands, lift regulatory controls over access to the islands, or elect leaders who advocate sustained confrontation over the sovereignty dispute would be indicators of a strategic shift in the conflict.

Short of a deliberate effort to exert physical control over the Senkaku/Diaoyu Islands, several specific indicators raise the likelihood of an inadvertent clash between Japan and China:

- *Incident involving the loss of life in the waters off the disputed islands.* No lives have been lost over the disputed islands, but should these interactions result in the loss of life, crisis management would be a serious challenge for both governments. China's Bureau of Fisheries and its Marine Surveillance patrols have increased the tempo of operations near the disputed islands. JCG ROEs give ship commanders the authority to respond; the ROEs for Chinese paramilitary agencies are less

clear. In addition, fishing boats from Taiwan accompanied by their coast guard have periodically complicated the standoff.

- *A protracted airborne standoff between Japanese and Chinese forces in the East China Sea.* China's intrusion into Japan's airspace prompted Prime Minister Abe's cabinet to review its air defenses. Heightened Japanese sensitivity over the territorial dispute with China could raise the stakes for Japan's air force if Chinese forces test their readiness in the vicinity of the islands.
- *Loss of national command control over local commanders.* Local commanders could act independently in ways that are interpreted as presaging hostile intent (such as the Chinese radar lock on Japanese forces), which could trigger a defensive response that escalates the crisis. Local commanders will be hard-pressed to remain calm should interactions increase near the islands, especially if miscalculations continue. Postwar constitutional constraints on Japan's military have produced well-articulated principles and procedures for civilian control over the SDF, with clearly established ROEs and careful central government oversight over local forces. Civil-military command structures in China are less clear and not well described. Moreover, the degree of oversight of local commanders by Beijing is also unknown. Strong central government command over local forces will be absolutely essential to avoid unintended incidents from escalating.

IMPLICATIONS FOR U.S. INTERESTS

The United States has major interests at stake in the growing tension between Japan and China. Three risks in particular stand out:

- *Risk of armed hostilities with China.* U.S. forward-deployed forces are deeply integrated with Japan's SDF and assist with intelligence, surveillance, and reconnaissance (ISR) support, as well as exercises designed to enhance Japan's defense capabilities. U.S. forces may be asked to assist Japan's SDF in the case of a broader military conflict, and would likely provide logistical support as well as continued ISR collaboration. Direct armed conflict with China would harm a broad array of vital U.S. economic, political, and strategic interests.
- *Risk to U.S.-Japan alliance.* The U.S. response to a Japan-China conflict would determine the future of the U.S.-Japan alliance, as well as other alliances in the Asia Pacific. Tokyo remains concerned that Washington might not fulfill its treaty obligations if Beijing escalates the conflict, and U.S. government statements of its intentions notwithstanding, domestic perceptions in Japan of U.S. hesitancy in the case of Chinese coercion will shape Japan's future security choices. Japan's postwar policy of military self-restraint and reliance on the United States for strategic protection, including its continued abnegation of nuclear weapons, would likely come to an end if the United States chose not to defend Japan against Chinese aggression.
- *Risk to regional stability.* China's dispute with the Philippines over the Scarborough Reef in the South China Sea has set a particularly dangerous precedent. Many leaders in the Asia-Pacific region are beginning to see China's maritime behavior as unpredictable and will be watching to see if Washington ultimately resists or accommodates Chinese military pressure on its periphery. The Japanese case will be decisive not only for Japan's future choices but for many other allies and friends in the region adjusting to the rise of China.

PREVENTIVE OPTIONS

The United States has considerable interest in doing all that it can to prevent armed conflict between Japan and China. The policies for preventing such a conflict include the following steps.

Deter and Dissuade Unilateral Actions to Contest Japan's Administrative Control of the Islands

Washington can regularly and consistently communicate its interest in, and position on, the island dispute to avoid ambiguity in the U.S. security commitment to Japan. Privately, Washington could also communicate to both capitals the need to avoid statements and assertions that would incite popular sentiments on the dispute and encourage peaceful dispute resolution.

To deter potential Chinese assertiveness, the United States can consult closely with Japan on its response to Chinese activities near the disputed islands, and can ensure seamless U.S.-Japan defense cooperation. To counter any impulse toward Japanese assertiveness, Washington and Tokyo should confirm the conditions under which U.S. defense assistance would be rendered. Japan's leaders remain committed to limiting their use of military force to defensive missions. Should that change, U.S. policymakers should revisit the terms of defense assistance.

U.S. forces can also assist Japanese agencies in a maritime emergency, should an incident involving the Japanese and Chinese militaries occur. For example, Washington can urge Tokyo to update communications and exercises between the JCG and MSDF, providing assistance if needed. To date, there has been little need for Japan to integrate its civilian maritime policing with its defense operations. As Chinese maritime forces in the East China Sea expand and the distinction between civil and military maritime forces becomes less clear, Japan can develop its planning and capabilities for sharing maritime missions. A special JCG task force at the eleventh regional headquarters in Okinawa has responsibility for the Senkaku/Diaoyu area, and a U.S. liaison team could be assigned there as well as onboard JCG vessels. Data links and other communications upgrades could be added, along with real-time exercises between the JCG and MSDF, which could include consultations with relevant U.S. forces.

