

CHINA, JAPAN, AND ASEAN ENERGY POLITICS: DISPUTES IN THE SOUTH CHINA SEA

Author: *John Henzel*



E-mail : henzelj10@mail.wlu.edu

John Henzel is an undergraduate senior at Washington and Lee University. He is majoring in International Politics and additionally a concentration in East Asian Studies. After graduating he plans on obtaining a PhD in Political Science and International Security programs with a continued East Asian and Japanese language focus.

ABSTRACT:

Because China's demand for hydrocarbons is rapidly increasing and Japan remains dependent upon foreign sources, energy resources in the East Asia play a pivotal role in security policies of two of the largest energy consumers on the planet. While both nations are attempting to secure a steady supply of resources through cooperative "soft power" efforts, violent clashes in the South China Sea indicate that China's security policy may be more military focused than Beijing indicates.

KEYWORDS: China, Japan, ASEAN, South China Sea, Energy Security, Hydrocarbons.

INTRODUCTION

With China's increasing hydrocarbon demand and Japan's dependency upon foreign sources, ASEAN hydrocarbon production in the South China Sea and the rest of South East Asia has a dramatic effect upon the geopolitical stratagems of both nations as well as global powers such as the United States. The maritime disputes in East Asia are centered on control of the flow of trade and the production of energy resources and are a significant indicator of both Chinese foreign policy and Japanese foreign policy regarding securing energy for the future of both nations. The South China Sea specifically gives clear examples of China's foreign policy intentions, which can be clouded by diplomatic rhetoric and a nontransparent security policy.

HISTORY

In order to understand the situation in East Asia currently, the history and growth of the region should first be considered. Beginning with Western entry to the region during the colonial era, resources have played a key role in the development of all nations in the East Asian theater. Development and subsequent industrialization of East Asian nations have spawned from geographic and historical circumstances unique to each nation's experience engaging with the industrially superior international core that has created distinctive patterns of trade, diplomatic relations, and energy usage and needs. When the West came to the region it was opened up to a world of trade and competition over resources. First seeking out luxury goods such as spices and silk, Asia was a natural place to begin trade for the West. Colonies and ports to expedite Western demand were eventually created in islands such as the Philippines, Singapore, and Indonesia, and official trade relations were opened up throughout the Asian Pacific.

Japan for a time took an isolationist path to dealing with foreign colonialism, expelling everyone except for a few select approved traders from China and the Netherlands from the island. This kept Japanese entanglement in Western affairs low during a time that many Western powers attempted ardently to dominate the periphery for trade purposes to ensure a constant flow of goods. Eventually in 1853, late to the game, America decided that it was necessary to force competition in the Asian markets so that America's increasing demand for Asian goods would not be dominated by the British or the rest of Europe and sent an expedition to Japan. With the arrival of Commodore Perry in Edo bay, a fundamental shift in Japanese ideology took place and rapid political changes hit Japan and eventually Asia through Japan's actions.

Troubled by the inability to rebuff foreign pressures, Japan took a surprising Western route and industrialized at a ferocious rate while espousing borrowed Western ideas of "modern" militarism and imperialism. Coinciding with Japan's industrialization, so too hit the rapid change in the global market, the discovery of the industrial uses and refinement of oil. These two occurrences mark the beginning of the prolonged conflict over energy resources in Asia that have continued to this day.

China at that time also went through an industrializing process, but enjoyed less dramatic results than Japan. Because China was not urbanized to the level of Japan but contained many as of yet untapped resources, the stage was set for resource poor Imperial Japan to pursue its borrowed colonial philosophy attempt to establish control in mainland China to fuel Japan's continued industrialization. This, and other attempts to colonize Asian nations, sparked a series of conflicts in East Asia that culminated in the Pacific front of World War II,

where Japan attempted to seize American and British interests in Indonesia, the Philippines, and Singapore to control the textile and petroleum products produced and traded in there.

Following WWII, security in East Asia changed dramatically from the paradigm seen before. Because Japan was defeated at sea and then bombed with nuclear weapons not only once, but twice, it surrendered completely to SCAP (Supreme Command of Allied Commanders) occupation. SCAP occupation ultimately resulted in a fundamentally altered Japanese perception of government, warfare, and international norms, the highlight of which is the Japanese constitution forbidding any form of aggressive warfare - a radical shift from the previous policy. In conjunction with the occupation of Japan, the United States' military presence lingered as the only significant Western power in the region outside of Russia. Also during this time, China emerged from the world war as a communist state and set about recovering from the war and joining the industrialized global marketplace. This set the stage for the current tug-of-war over resources, needed more than ever before, where "soft power" techniques are favored over the pre-war military and colonial based foreign policies espoused by both the players in Asia and the West.

