

MENDEL UNIVERSITY IN BRNO

Faculty of regional development and international studies

**Comparison of China foreign affair policy towards the
disputes of Spratly and Senkaku Islands**

Bachelor Thesis

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Brno 2015

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ABSTRACT

Vladař, Jiří. Comparison of China foreign affair policy towards the disputes of Spratly and Senkaku Islands, Brno 2015. Bachelor Thesis

This Bachelor thesis gives insight into the practices of the foreign affairs of the People`s Republic of China. It is analyzing its official policies and facing them with the knowledge gained from the research on two case studies focused on territorial disputes in which China plays major role. First case study covers the Spratly Islands topic in the South China Sea where China is in dispute with ASEAN countries. Second case study covers the Senkaku/Diaoyu Islands where China is in dispute with Japan.

Key words: China, ASEAN, Spratly Islands, Senkaku/Diaoyu Islands, South China Sea disputes

ABSTRAKT

Vladař, Jiří Comparison of China foreign affair policy towards the disputes of Spratly and Senkaku islands, Brno 2015, Bakalářská práce

Tato bakalářská práce poskytuje bližší pohled na fungování zahraničních vztahů Čínské lidové republiky. Analyzuje její oficiální politiku a stanovuje je s vědomostmi získanými při provádění výzkumu dvou příkladových studií týkajících se teritoriálních problémů v Jihočínském a Východočínském moři. První příkladová studie rozebírá spory o Spratlyho ostrovy v Jihočínském moři, kde stojí Čína proti zemím ASEANU. Druhá příkladová studie rozebírá spory o ostrovy Senkaku/Diaoyu kde Čína vede spor s Japonskem.

Klíčové slova: Čína, ASEAN, Spratlyho ostrovy, Ostrovy Senkaku/Diaoyu, spory v Jihočínském moři.

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1 INTRODUCTION

Territorial disputes in South China Sea are becoming an important issue in the global environment. Upward trend of the incidents in last decades on the diplomatic and face-to-face level inspired author to analyze the topic and its context. Both strategic and economic importance of the islands can escalate in one of the biggest conflicts on the global scene. Thus appropriate research needs to be taken to help to understand and to prevent from conflict escalation.

Work starts with the deep analyze of the Chinese foreign affairs policy. China plays significant role in the territorial disputes and can be characterized as biggest actor and claimant in the region. Position of the Chinese foreign affairs policy is crucial for other claimants in order to understand the situation over the disputes clearly. Author of the work consider important to analyze Chinese relations with the global players to understand the relationships that influence Chinese behavior on the international scene deeply.

Next part of the work is description of two case studies. First case study is focused on the Spratly Islands located in the South China Sea. Case study provides detailed info about the history, recent development and context of the dispute. Variety of sources was used to ensure the objectivity. Second case study covers Senkaku/Diaoyu Islands dispute between China and Japan. Detailed analyze of the history, recent development and context of the dispute is included. Aim of the work is to show how China actually acts on the international scene in comparison with their official policies and statements on examples of their behavior in the disputes analyzed in the two case studies.

2 METHODOLOGY APPROACH

2.1 Objective of the thesis

The principal objective of the thesis is to analyze the foreign affair policy of People`s Republic of China and compare it with the actual behavior in the disputes of Spratly and Senkaku/Diaoyu Islands in which is China involved. Aim of the thesis is also to analyze Chinese territorial behavior in two case studies based on the detailed research. Case study is an examination and detailed research of the specific case. Various sources of information can be used. They provide complexity of the context throughout offering of the wide range of data. Author of the work chose to conduct a research through the case study because of its complexity and possible usage of wide range of sources. Senkaku/Diaoyu Islands and Spratly Islands disputes are important in the global politics thus a lot of sources are provided from various sources like government agencies, University research institutes and media. Some of these sources can be biased so case study allows us to observe the problem from more points of view.

Research question:

What are the key aspects of the foreign policy of Peoples Republic of China towards the disputes in South China Sea?

What are the key factors in dispute over the Spratly Islands?

What are the key factors in dispute over the Senkaku/Diaoyu Islands?

What is the recent development of the disputes?

To find the answers to the research questions Author is going to use phases to get to the specific answers

2.2 Phases

In the 1st Phase Author of the work is going to analyze the Chinese foreign affair policy, recent development and approach to world actors like EU, USA and ASEAN. Stance of global actors is important for forming of the Chinese foreign affair

policy and for solving of the territorial disputes. Relations with Japan and Taiwan (ROC) are also included for better understanding of the disputes. In the 2nd phase author is going to Overview the Spratly Island dispute and analyze the history of the dispute. Recent development of the dispute based on the detailed research will be included. In the 3rd phase deep analyze of the Senkaku/Diaoyu Islands dispute will be conducted from the point of view of China, Japan, Taiwan and also from the USA side to see how the problem is examined from the non-actor in the conflict. Prognosis of the dispute based on the deep research is included. Next Phase is going to compare the actual behavior of the Chinese foreign policy versus behavior according to the given policies.