Risk-Reduction Measures for the East China Sea

Crisis management protocols are needed for Chinese and Japanese maritime and aerial forces in the East China Sea. The United States can encourage a bilateral agreement between Japan and China along the lines of the U.S.-China Military Maritime Consultative Agreement. In May 2012, the first Japan-China High-Level Consultation on Maritime Affairs was held in Hangzhou, China, and in June, Tokyo and Beijing concluded an agreement to establish crisis communications, including a hotline. Japan and China can be encouraged to restart this initiative and push forward with consultations on a search-and-rescue agreement. A multilateral code of conduct in the East China Sea, modeled on the Association of Southeast Asian Nations (ASEAN) code of conduct in the South China Sea, could also be considered. This would require participation by South Korea, in addition to Japan and China, and could be pursued in trilateral China-South Korea-Japan talks or in a new forum with Chinese, Japanese, South Korean, and U.S. participation.

Military interactions between Japanese and Chinese forces can also be more predictable if regular bilateral military-to-military consultations are held. Recent tensions with China have increased wor-

ries in Tokyo about China's long-term intentions. To ease these heightened concerns, the United States could encourage Beijing to be more transparent about its maritime strategy and strategic goals.

Diplomatic Efforts to Manage (or Resolve) the Territorial Dispute

Preventing armed conflict between Japan and China over the Senkaku/Diaoyu Islands dispute ultimately depends on Beijing and Tokyo finding a mutually acceptable framework for managing their differences. An active diplomatic effort to embed the island dispute in a stronger and more constructive Japan-China relationship will be needed and could be encouraged by Washington.

Several options exist for managing the dispute. The first, and most preferable, is a bilateral diplomatic effort. Since 1978, both governments have sought to control their citizens from seeking access to the islands. The Japanese government's decision to preempt activist purchase of the islands does not preclude a return to the status quo ante.

Second, Washington could encourage Beijing and Tokyo to explore new collaborative formulas for managing their island dispute. Developing proposals for transforming the islands into a nature preserve or some other entity that would restrict human access could also offer a way to demilitarize the dispute. However, this approach seems unlikely to attract attention in either Beijing or Tokyo at the moment.

Third, if the dispute cannot be managed peacefully through bilateral negotiations, Japan and China could be encouraged to seek international adjudication. The International Court of Justice (ICJ) could be asked to open a hearing. Beijing, having challenged Japan's sovereignty claim in 1971, should initiate the ICJ adjudication process. Washington should not expect Tokyo to take the first step, but should encourage Tokyo to respond if Beijing were to submit the dispute for international mediation.

Finally, Japan and China could be encouraged to develop cooperation in the management of their East China Sea maritime boundary. The East China Sea is 360 nautical miles wide, falling short of the 400 nautical miles that would be required to enforce the UN Convention on the Law of the Sea (UNCLOS), which defined 200-mile exclusive economic zones. While Japan argues for the establishment of a median line halfway between the two coastlines, China argues for an exclusive economic zone based on its extended continental shelf. This contested maritime boundary exacerbates the unpredictability of interactions between Japanese and Chinese forces across the East China Sea. Japan and China should be urged to implement their 2008 joint development agreement for exploring hydrocarbon resources in the East China Sea to build trust and cooperation in maritime management.

MITIGATING OPTIONS

Should a military conflict erupt between China and Japan, the United States can react in several ways to contain and minimize the threat to its interests. The U.S. response would depend on the scale of the armed clash. Options for U.S. policymakers include:

- *Urge Tokyo to stand down.* Withholding U.S. military support could change Japan's strategic calculus in the context of a conflict. This option would create a severe backlash against the United States in Japan and fatally undermine the bilateral alliance. Appeasing Beijing would also embolden China to use force against other U.S. allies in the region.