For the next two decades colonialism receded in Asia, being replaced by an American military presence focused more on ideological concerns than colonial resource control, as well as a tempered resurgence of influence of Japan and the immergence of China. Following the Korean War and the Vietnam War, American presence reached a higher level than ever before to combat communist advancements in Asia, a concern fueled by the Cold War. Meanwhile, China underwent a monumental growth of population and development of industrial and military capabilities under the umbrella of the Soviet Union. Japan's resurgence however took the form of economic affluence instead of a military presence because of their newfound aversion to warfare and militaristic solutions to security issues.

In 1967, ASEAN (Association of Southeast Asian Nations) was formed by Indonesia, Malaysia, Singapore, Thailand, and the Philippines to foster economic cooperation in the region and to champion South East Asian issues to the UN and the world. In the years that immediately follow, it expanded upon its original economic charter and made advances in promoting both political cooperation and security cooperation, while focusing on the association's underlying purpose of regional security in the face of the Cold War and communist insurgency (Chee 1986, p. 111, Narine 2002 p. 67). Chan Heng Chee states that, "the creation of ASEAN was equally a response to external stimuli. With the departure of the colonial powers from Southeast Asia, increased fears of a dominant China and an increased sense of vulnerability to communist subversion served as the impetus" (1986, p. 113). During the formation of ASEAN, that aided each nation's unique interests with a variety of security, geopolitical, and economic issues, ASEAN succeeded because it focused publically on the economic aspect of subregional cooperation, instead of the more divisive issues of security,

thus illustrating the importance and potential of soft power in the region. Chee further notes that "economic cooperation was also inspired by the prevailing view of the day- that economic cooperation [...] was an essential precondition for durable political and cultural cooperation" (p. 114), reflecting the common sentiment regarding peace in East Asia following one of the most bloody and discordant eras of Asian history.

During the 1970s, economic and political instability caused Japan's growth to falter due to uncertainty surrounding the "Nixon Shocks" and the oil crisis of 1973. Whereas Japan's economic strategy had been founded upon "four cornerstones" of access to cheap raw materials, secure currency exchange rates, access to foreign markets, and high global demand³³ until this point, the increased cost of oil, at a time when Japan imported more than 80% of oil from the Middle East³⁴, crippled Japanese growth and caused economic panic on the island. During the same timeframe, China and the United States normalized economic relations, vastly improving China's position in Asia economically and geopolitically. While Japan searched around for a way to react to the new situation of the global and regional market, China under Deng Xiaoping began to enact the "four modernizations" in 1978 in the areas of agriculture, industry, technology, and defense to make China into a great power by the 21st century, adopting simultaneous soft power and hard power tactics to ensure its security.

However, Japan found its way forward in the region in the "Fukuda Doctrine" announced in Manila, named after the Japanese Prime Minister of the same name.³⁵ This doctrine contained three major points. The first was that Japan would not seek to become a military power, the second that "Japan will seek 'a heart-to-heart' understanding' with the ASEAN nations", and thirdly that Japan would give importance to the ASEAN nations of the time, yet simultaneously seeking cooperative dealings with the Indochina region.³⁶ Nishihara notes that there was awareness not only in Japan, but also across Asia, of a new "comprehensive approach to national security, recognizing that security depended not just on military security, but also on economic and energy security."³⁷ By presenting peace and diplomacy as a guarantee, not just a temporary trend, Japan hoped to gain some trust with nations that had previously feared the island nation during the Second World War, as well as change the fundamental norm of relations in the region towards cooperative methods.

In 1980, Japan's Foreign Minister Okita Saburo stated that "we are moving into a new phase of heightening awareness of Japan in the international political context and increasing

³³ Gary Allinson, *Japan's Postwar History*, 126.

³⁴ Hisane Masaki, *Oil-Hungry Japan Looks to Other Sources*, Asia Times, 21 February 2007.

³⁵ Masashi Nishihara, "Japan: Regional Stability", *Security Interdependence in the Asia Pacific Region*, 65.

³⁶ *Ibid*, 81.