3 DESCRIPTION OF BASIC PRINCIPLES OF THE CHINESE (PRC) FOREIGN AFFAIRS POLICY

3.1 Introduction into the China (PRC) foreign affairs policy

In this short introduction the author is going to describe basic principles of the foreign policy of the Peoples Republic of China (PRC). First and the very important point is that China often characterizes its foreign policy and national security by usage of the series of principles and slogans. Since 1980s, China is following these slogans: *“To preserve China’s independence, sovereignty and territorial integrity.”* and *“To create a favorable international environment for Chinas reform and opening up and modernization.”* (Bergstein, 2010) China also introduced the concept of a harmonious world: Meaning peaceful development and harmonious society at home. China biggest concern over its territorial integrity is Taiwan, Tibet and Xinjiang regions. Ability to enhance national prosperity, restoration of the Chinas prestige and statute as a great power it’s very important to sustain the Communists government. (Bergstein, 2010)

Nowadays China developed strategic plan of good neighborly relations and partnership with the border countries. This policy helps to prevent external threats from rising of the internal friction among the Chinese nation. China also adopted three policies to emphasize the non-military aspects of its foreign policy: *“Setting aside areas of disagreement with neighboring states, focusing on confidence-building measures to promote ties and engaging in economic integration and multilateral cooperation to address shared concerns”* (Bergstein, 2010) From this statement we can consider that China tries to act peacefully and not promote its power through the war acts. Statement of the author is confirmed by other citation from US center of strategic and International studies: *“China also proclaimed its interests in the peaceful international environment to enable Beijing to focus its energies inward on its enormous internal challenges”* (Bergstein, 2010)

Also China need for natural resources that became limited after the production boom is forcing them to search for them in other regions especially in Africa and this need is affecting the foreign policy as well. Chinese government is making connections

among the unsavory regimes in order to obtain some natural resources. This fact raised questions about the responsibility of the new international actor. Author wants to point out the Free Trade Agreement (FTA) partners with China which are: ASEAN, Hong Kong, Macau, Iceland, Pakistan, Costa Rica, Peru, Chile, New Zealand and Singapore. (Bendini, 2014) We can observe very good relationships among these countries.

Author is now going to describe terms that are often used by the Chinese government. First term is called Five Principles of Peaceful Coexistence; generally it is containing these points. Mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference, equality and mutual benefit and peaceful coexistence. We can describe the meanings of these terms by phrases like good neighborly relations and prevention of external problems from spilling into the country. This term is used to describe non-interference in internal affairs like in Taiwan and Tibet regions. Another term is called New Security Concept. It was unveiled in 1997 to reflect China aspiration for a new post-Cold war security order. In New Security Concept we can observe adherence of the five principles of peaceful coexistence and emphasis on mutually beneficial economic cooperation among states. Also bilateral strategic partnerships are important. This term of New Security concept marks new proactive Chinese approach to international affairs and offers alternative vision of international order. Another term is called peaceful rise or peaceful development: *“Campaign to reassure the international community, and particularly neighboring countries, of China`s rise will not be a zero-sum game.”*(Bergstein, 2010)

Next term the Period of Strategic opportunity was developed in 2002. China predicted that next twenty years will be stable relationship with other superpowers like the United Nations and China can invest more time into the building a stable society and spend more time on problems at home. (Bergstein, 2010) Latest term comes from 15th December, 2005 when Hu Jintao, former Chinese president expressed that new Chinese foreign policy *“would be based on multilateralism, mutually beneficial economic cooperation and respect for political and cultural difference.”* (Zhang, 2007, p.2) Concept of the harmonious word means the aim of China to continue with the peaceful development and mutually beneficial economic cooperation. There are serious debates about the interpretation of this term but we can take the citation of the former PRC

president Hu and work with it: *“Diversity of civilizations is a basic feature of humanity and an important driving force behind human progress...Uniformity, if imposed on them can only take away their vitality and cause them to become rigid and decline”* (Jintao Hu, 2005) In the authors opinion this statement is aiming to show to the world that China is going to keep its own culture and political system and that every country should keep its culture and habits because the diversity is key to enrich each other. China aims to sustain its culture and political system even in this for china fast economic development times. Author of this work spend last six months in China and he felt strong feelings and big pride in the Chinese culture. Chinese government is using rich history to attract people to Chinese nation. People are really proud to be from China and this trend is strongly rooted among all generations of Chinese citizens. The biggest character is Chairman Mao. Inhabitants of China are taught only positive things about Chairman Mao but when they hear true about some of his negative policies like for example the Great Leap forward they simply ignores it. Another important fact about the new term of harmonious world expressed Dr. Jian Zhang *“The current motto of a ‘harmonious world’, however, also reflects a discomfort with the current unipolar world order dominated by a perceived increasingly hegemonic United States which tends to impose its values upon the world often by acting unilaterally and through military means.”*(Zhang, 2008, p.3) From this citation we can assume that China is aspirating to become more recognized on the international field but it’s not aiming to become world hegemon like the USA.