- *Contain any inadvertent incident involving the use of force.* In the event of an incident between Japanese and Chinese forces, Washington could immediately use all means at its disposal to communicate to both Tokyo and Beijing its interest in preventing an armed clash from escalating. The U.S. military could offer search-and-rescue assistance for any vessel and crew involved in an armed clash. Communications with Beijing may prove difficult, but all means, including the hotline and crisis communication mechanisms outlined in the U.S.-China Military Maritime Consultative Agreement, could be used to encourage a stand-down of forces. Real-time communication between Japan's chief of joint staff and the commander of U.S. Forces-Japan will make local military coordination with Tokyo easier, but immediate attention should be given to communication between the U.S. president and the Japanese prime minister on how to control the situation.
- *Plan for southwestern island contingency in U.S.-Japan defense cooperation.* Washington and Tokyo could continue regular exercises and planning to deter, and, if necessary, defend Japan against an armed attack. Japan may ask the United States to assist should China unilaterally opt to take military action to occupy the disputed islands. The scale and timing of that assistance will depend on the scale of attack. If the conflict were to expand beyond the disputed islands to become an all-out military clash between Japan and China, the United States should be prepared for integrated defense operations ranging from maritime and air defenses to ballistic missile defense as requested by Japan.
- *Call for an emergency session of the UN Security Council.* This option would engage the UN in the effort to de-escalate the crisis, although China's seat on the Security Council could limit the effectiveness of UN action. Nonetheless, the UN could facilitate a ceasefire and a negotiated end to hostilities.
- *Impose economic sanctions on Beijing.* Washington could impose sanctions on financial transactions, the movement of goods and services, and travel between China and the United States. However, China can retaliate in kind by barring U.S. exports, curtailing or ending purchases of U.S. treasures, and limiting investment flows.
- *Threaten China with a U.S. military response to any use of force against Japan.* Washington could adopt a strategy of escalating any use of force to gain control over the Senkaku/Diaoyu Islands into a U.S.-Japan coordinated response designed to repel Chinese forces and establish Japanese military control over the disputed islands. This could severely damage the United States' relations with China.

RECOMMENDATIONS

The United States should pursue three policy goals: promote de-escalation of the dispute, initiate crisis management consultations with Japan, and intensify efforts to create multilateral maritime risk reduction mechanisms in the Asia-Pacific region. More specifically:

- *The United States should consistently and clearly reiterate its treaty obligation to assist in Japan's defense if China uses force to resolve the dispute over the islands.* Until the risk of miscalculations subsides between Japan and China, the United States should continue to make clear its long-standing position that the Senkaku/Diaoyu Islands are covered by the U.S.-Japan security treaty.
- *The United States should continue to encourage China and Japan to seek peaceful resolution of the dispute and remind Beijing that the unilateral actions of other powers will not change U.S. recognition of Japan's administrative control over the islands.* Secretary Clinton's January 18, 2013, statement, reiterated by

Secretary John Kerry on April 15 in Tokyo, offered a valuable clarification of the U.S. position. Washington should condemn harshly the use of force to settle this dispute.

- *The United States should urge Japan and China to avoid any steps that might escalate tensions in and around the disputed islands.* Washington should encourage Tokyo to continue to avoid populating the islands or deploying military forces to defend its control so long as there are no efforts by Beijing to seize control of the islands. The United States should encourage China to restart High-Level Consultations on Maritime Affairs with Japan and to implement their agreement to establish crisis management communications.
- *The United States should continue to advocate for transparency between maritime forces in the East China Sea and the development of mechanisms for confidence building.* As China's maritime power grows, greater comfort with the procedures and prohibitions on interactions with military and nonmilitary vessels, including aircraft, across this increasingly crowded sea will be required. Opportunities for Chinese participation must be expanded in existing regional maritime cooperation, such as the annual Rim of the Pacific exercises, regular regional fisheries exercises, and coast guard exercises dedicated to search-and-rescue operations and humanitarian assistance. The United States should also encourage the countries of Northeast Asia to develop Incidents at Sea agreements.
- *Should China initiate the use of force against Japan, the United States should be fully prepared to provide military assistance to Japan.* The United States should maintain the requisite capability and readiness to fulfill its commitment to assist in defending Japan.
- *The United States and Japan should develop clear alliance crisis management procedures for an incident or armed clash in and around the disputed islands.* Washington and Tokyo should design plans to manage a military clash between Japanese and Chinese militaries, including how to control escalation and communicate effectively with Beijing. Past U.S. and Japanese incidents with Chinese forces should be closely examined as the basis of an alliance response. Containing escalation should be the highest priority for alliance crisis management.
- *The United States and Japan should continue to improve defense consultations and exercises designed to enhance Japan's southwestern defenses.* The island dispute exacerbates an increasing trend of interaction between Chinese and Japanese forces in Japan's southwest. As Chinese naval strength grows, these interactions are likely to increase, raising concern that Chinese military presence in and around Japan could impinge on the United States' ability to assist in Japan's defense. Washington and Tokyo should improve ISR and amphibious landing cooperation and strengthen Japan's air defenses.
- *The United States should strongly encourage China to expand consultations with its maritime neighbors on its evolving strategy.* China's rise is creating deep uncertainty about its longer-term intentions regarding the use of its military power. Washington should continue regular regional security consultations in the ASEAN Regional Forum and encourage annual meetings of regional defense ministers. Open sea lanes, including antipiracy operations, are the lifelines of Asia's growing economy, and the United States should continue to advocate freedom of navigation.
- *Finally, the United States should ratify the UN Convention on the Law of the Sea in order to become a more forceful actor in global deliberations over maritime rights and sovereignty dispute resolution.* In both the East and South China Seas, China's neighbors are seeking the adjudication of maritime disputes in UNCLOS. The United States cannot shape the maritime debate in the Asia Pacific or defend its own maritime interests if it is not a full participant in international maritime deliberations.

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