³⁷ *Ibid*, 73.

willingness to act in accordance with that awareness."³⁸ To back up the Fukuda Doctrine, Tokyo provided \$350 million in assistance to Indochinese refugees, and approximately \$1 billion for industrial development to ASEAN.³⁹ This represented a fundamental shift towards proactive methods in Japanese foreign policy in the region from prior passive relations that defined the era immediately following WWII. The Fukuda Doctrine has laid the basis for the relationship between ASEAN and Japan ever since, as well as the beginnings of Japanese soft power in the region.

Following the collapse of the Soviet Union, the situation in East Asia was shaped by a rapidly growing China, an economic powerhouse in Japan, and a heavily involved United States. In 1995, Chinese growth and consumption peaked past its level of hydrocarbon production and the nation became a net importer of petroleum instead of a net exporter to feed its seemingly unstoppable growth. Japan suffered economic downturns in response to political and social turmoil, but remained a significant economic consumer.

During this time, and forward to the present, both nations maintained modern developed armed forces, albeit with very different ideologies backing them. The flexibility of Japan's Self Defense Forces at the time were, and are to this day, restricted by Article 9 of the postwar Japanese constitution, while China's military maintained growth despite the end of the Cold War. While Japan maintains a close security relationship with the United States who both enjoy military technological superiority over China, especially on the seas, to assist where Japan cannot project power, China's actions are ultimately more autonomous and Beijing has the freedom to pursue its interests in whatever fashion it deems best, regardless of domestic concerns. This restriction upon Japan's course of action is the primary reason why the Fukuda Doctrine's soft power effects with Japan's neighbors is so crucial to successfully achieving foreign policy objectives such as ensuring resource flow for the small island nation. However, because Beijing faces no such constraints, the costs associated with more aggressive strategies for ensuring resource streams are lower, and there are far fewer assurances that the Chinese foreign policy will necessarily remain aligned with international norms of peace and cooperation.

The modern situation in East Asia has now transitioned out of the Cold War ideological conflict and back into primarily concerns of resource flows, especially of hydrocarbons. With China's level of urbanization and industrialization greater than ever before, the state is desperately in need of additional energy resources. Over 53 percent of China's oil is now imported, and consumption is expected to rise to near 60 percent by 2015.⁴⁰ In response to

³⁸ Ibid.

³⁹ Ibid, 81.

⁴⁰ Walter Pincus, *Pentagon Report Plays Down Chinese Military Threat*, Washington Post, March 2008.

the increased demand that they face, Beijing is looking out in all directions in an attempt to diversify its supply of petroleum and natural gas, exploring sources in Africa⁴¹, Central Asia⁴², Russia⁴³, and South East Asia.⁴⁴⁴⁵

In Southeast Asia, the South China Sea borders many nations that all claim various parts of the sea as their Exclusive Economic Zones, or EEZ, which extend 200 nautical miles from sovereign soil. The root cause of the problem in the area is two-fold. First, the claims by the various bordering nations overlap and the disputes have not yet been resolved even to this day. Parts of the Spratley Islands in the South China Sea are disputed by the Philippines, China, Vietnam, Brunei, and Malaysia. The nations lay claim to the islands because it would increase their sovereign territory under international law, and allow them a greater exclusive access to the resources in and under the sea through an expanded EEZ. The second part of the problem is that the resources under the water, the oil and gas, often run between economic borders and nations are often using up the same source of oil, despite respecting the borders of the Exclusive Economic Zones.⁴⁶

To date, there have been numerous armed conflicts over the area. The Energy Information Agency reports 13 conflicts, 9 involving China, in the years 1988-99.⁴⁷ More recently, in July of 2007, China clashed with Vietnamese fishing boats killing one and injuring more, a time when oil was priced near \$100 a barrel, raising concerns that cooperation is being strained by the economic times.⁴⁸ David Koh said that "both sides probably now realize that sovereignty feeds no mouths and saves no souls."⁴⁹ Others note with concern that "China has expressed its desire to recapture the Malampaya and Camago natural gas fields from the Phiippines, among other islands that offer strategic importance and/or natural resources to quench China's thirst for energy."⁵⁰

Last month, March of 2009, there was an incident between China and the United States where Chinese ships forced the American naval ship, the Impeccable, to leave an area just south of Hainan, where they were reportedly engaging in "illegal activities in Chinese waters."⁵¹ While the United States admitted that the vessel was tasked with intelligence activities, Washington was angered by the interference in what it considers to be a legitimate

⁴¹ Robert Rotberg ed., *China Into Africa: Trade, Aid, and Influence*.