4 CHINA FOREIGN AFFAIRS RELATIONS WITH GLOBAL ACTORS

In this part of the work author is going to analyze the mutual relationships with the global actors connected to the China. Association of South East Asian Nations (ASEAN) can be considered as biggest rival in the Spratly Islands dispute. All of the claimants are part of the ASEAN and together they got bigger power than individuals. Taiwan (ROC) cannot be considered as rival because of one China policy but violation of the Taiwan could result in the resentment of the other global actors like the USA. China is the biggest EU trading partner thus also relationship between them is

important. Illegal behavior in the case of Spratly Islands dispute can result in the economic sanctions from the EU side. The next described relationship is with the USA. USA and China are forming the world leading political and economic relationship. USA involvement in the region is less significant than in the past but USA stated that they would protect the marine trading routes through the South China Sea. (Raman, 1999) USA is also the Chinese biggest debtor. The last analyze of the relationship is with the Japan who is rival in the Senkaku/Diaoyu Islands dispute. Strong economic ties can result in establishing of the mutual dialogue.

4.1 China relations with ASEAN

Author of the work is now going to describe the history of the Chinese foreign relations with the Association of South East Asian Nations (ASEAN). ASEAN is the leading economic and political formation in Southeast Asia region containing Thailand, Indonesia, Malaysia, Brunei, Cambodia, Laos, Vietnam, Singapore, Philippines and Myanmar. We can understand on this relationship some of the Chinese changes in its foreign relations policy over the last decades. On this case China showed us significant change in a relationship. From the start they appeared to be rejecting and ignoring ASEAN group lately China completely changed the approach. China revealed new methods of economic cooperation, strategic partnership and multilateralism. (Zhang, 2008, p.6)

In next citation from the work of Dr. Zhang we can observe why the relationships with outer world were difficult for china before 1990s. *“Until the early 1990s, China’s relationship with ASEAN was characterized by suspicion, difficulty and even hostility. To ASEAN countries, the memory of Beijing’s support of communist insurgency in Southeast Asia in the 1950s-60s still influenced their perceptions of China.”* (Zhang, 2008) Also fights about the islands in the South Sea didn't bring much of cooperation among China and other ASEAN members who claimed that islands are theirs. The study case of Spratly Islands is going to be describes properly in the next sections of the work. Lately China understood its needs for the economic cooperation with the ASEAN and started to follow mutually beneficial economic relations with them. During the Asian economic crisis in 1997 China didn't devalue its currency thus

helped affected countries. This act helped to recognize China as a helpful partner. In 2001, China proposed to establish China-ASEAN free trade area until 2010. In 2002 they signed new framework agreement. (Zhang, 2008) As a result trade between ASEAN and China jumped from \$8 Billion in 1991 to US \$106 Billion in 2004. (6) In 2005 ASEAN became the fourth biggest trade partner of China. In 1997 China introduced new security concept and promoted concept of equality, mutual benefits and cooperation. (Zhang, 2008)

Another important milestone in mutual relations was a declaration on the conduct of the parties in the South China Sea signed in 2002. China and ASEAN stated that they are going to solve disputes in the South China Sea peacefully. (Zhang, 2008) China's great relations with the ASEAN showed us the change in the foreign policy in last decades. Next author is going to describe the relationship with the other countries in the regions through the Shanghai Cooperation Organization (SCO). Shanghai Cooperation Organization sometimes called the Shanghai five consists of China, Uzbekistan, Russia, Tajikistan and Kyrgyzstan. SCO was established in 2001 in Shanghai to promote regional cooperation and confidence building. (Zhang, 2008) First meeting of the SCO was in 1996 in Shanghai to start the discussions about lowering of the armed forces on the borders between the states. Another important fact is that India, Pakistan, Mongolia and Iran are also attending the summits as observers and some of them applied for the membership. (Zhang, 2008) China is playing main role in the SCO organization. Its development is attributed mainly to the Chinese diplomacy. SCO also helped sustain relationships with Russia. In 2001 they signed the treaty for good neighborliness, friendship and cooperation. (Zhang, 2008) In 2005 China and Russia promoted the harmonious world as a new world order.

4.2 China relations with Taiwan (ROC)

One of the biggest problems of the territorial integrity of China is Taiwan in official terms called the Republic of China (ROC). Peoples Republic of China (PRC) is trying to isolate Taiwan from the international community. PRC is supporting so called one china policy that is considering Taiwan as part of the China and that PRC is only legitimate government over China. China is using this policy to prevent the international

recognition of the ROC. China is not going to sustain diplomatic relations with state that is recognizing ROC. UN resolution 2758 in 25th October 1971 stated that PRC is the only representative in the United Nations. (3) ROC itself was set up in 1912 after the overthrow of the Qing Dynasty. ROC does not recognize the Peoples Republic of China founded in Beijing in 1949. We can see that both sides don't recognize each other so we can judge the overall situation from the US point of view. United States recognized ROC from the 1913 to 1978 and then they started to recognize the PRC as the only representative of China under the One China policy. (Kan, 2014, p.1)

Author wants to add a citation directly from the Ministry of foreign affairs of the Peoples Republic of China from the China policy on EU paper: *“The Taiwan question concerns China's core interests. The one-China principle is an important political foundation of China-EU relations. Properly handling the Taiwan question is essential for the long-term and steady development of China-EU relations. The Chinese side appreciates the commitment of the EU and its member states to the one-China principle and hopes that the EU will respect China's major concerns regarding the Taiwan question, oppose "Taiwan independence" in any form, support peaceful development of cross-Strait relations and China's peaceful reunification and handle Taiwan-related questions with caution”* (FMPRC, 2014) From this citation we can feel really reserved opinions about ROC. In order to maintain good relations with the PRC EU have to fulfill those requirements: Political figures of ROC should not visit EU under any pretext or political influence, not to support ROC as a state in any international coalition or organization and not to sell gun or any equipment for development of the guns to ROC. We can consider those points very strong and influential. (FMPRC, 2014)

4.3 China relations with European Union

In this part author of the work is going to describe mutual relationship between the European Union and China. China is the biggest trading partner of the EU. In 2014 was trade flow about \$1 trillion. It is very important to both actors to sustain economic growth among themselves. (McDonnell, 2014) First paper on cooperation with EU from China side was implemented in 2003. Since then long way was made and new paper arrived in April 2014. China is trying to be open world economy and bring new type of

relations with mutual trust, equality, win-win cooperation and mutual learning. China and EU market makes combined more than 30% of the world's economy. According to the Chinese ministry of foreign affairs is China and EU leading two civilizations that are advancing human progress with no fundamental conflicts of interests. (FMPRC, 2014) EU-China policy in a new era: China wants to establish partnership for peace and with the help of EU wants to make international order more equitable for all countries. In the next point China wants to make good partnership for growth. Use win-win cooperation and contribute to creating a new world economy. In the next point China wants to be partner in reform. Also to share reforms and to participate in the making of the rules on the international level. EU and China differs in almost every aspect of history and culture and even if they started to compete in some fields China wants to solve problems through the dialogue and mutual respect. (FMPRC, 2014) *"In many ways, the EU and China are often seeking a unity in each other that is probably not there in the way they expect. The EU does not fully understand the complexity of provincial autonomy in China, and the Chinese often have great problems understanding where the EU is unified and where it is clearly a diverse and often very disunited entity"*(McDonnell, 2014) From this citation we can observe how different are these cultures and how it is difficult to understand each other. Author believes that only economic cooperation can successfully drive us to the prosperity and peace.

4.4 China relations with USA

Very important are also relations with the United States of America. We can observe optimism caused by the recent positive relationship among these superpowers. They are making the world leading political and economic relationship even though USA is not the biggest trading partner. This relationship was stable but only few conflicts appeared like Korean War and Vietnam War. In Korean War China stepped into the play to protect North Korean army forces and to push back the UN troops led by the USA. This conflict and also existence of South and North Korea were important in the China-USA relations in the future. Also from this point USA started to recognize and support ROC located on the Taiwan. USA recognized ROC on Taiwan Island to 1979. In Vietnam War we have to look for a more complicated context. Before

colonization period China had strong influence over the area of former Indochina (nowadays Laos, Burma, Vietnam and Cambodia). China knew that Vietnamese communists are getting stronger and China also didn't want imperialists in the country so China decided to join the conflict.

China had several reasons for doing it, it was a proving ground for the Maoists theories, USA suddenly appeared to be very close to the China border and China's effort to dominate former Indochina. We can see it even on the example of South Sea problematic islands that China is trying to dominate the region because of the long history ties with the former Indochina. (Morgan, 2014) We can move to the present day relationship. China-USA tight relationship prevented conflicts in the South Sea and helped also in the international scene in 2008 when China joined battle against the pirates on the Sea of Aden. China sent its warships for the first time abroad to help to fight against the pirates. But these two superpowers failed in cooperation when China and Russia stopped the intervention in the Syrian crisis.

China didn't want to intervene because it was against their policy of non-interference into the country inner things. China is trying to continue with its policy of non-interference. (Eichler, 2013) China is using multilateral and bilateral contracts to lower the power of the USA as a world hegemon. Many of the countries in the East Asia region are now choosing if it is better to stay under control of the USA or to join the fast growing business with the China. USA is now forming main power in Asia due to its army bases in all over the Pacific but nowadays times are changing and even longtime strategic partner- Japan is thinking to join China. In 2009 Japanese premier Yukio Hatoyama wanted to create business alliance between the China, Japan and South Korea where USA should not figure. (Eichler, 2013) On the other hand China is trying to compete with some typically USA partners like Mexico. Growing tensions lead China to fasten the guns development in last few years. Some western countries and Russia helped China with the development. We can consider them to be successful because China sold anti-aircraft system to Turkey. These facts can make us think that this situation is going to end with war but China needs USA to be strong because USA is the Chinese biggest debtor. China only wants USA to not interfere in China power on

the global level; simply USA should not influence the territorial acts of China on a global level. (Eichler, 2013)