⁴² Mengdi Gu, *China wants more pipelines for improved oil import security*, Oil & Gas Journal, January 2005.

⁴³ BBC News, *Russia signs gas deal with China*, March 2006.

⁴⁴ Eric Ng, *China Oilfield in deepwater push*, South China Morning Post, April 2008.

⁴⁵ Barry Wain, *All at Sea Over Resources in East Asia*, Korea Times, August 2007.

⁴⁶ Michael Klare, *Resource Wars*, 109.

⁴⁷ Michael Klare, *Resource Wars*, 124.

⁴⁸ Roger Milton, *Vietnam, China Clash Again over Spratlys*, The Straits Times, July 2007.

⁴⁹ Ibid.

⁵⁰ Malou Innocent, *Outlook on China: Peaceful Partner or Warmonger?*, Christian Science Monitor, February 2009.

⁵¹ BBC News, *Russian army newspaper views possibility of US-China strategic partnership*, March 2009.

activity in international waters.⁵² This conflict raises fears of military posturing between the two states, or worse, if shots were ever fired between a Chinese and American vessel.

Put into context, the South China Sea borders the Straits of Malacca, a trade route vital to both Chinese and Japanese interests. Most all of China and Japan's oil imports currently come through the straits of Malacca. 80 percent of China's imports flow through the straits, concerning Beijing that the United States could easily take punitive action against in the event of a future disagreement between the nations and control China's energy supply through superior naval forces.⁵³ Control of this trade route is vital to the control of East Asian energy supply.

ENERGY PROFILES

Chinese consumption of oil has vastly outstripped its production in the past decade. In 1998, the nation consumed 4,106 thousand barrels a day and produced 3,302 thousand barrels a day. In 2008, consumption grew to 7,954 thousand bbl/d with a production of 3,973 thousand bbl/d, a consumption increase of 94 percent in 10 years, with only a 20 percent increase in production. While natural gas consumption has increased even quicker than oil consumption, from 724.7 Billion Cubic Feet (Bcf) in 2008 to 2,490 Bcf in 2007, a 244 percent increase, natural gas production has kept pace better than oil, rising from 821.6 Bcf in 1998 to 2,446.2 Bcf, a 198 percent increase just shy of demand. China's current oil reserves have been held at 16 billion bbl since 2007, a reduction from 24 bbl of reserves held in 1998. However, China's natural gas reserves have nearly doubled to from 1998's levels, leaving a reserve of 80 trillion cubic feet.⁵⁴

With long term projections of Chinese energy needs placed to increase 91 percent by 2025⁵⁵, to meet the massive demand China is pursuing sources in sources in Africa⁵⁶, Central Asia⁵⁷, Russia⁵⁸, and South East Asia.⁵⁹ China's six largest oil partners are Angola, Saudi Arabia, Iran, Russia, Oman, and Yemen, respectively.⁶¹

Japanese consumption of oil on the other hand has never been matched by production, and the island is entirely reliant upon imports. In 1998, the nation consumed 5,515 thousand bbl/d and produced 104.4 thousand bbl/d. In 2008, consumption surprisingly shrank to

⁵² Ibid.

⁵³ Mengdi Gu, *China wants more pipelines for improved oil import security*, Oil & Gas Journal, January 2005.

⁵⁴ Energy Information Administration, *International Energy Statistics*, 2009.

⁵⁵ Energy Information Administration, *International Energy Outlook 2009*.

⁵⁶ Robert Rotberg ed., *China Into Africa: Trade, Aid, and Influence*.

⁵⁷ Mengdi Gu, *China wants more pipelines for improved oil import security*, Oil & Gas Journal, January 2005.

⁵⁸ BBC News, *Russia signs gas deal with China*, March 2006.

⁵⁹ Eric Ng, *China Oilfield in deepwater push*, South China Morning Post, April 2008.

⁶⁰ Barry Wain, *All at Sea Over Resources in East Asia*, Korea Times, August 2007.

⁶¹ Energy Information Administration, *China Country Analysis*, 2006.

4,712 thousand bbl/d while production rose nominally to 132.8 thousand bbl/d, leaving a gap of 4,609.4 thousand bbl/d that must be imported. For Japan, compared to China's 198 percent increase, production of natural gas dropped 33 percent between 1998 and 2007, from 197.9 Bcf to 131.7 Bcf, while consumption rose 32 percent from 2,675 Bcf to 3,542 Bcf. Japan's oil reserves are nominal at best, with approximately 44 million bbl since 2007, less than half a percent of China's reserves. Japan's natural gas reserves have nearly halved from 2000's levels, leaving a reserve of 0.73 trillion cubic feet, slightly less than 1% of China's proven reserve. However, while China is dramatically outpacing Japan in production and consumption of energy, it is indicative of China's future demand to note that Japan consumes more than three times as much energy per capita than China; 178.8 Million Btu and 56.17 Million Btu respectively.⁶²

As for Asia as a whole, Klare notes that "energy consumption in East Asia's ten leading economic enters (China, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand) grew by a rate of 5.5 percent per year - approximately ten times the rate of the rest of the world", and Asia is expected to use 34 percent of the world's energy by 2020, as opposed to 24 percent in North America.⁶³

Interpretation

James Morley summarizes the security situation in East Asia stating that:

All states in this vast Asia Pacific region are drawn not only into various local and subregional theaters, but also into a single Asia-Pacific-wide regional theater, in which the security of each state is vitally affected by the balance among all. ... Although the security map of the Asia Pacific region may seem more complex than that of most other regions of the world ..., what distinguishes the Asia Pacific region in this regard is the multiplicity of its theaters and the diversity of emphasis given them by participating states.⁶⁴

Because the concept of balance of power evolved from the actions of European nations, some argue that the term is not applicable to Asian security, but this is far from the case. Morley states that despite that argument, "differences in geography, history, and culture have not made the states in the Asia Pacific region immune to its [balance of power's] imperatives. Its explanatory power is as great there as anywhere else."⁶⁵ Kang argues against the idea that

⁶² Energy Information Administration, *International Energy Statistics*, 2009.

⁶³ Michael Klare, *Resource Wars*, 110.

⁶⁴ James Morley, *Security Interdependence in the Asia Pacific Region*, 13.

⁶⁵ James Morley, *Security Interdependence in the Asia Pacific Region*, 7.

long term stability will arise from balance of power forces between the existing regional great powers in Asia because there is instead a historic orientation towards hierarchic relations instead of balanced relations.⁶⁶

In Kang's argument, East Asian states are more likely to prefer alignment strategies in the case of Chinese growing preeminence because it creates regional stability under a single regional leader.⁶⁷ While that may be reflected in the pre-colonial era, its applicability is doubtful in the modern era where East Asian nations have been content with power decentralization throughout the post-WWII era. Also even if Kang's argument were applicable in the modern era, the idea that certain East Asian powers might prefer an external hegemon, such as the United States, instead assuming preference would go to a neighboring power is not addressed. When viewed in terms of global trade and energy supply, Kang's argument seems even weaker, because China is not necessarily the strongest candidate to ensure peace and the continued flow of energy to Japanese, Korean, or ASEAN shores.

Energy in the modern globalized context is raw political, economic, and military power refined down to a simple and versatile form. Steady access to hydrocarbons greases the gears of industry and provides for a robust economy. However, it also plays a significant role in projecting military or "hard" power. In order to influence regions beyond your borders, especially in East Asia, naval and air supremacy is required, and both are extremely expensive. Both forms of combat require large amounts of fuel, and access and control of areas with the infrastructure capable to supply the refined product. The only power in the region that has full access to the resources and refueling spots necessary to project power to the entirety of East Asia is the United States. Beijing is attempting to develop that capacity currently, but Japan does not show any interest in using resources for anything but domestic consumption and benign leveraging of soft power abroad.

Soft power in the politics of energy is of crucial importance because by using soft power to influence neighbors, who are potential sources or even competitors for energy supplies, nations avoid costly military expenditures and promote trade boosting economic growth in both states. By exporting a state's most innate resources, its culture and core values, to other states it becomes much easier for those states to empathize with the policies and understand the institutions of the first nation. That is extremely valuable to any nation wishing to import significant amounts of hydrocarbons because it provides a more secure haven for the large investments that will be required to develop the supply of oil or gas. However, soft power is limited and cannot ensure complete national security or guarantee that energy will always

⁶⁶ David Kang, *China Rising*, 66.