4.5 China relations with Japan

Relations are decent with Japan. Japan feels huge importance in maintaining good relations with the China. From the stabilization of the diplomatic relation in 1972 Japan supported Chinese policy of the open doors. China started this policy to be able to join the United Nations in 1971. Japan supported Chinese economy for longtime. Japan also practiced policy of developing of the bilateral relationship through the investments into the Chinese economy. This was important in the period of opening of the Chinese economy to the world. From 1979 Japan invested into China more than \$45 billion. Japan also helped China to join the World Trade Organization in 2001. (WTO, 2015) From this point of view is difficult to understand why present-day relationship between China experiencing some difficulties is. The biggest one is dispute over the Senkaku Island we can also refer to them as a Diaoyu in Chinese language. Senkaku/Diaoyu islands are group of small islands located in between the China, Taiwan and Japan. Together about 6.3 km² in total and they are now not inhabited. We can find their significance in the strategic position in the region, natural resources located under them and also in rich fishing areas. We have to point out the national defense interest of Japan and China. Owner of the islands is capable to cut off more area of the rival's territory. (Pan, 2007) In recent years China increased navy activity near these islands. In 2008 Japan decided to build facilities on the island. China felt provoked and started naval activities close to the islands. These acts started new era of provocations from both sides. (Pan, 2007) Author of the essay is going to describe this issue in the third part of the work. Despite these violence acts from China Japan wants to continue with dialogue in peace to help to lower the tension. (Pan, 2007)

5 ANALYZE OF THE DISPUTES OVER SPRATLY ISLANDS

5.1 Introduction

This part of the essay is going to analyze the dispute over the Spratly Islands. Author is going to compare two cases of disputes: Spratly and Senkaku/Diaoyu Islands and show on them how Chinese foreign affairs actually acts on the international scene in comparison with their official policies and statements. Spratly Islands dispute is more complex problem than Senkaku/Diaoyu Islands dispute which is described in next chapter of this work. In comparison with the Senkaku/Diaoyu Islands the dispute is between five actors. This chapter is going to analyze history of the dispute, describe skirmishes in the area, provide analyze of stance of each actor and at the end provide overview over the situation and give an author's prediction how the dispute is going to develop in the future. Spratly Islands are group of over one hundred small islands and reefs located in between Vietnam and Philippines. They are spread in area of 410 000km² in the South China Sea. (CIA, 2007) The biggest of the islands is forming just about 0.36km². Area of the Spratly Islands is known for its rich fishing areas, important strategic location among the important shipping routes and potential location of the natural resources like gas and oil. (CIA, 2007)

45 of the Islands are occupied by the states that are claiming the ownership over the islands: armed forces from China, Taiwan, Vietnam, Philippines and Malaysia. (CIA, 2007) Brunei claims exclusive economic zone over area but is not claiming the Islands itself. China and Vietnam are claiming all of the Islands. Malaysia and Philippines are claiming only some of the islands. (CIA, 2007) Spratly Islands plays important role in the international relationships and often causes armed conflicts between the actors. Amicable settlement of the dispute is crucial for the peaceful development in the South China Sea region. (Bouchat, 2013, P. 79) In short China, Taiwan and Vietnam are claiming all of the Spratly Islands. Brunei is not claiming Islands but certain area around them. Malaysia and Philippines are claiming some of the Spratly Islands. (BBC, 2015)

5.2 Strategic meaning of the Spratly Islands

Strategic location, rich fishing area, proximity to one of the biggest trading routes and possibility of large oil and gas deposits makes Spratly Islands very important issue even in the global context. Spratly Islands group consists of 12 Islands, 33 reefs that are permanently above the sea level and over 390 banks, islets and shoals. Area is making over 312 000km² that is over 38% of the whole South China Sea area. (Raman, 1999) Strategic meaning is focused mostly on 33 reefs that are permanently above the sea level. Each of these pieces of land can be used in order to provide 12 nautical miles of territorial sea. 26 nautical miles of the Exclusive Economic Zone and even more miles of the South China Sea can be claimed as a continental shelf. (Raman, 1999) Shoals and banks under the sea level cannot declare rights for the part of the sea like the little islets and reefs. Huge oil and gas deposits are expected under in the South China Sea region. Some sources are even comparing it with the Kuwait. (Raman, 1999)

Area needs to be explored in detail. Chinese expectations are over 17.7 billion barrels (Kuwait 13 billion). (Raman, 1999) Russians estimated over 10 billion barrels. Shanghai Institute for International Studies estimates 10 billion barrels. U.S Energy Information Administration is estimating over 11 billion barrels but for example Wood Mackenzie Energy consultants estimates only 2.5 billion barrels. (EIA, 2013) Asia fast economic development is asking for new natural resources. Consumption of the region in 2008 was about 20% of global consumption and will be over 30% in 2035. (EIA, 2013) What more China wants to promote the usage of the natural gas as a fuel. China determined goal to increase the total percentage of usage of natural gas from 3% to 10% until 2020. (50) Spratly Islands area provides potential reserves of the natural gas so Chinese claims over the Islands are comprehensible. It is difficult to deeply explore the natural resources reserves because of the territorial disputes in the area. China now drills in the Pearl River delta and Qiongdongnan basin in South China Sea. For these purposes China is using three biggest oil companies: China National Offshore Oil Corporation (CNOOC), China National Petroleum Corporation (CNPC) and China Petroleum and Chemical Corporation (Sinopec). (50) These companies are responsible for the drill development in the South China Sea. CNOOC built the CNOOC 981,

Chinese most advanced deep-water oil drilling platform that cost about \$925 million. (EIA, 2013)

Another important point in the strategic meaning of the Spratly Islands is their location. With the army basis on the Spratly Islands can be whole South China Sea easily controlled. Through the South China Sea flows 50% of the world's commodities and over 30% of the world's annual crude oil amount. (EIA, 2013) We can consider the route one of the most important in the world and its interruption of any kind can easily influence the world's economy. Over 14 million barrels of crude oil and over 6 trillion cubic feet of Liquid natural gas (LNG) are sailing through the South China Sea every day. In 2012 Japan increased the usage of the LNG because of the Fukushima power plant incident. We can predict that Japan is going to somehow try to lower the tensions in the South China Sea because cut off of the energy provided through this route can easily result into the failure of whole industry. (EIA, 2013)

5.3 History of the dispute over the Spratly Islands

Same way like on the Senkaku/Diaoyu Islands dispute China is defending its claims with the historical facts. Author of the work is going to summarize the earliest Chinese historical facts by the Chinese historians. Chinese historians state that they discovered Spratly Islands around 200BC. Around 111BC China started to control the islands and during this era Han dynasty geographers describes the Spratly Islands. 220AD East Han dynasty described Spratly Islands as a Nansha in Chinese and also monks built a monastery and settled on one of the Spratly Islands. 265-420AD Jin dynasty wrote an article in which they described the fish and corals from the South China Sea. In 789 Chinese dynasty Tang included Islands in its territory on the map. In 1121 Kublai Khan ruled the island during the Yuan dynasty. In 1211 are Spratly Islands written on the Chinese map. In 1405 minister of the Ming dynasty Cheng Ho mapped most of the Spratly Islands and created detailed map of the area. (Spratlys, 2006) In 1530 first European Alvarez de Diegos spotted some small island on the way to Macau Area. 1606 Andreas de Pessora sailed to the Spratly Islands and also Spain claimed the islands as a part of Philippines. In 1710 Chinese Ching Dynasty built a temple on one of the Island and claimed another two islands. In 1735 pirates lived on the Islands and

attacked trading ships. In 1791 Captain Henry Spratly arrived gave the Islands his name. (Cahoon, 2015) In 1798 Britain built an observation tower on the biggest island Itu aba. In 1802 Vietnam claimed the Islands as a Truong Sa, in translation the long islands. In 1885 China again claimed the Islands. Two years later in France claimed the Spratly Islands as a part of Indochina. In 1893 Britain claimed a protectorate over the Islands. In The Treaty of Paris, which ended the US-Spain war were Spratly Islands removed from the Philippines territory in article III. (Goldman Law Library, 2008) In April 1930 France occupied the Islands and China protested against the occupation. In 1938 island became part of the France Indo-china and later during the world war II Spratly Islands were annexed by Japan. Japan built a submarine base in the biggest island Itu Aba. After the World War II both China and Vietnam claimed the Spratly Islands. In 1947 China presented a map showing the details about the nine-dash line which is located hundreds mile south from the Hainan Island. (BBC, 2015) In September 1951 Japan officially lost sovereignty over the Spratly Islands in the Treaty of San Francisco. After Vietnam was divided in 1954 communists North Vietnam started to support China and declared that Spratly islands are under the rule of China. In October 1956 South Vietnam formally annexed the islands. In June 1956 Taiwan took the biggest island Itu Aba from Philippines. From 1961 to 1971 USA practiced a radar station on one of the islands. In July 1971 were Islands annexed by Philippines again. In May 1975 South Vietnam took islands from the North Vietnam. In 1978 China annexed six islands from the Vietnam. In June 1978 Philippines officially annexes the Islands. In December 1979 Malaysia joined the dispute and claimed that 12 of Spratly Islands are lying in newly developed continental shelf. In 1984 Brunei joined the dispute and create a new fishing zone that is involving part of the Spratly Islands area. (Cahoon, 2015)