⁶⁷ *Ibid.*

flow, especially if there is doubt in the international community about the true intentions of the state using soft power. During times of duress, such as demand rising far beyond a nation's capacity to acquire hydrocarbon sources or stressors on the global economy which drive the price of hydrocarbons higher, some states may feel the need to circumvent the cooperative "soft power" method and secure resources through force.

Asking if a nation is a status quo power or a revisionist power is pivotal to understanding the future of balance of power in East Asia. The current balance in East Asia is presently defined by a large urbanized industrial China, an economically affluent Japan, a growing ASEAN, and a militarily dominant and resource rich United States. Arranged as such, Asia's balance is simply arranged into a system constituted of a single global power, the United States, that can act equally across the whole system, and has unassailable resources at its disposal, and three regional poles of power, China, Japan, and ASEAN, each with individual strengths and resources. China is poised to move beyond the status of regional power in the immediate future should it not get bogged down in a regional conflict with ASEAN or Japan, should it wish to advance towards the international core and out of the semi-periphery.

So which nations are status quo powers, and which are revisionist? If American alignment is the current situation, then Japan is the most "status quo" of the three Asian regional powers. Heavily aligned with the United States, Japan has a vested interest in keeping American forces close because of its own limitations on military force and foreign actions. The American security umbrella currently protects Japan from North Korea and other foreign threats. Japan has proven its value and devotion to the United States by assisting economically and with peacekeeping troops in the Iraq war.⁶⁸ Furthermore, Japan has an ideological problem with "revisionism", because of the close association between revisionist policies and imperial intentions, which Tokyo and the Japanese people have been avoiding with fervor from the postwar period onwards.

The foreign policies of China and ASEAN however pose a larger challenge. While ASEAN is assuredly not distinctly revisionist in nature, it is not as attached to the status quo of American hegemony. Kang says that the Southeast Asian nations are improving Chinese relations, while detangling from American relations, seeking to balance the two so that they can "benefit from rising Chinese economic power but also continue to maintain good relations with the United States."⁶⁹ Ultimately, because ASEAN is an institution designed to govern regional stability and promote economic development and trade, not to balance militarily against an outside foe, the South East Asian nations will try to draw the line down the middle. With the advent of the China-ASEAN Free Trade Agreement, the two economies are moving together to cooperate on resources and industrialization. John Wong notes that

⁶⁸ Yasuo Takao, *Is Japan Really Remilitarizing? The Politics of Norm Formation and Change*. 3-5.

⁶⁹ David Kang, *China Rising*, 126.

because of the China-ASEAN FTA, "some Chinese enterprises like the oil and chemical firm Sinopec are actively exploring overseas opportunities and investing in resource-rich states like Indonesia and Malaysia", which has direct impacts on both ASEAN alignments and it further diversifies China's energy supply routes.⁷⁰

This does affect the balance of Asia, because it provides greater assured access of ASEAN based oil to China. While it by no means closes out the United States, it does bolster the position of its primary geopolitical adversary in the region, putting the United States on track for a decline of influence and control of resources in the region which theoretically could eventually marginalize American power in the region. Contrary to what many in the West might think, the citizens of East Asian nations are not concerned with the rise of China, but instead view it in a positive light, indicating how important "soft power" forces such as economics can be.⁷¹

Despite China's increased technological and political advances, debate still lingers as to the path that Beijing's policies are leading China. The first argument is that China is a revisionist state seeking to overthrow the regional status quo and impose a new system that favors Beijing's interests in the region and assures supply of energy to feed domestic urbanization. This unfortunately is the most common perception among many in the West and even Washington itself and is potentially harmful due to its self-fulfilling nature. If one state begins balancing, the other must necessarily respond, fueling the classical "security dilemma" wherein both states ends up less secure than when they began posturing.

The assumption among theorists is that states naturally wish to develop spheres of influence specifically to dominate and oppose the interests and influence of other states, and therefore balancing would logically derive from a "rising power" status. Zhao notes that while China is rising in influence, potentially even to the level of superpower status, there is not a "one up and one down" affect, and while the United States may lose elements of its current total dominance, America's influence will not be replaced by China in any foreseeable future.⁷²

The second theory revolving Beijing's foreign policy is that the nation is merely a burgeoning economic power that favors economic cooperation both regionally and globally so that it can meet its growing domestic demands. This assumes instead that China is sufficiently tied into the international system as a whole, and has more to lose than to gain from challenging the world order. While Beijing may watch the United States with a wary eye, ultimately it is only out of caution instead of any hegemonic ambition. Status quo Beijing would pursue a course contingent upon the status quo of the international system, relying more upon international norms, economic interdependence, and being a bilateral partner

⁷⁰ John Wong and Sarah Chan, *China-ASEAN Free Trade Agreement*, Asian Survey, 526.