5.4 Recent history of the crisis

1988 China-Vietnam skirmish occurred on 14th March when Chinese and Vietnamese ships collided at Johnson Reef in Spratly Islands. Vietnamese ships were sunken and over 70 sailors died. (Raman, 1999) As shown on the real footage Vietnamese soldiers were standing half in the water around the flag and Chinese shot them down with the machine guns from their ship. (Stierlitz, 2009)

On February 1992 China officially declared Spratly Islands as China`s territory in The Law of the Territorial Sea and the Contiguous zone. China created this set of rules in order to establish borders and declare its dominance in mentioned waters. We can see it in citation from article number 2: *“The territorial sea of the People's Republic of China is a belt of maritime area adjacent to the land territory and the internal waters of the People's Republic of China. The land territory of the People's Republic of China includes the mainland of the People's Republic of China and its offshore islands, Taiwan and all islands appertaining thereto including the Diaoyu Islands; the Penghu Islands; the Dongsha Islands; the Xisha Islands; the Zhongsha Islands and the Nansha Islands; as well as all the other islands that belong to the People's Republic of China.”* (Leehman, 2013, a.2) Nansha Islands are Spratly Islands name in Chinese language.

5.5 Mischief reef accident 1995

One of the biggest confrontation happened at the end of January 1995 when Philippines captain declared that Chinese Army detained him for a week in his fishing boat near the Mischief reef. (Raman, 1999) In February 1995 was Mischief reef claimed by Philippines occupied by the Chinese army. Mischief reef is part of the Spratly Islands located just 200 kilometers from the Palawan Island. (Mayer, 1996) Eight Chinese ships raised Chinese flag on the Mischief Reef that was under control of the Philippines. One of the ships was armed. (Mayer, 1996) USA, Europe and Asian countries were alarmed by this behavior. Mutual defense treaty between the USA and Philippines caused excitement all over the world because in the case of war USA should protect the Philippines against the China. Philippines arrested 62 Chinese fishermen from this area and accused them from the violation of Philippines laws. Government also wanted to build seven lighthouses to define the claimed area from Philippines side. (Mayer, 1996) Government also pushed the dispute into the International forums. (Mayer, 1996)

Spokesman of the Chinese Ministry of foreign affairs Jian Chen expressed on this incident: *“Structures had been built on the Reef by China to ensure the safety and lives as well as the production operations of the fishermen who work in the waters of the Nansha (Spratly) Islands. The Chinese side never detained nor arrested any Filipino*

ship nor established any military base on the Meiji (Mischief) Reef." (Raman, 1999) Another citation from the former Chinese Foreign Affairs minister QianQichen clearly supports the Chinese version of using history as an argument: *"Ours is not a military activity and will pose no threat to other countries. Chinese fishermen have been traditionally fishing in the region and shelters have been built to protect them. China has had sovereignty over the islands since ancient times and there were no disputes. Just in the late 70s, some countries made claims over the islands. China has shown restraint and is willing to develop the region in a co-operative way, setting aside disputes."*(Raman, 1999) We can clearly observe that China is feeling very strong in this region and that is using history arguments to prove the claims over the area. In March 1995 ASEAN meeting was held. They announced the statement: *"their serious concern over recent developments which affect peace and stability in the South China Sea."* (Raman, 1999) Delegates from Philippines then went to Beijing for peace talks. But Chinese officials held their position and stated that these newly built structures on the islands are just protection for the fishermen. (Raman, 1999)

In May 1995 situation escalated when Philippines ship wanted to check the structures built by China on the Mischief reef but two Chinese military ships stopped it. Also journalists were on Philippines ships to show to world that China is building fortifications on the reef not only the shelters. (Raman, 1999) Chinese spokesman of the Ministry of foreign affairs Jian Chen said: *"On the issue of the navigation rights in the South China Sea, the Chinese Government holds a definite and clear-cut position, namely, China's action to safeguard its sovereignty over the Nansha (Spratly) Islands and the relevant maritime rights and interests will not affect navigation through and the freedom and safety of flights over the international waterway of the South China Sea in keeping with the international laws."*(Raman, 1999) China threatened and protested against this visit from the Philippines government and stated that China wants to solve the dispute using the diplomatic talks. We can consider this as a proof that China is not following their strategy of non-interference and creating of the economic relationships with its neighbors in their foreign affair policy. In March 1995 also USA warned China from using any type of power on the Islands in the South China Sea and declared that is ready to protect the trading routes in this area. In August 1995 China and Philippines created the code of conduct on how to continue with discussions about the dispute.