⁷¹ David Kang, *China Rising*, 67.

⁷² Quansheng Zhao, *Managed Great Power Relations: Do We See 'One-Up and One-Down'?*, 634

within global cooperative endeavors in order to protect its assets and increase its supply of oil. Given China's unique position to use soft power to attract support from the East Asian states as well as build economic interests in Africa and Central Asia, Beijing would be acting rationally to not engage itself in military acts which could harm its precarious international image.

I find Johnson's argument that China is a status quo power only while it benefits from that status and could change to military posturing if it feels threatened or pressured by the international community to be preferable to a strict status quo or revisionist view of China. Johnson says that "status quo states, particularly those caught in security dilemmas, can be quite willing to use military force to defend their territory, their spheres of influence, and their client states."⁷³ With this perspective in mind, China is merely balancing costs and benefits and will pursue whichever course of action provides for its needs most adequately.

There are similarly diverging views on the route that Tokyo will follow to deal with the changing situation in Asia, despite American affluence. Of all of the nations dealing with China on economic and security fronts, Japan poses the most perplexing case to classical realists. Japan currently boasts one of the most robust economies in the world, pervasive technology advances unparalleled even by many Western nations, and the nation is distinctly aligned with the United States on the issue of security. However, the nation has never fully remilitarized in the wake of WWII except for a "Self Defense Force", which is constitutionally limited against preemptive attacks and nuclear weapons, despite China's rising affluence in the region. This limitation precludes Japan from ever projecting power into the East Asian theater outside of Japanese territorial waters, meaning that the nation cannot actively balance against China or seek a hegemonic role in the region to establish a flow of resources without the assistance of the United States. Furthermore, despite material capacity for a technologically advanced and regionally influential military, Japan continues to show no interest in revisiting the constitutional limitation on martial forces.

Some argue that Japan is on its way back to being a "normal nation" with a normal army and an ambitious foreign policy typical of a great power. This view comes from either the idea that nations always attempt to maximize their power or that nations maximize to the level of perceived threat. Both of these theories fail to see the fallacies inherent in applying them to the current Japanese state. The first is empirically false, because in modernity nations minimize the proliferation of force when it is not necessary. While the latter, falling more into the guise of structural realism, has more redeeming qualities, it cannot naturally assume that Japan deems China a threat. In fact, Japanese citizens consistently rank North Korea as more

⁷³ Alastair Johnson, "Is China a Status Quo Power?", *International Security*, 56.

dangerous to Japanese interests than the rise of an affluent China.⁷⁴ For that very reason, Taewoo Kim makes note that both are wrong because "Japan's foreign policy choices are determined not by international variables but by domestic normative context."⁷⁵

SOUTH CHINA SEA

The South China Sea, disputed by several ASEAN states and China, located on the Asian side of the Straits of Malacca, one of the world's largest trade routes, is a potential flashpoint for Chinese military expansionism. While Beijing may have mastered speech of diplomacy and cooperation, the South China Sea reveals the true intentions of the nation. Because China's security policies are not transparent in the least, the nation's credibility depends on if their stated policies actually line up to the events over the past decade.

The conflicts in the South China Sea began exclusively as conflicts with Vietnam, but eventually with the Mischief Island events, it became obvious that the nation was being duplicitous in its dealings in the South China Sea. In 2007 alone, China had two violent conflicts over the region of the Spratly Islands⁷⁶, warned BP and ConocoPhillips over a \$2 billion dollar project with PetroVietnam in the region⁷⁷, and became embroiled in an argument with Vietnam over construction in the area meant ostensibly to house Chinese tourism in the Paracel Islands despite the project going online in a disputed territory.⁷⁸ Despite the fact that China has indicated a desire for increased cooperation in the disputed zones⁷⁹, the middle kingdom has been evasive of real solutions such as deescalating the arms race in the region.

China skirmished with more than just Vietnam and other competitors for resources in South East Asia however. Highlighting the delicacy of military cooperation in the Pacific, in March of 2009, there was a confrontation between Chinese and American naval vessels where the Chinese ships forced the American vessel to vacate the area, accusing the ship of engaging in "illegal activities in Chinese waters."⁸⁰ China's military intentions in the South China Sea appear suspicious at best.

Even China's own whitepaper on defense states that "security issues related to energy, resources, finance, information and international shipping routes are mounting",^{81,82} placing

⁷⁴ Daniel Kliman, *Militarization and Demilitarization in Contemporary Japan*, 55.

⁷⁵ Taewoo Kim, "Japanese Ambitions, U.S. Constraints, and South Korea's Nuclear Future", *Japan's Nuclear Future: the Plutonium Debate and East Asian Security*, 89.

⁷⁶ Robert Milton, *Vietnam, China clash again over Spratlys*, The Straits Times, July 2007.

⁷⁷ The Canberra Times, *Territorial conflicts ignite as demand for fuel grows*, August 2008.

⁷⁸ Roger Milton, *Vietnam Blasts China's plans for Paracels*, The Straits Times, August 2008.

⁷⁹ The Canberra Times, *Territorial conflicts ignite as demand for fuel grows*, August 2008.

⁸⁰ BBC News, *Russian army newspaper views possibility of US-China strategic partnership*, March 2009.

⁸¹ BBC News, *Chinese agency carries "full text" of 2006 defence white paper*, December 2006.

⁸² Walter Pincus, *Pentagon Report Plays Down Chinese Military Threat*, Washington Post, March 2008.

stress on the precarious situation in the disputed, resource heavy, shipping lanes of the South China Sea. China reported an increase of 18 percent in the official military budget for 2007, creating calls for transparency in Beijing's security policies.⁸³ Simultaneously, in what appears to be a move to challenge American hegemony on the waves, China is spending vast quantities of money building a blue water navy, in what the China Post admits could be a shift in strategy towards projecting power "deep into the Pacific", but more importantly to protect sources of overseas oil, by deploying to the South China Sea, Malacca Strait, and Indian ocean to protect the flow of oil from Middle Eastern and African sources such as Gwadar.⁸⁴

While Beijing may wish to market Chinese involvement in South East Asia as economics, leverage over the flow of resources is closer to the truth shown by Chinese actions. Because Beijing is concerned about both securing a steady stream of hydrocarbons to meet future demand, but also to ensure the supply against international obstructions such as periods of high energy costs and interference from powers like the United States, China wants to create a position in the South China Sea to not only increase supply from a few ASEAN and China sponsored South China Sea sources, but to dominate the flow of hydrocarbons from other regions throughout East Asia in the future.

China is attempting to keep its options open instead of dedicating itself to either hard or soft power entirely, but the conflict in this disputed area shows that at least part of Beijing's power structure advocates more proactive methods with its more vulnerable neighbors. If China does manage to match American and Japanese technological prowess on the seas, it is possible that the same actions evident in the South China Sea could threaten East Asian stability as a whole in the event of an incident between Chinese and American or Japanese forces in either the South China Sea or the East China Sea which houses an underwater natural gas field which runs across disputed EEZ lines.

CONCLUSION

Because of China's mounting hydrocarbon demand and Japan's dependence upon overseas sources, South East Asia plays a pivotal role in the strategies of both nations. Because Japan's security ideology is controlled by unique domestic norms that dictate pacifism, Japan does not attempt to project power over the region to ensure its supply of energy, despite the significant gap between domestic production and consumption. Tokyo instead relies upon the security umbrella of the United States to keep the status quo, allowing Tokyo to cooperate freely with energy supplying nations as its primary strategy to maintain energy flows.

⁸³ The Boston Globe, *The Real China Threat*, March 2007.

⁸⁴ China Post, *Pacific Power Play China's Naval Growth*, March 2007.

While China may or may not be a "status quo" power, their actions indicate that they are making every preparation required to challenge US power and control one of the most significant trade routes in the world. The maritime disputes in the South China Sea are centered on control of the flow of trade and the production of energy resources and signify the two discordant strategies being enacted by Beijing, with talks of alignment and mutually beneficial cooperation on one side, and forceful military tactics on the other. If Beijing wishes its soft power policies to succeed in the long run with the ASEAN nations, it will have to be careful of how its actions on the seas are perceived abroad. Even if hydrocarbon costs skyrocket, China will have to be aware that any seemingly small actions to ensure energy supply could permanently damage the image built through soft power policies. Additionally, they will have to be wary of the United States' view of their actions, or else competition over resource streams could become a full-fledged security dilemma polarizing the entire region.

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