(Raman, 1999)

In 1998 Philippines arrested 20 Chinese fishermen on six boats. China immediately asked for the release of them but Philippines rejected it and decided to judge them from violation of the Philippines territory. In 2000 Philippines showed photographs from the Mischief Reef proving that Chinese are building army structures on the reef. Philippines showed them to the foreign ministers of the ASEAN countries. Photographs showed four sites build by Chinese on the reef. (Raman, 1999) In November 2002 members of ASEAN and China signed Declaration on the Conduct of parties in the South China Sea. (ASEAN, 2014) In short this declaration should lead to the peaceful development in the area. We can see it in article 1: *“The Parties reaffirm their commitment to the purposes and principles of the Charter of the United Nations, the 1982 UN Convention on the Law of the Sea, the Treaty of Amity and Cooperation in Southeast Asia, the Five Principles of Peaceful Coexistence, and other universally recognized principles of international law which shall serve as the basic norms governing state-to-state relations”* (ASEAN, 2014) Sides of the conflict made a commitment that they will build a mechanisms that will lower the tensions and prevent from start of an armed conflict again. In March 2005 China, Vietnam and Philippines signed contract that their national oil companies can do research in the area of Spratly Islands for the economic purposes. (Raman, 1999)

In 2008 Taiwanese president Chen Shui-bian visited Spratly Islands as a first president from the claimants. He visited Island occupied by the Taiwanese called Taiping. President checked the landing strip built for the emergency purposes. This visit caused commotion among the claimants. (Reuters, 2008) In March 2009 Philippines used new baseline laws. Laws clearly defined the maritime zones, which fulfilled the UNCLOS rules. Vietnam and China protested because Philippines renewed the claim over the Spratly Islands. We have to mention that Philippines only fulfilled the requirements from the UNCLOS. (Garcia, 2009) In 2011 China mobile expanded coverage of the Chinese mobile operators over the Spratly Islands to ensure the help for the fishermen and soldiers working on the Islands. We can see this act as next step in preparation for the occupation of entire area. (Cellular news, 2011)

5.6 China-Vietnam tensions in recent years

China-Vietnamese tension in recent years escalated into huge protests in June 2012 when Vietnam passed the law called Law of the Sea of Vietnam. This law placed Spratly and Paracel Islands under the Vietnamese territory. (Vietnam plus, 2012) For the first time Vietnam managed to give exact and proper claims in proper law terms. Vietnam fully followed the UNCLOS 1982 rules. This set of laws provides clear terms in order to manage the claimed area. Passing of the law showed to the world that Vietnam is good member of the UN. (Vietnam plus, 2012) In return China built in July 2012 the prefecture level city of Sansha in the Paracel Islands. Over 3500 Chinese were resided into this city to act as a city. City has 13km² and it contains the landing strip. (Ramzy, 2012) In authors opinion this act only worsened the situation in the region. China is using strategy of slow infiltration into the area.

Later all of these small settlements can be used as undeniable argument. We can see that China is using different strategy than in the case of Senkaku/Diaoyu Islands. In Spratly Islands China is using the weak positions of other claimants but in Senkaku/Diaoyu islands case it collided with the strong Japan government. In May 2014, 21 people were killed and over 100 hurt in Vietnam during the protests again China. Crowd hunted down Chinese workers. In Central Vietnam over 1000 rioters attacked the Taiwanese steel mill. (Hodal, Kaiman, 2014) Rioters even looted some factories they fought they are owned by China but they were owned by South Korea or Taiwan. These protests caused an exodus of Chinese workers. Some escaped to Cambodia and others were transported on planes or ships from the Vietnam (Hodal, Kaiman, 2014) China sent over 80 ships to protect the oilrig and Vietnam did the same. Later skirmishes occurred when ships were ramming into each other. (Hodal, Kaiman, 2014) In February 2015 China built an airstrip on Fiery Cross Reef located in the Spratly Islands area. (Page, 2015) Airstrip is long enough for the jet and transport planes. It significantly gives China the advantage in the area. According to the Adm.

Samuel Locklear who is head of the US Pacific Command can China establish the radar and missile system and that China can use them to establish the air defense identification zone. (Page, 2015) Air Defense Identification zone (ADIZ) is an area which is placed outside of the state to protect the state from the air attacks. Usually air

base and radar are located on these facilities. ADIZ gives a country advantage of possibility to detect the danger before it hits the national territory. First ADIZ were built by the USA after the World War II as we can see on the following citation: *“In the 1950s, the United States declared the world’s first ADIZs to reduce the risk of a surprise attack from the Soviet Union. Today, the United States has five zones (East Coast, West Coast, Alaska, Hawaii, and Guam) and operates two more jointly with Canada. Other countries that maintain ADIZs include India, Japan, Norway, Pakistan, South Korea, Taiwan, and the United Kingdom.”* (Welch, 2013) China is using ADIZ to control the area and for explanation of the newly build army structures on the Spratly Islands. New airstrip together with new structures is helping China to patrol in the South China Sea and China is slowly building sovereign power over the region.

5.7 Summary of the dispute

In the summary author of the work wants to express the difficultness of the situation and predict how the dispute could evolve in the future. The same like in the Senkaku/Diaoyu dispute China is using historical justification of its acts in the Spratly Islands region. (Saleem, 2000, P.538) Spratly Island dispute is more complex than Senkaku/Diaoyu dispute. Spratly Islands and surrounding sea claims 6 nations: People’s Republic of China, Taiwan, Brunei, Philippines and Vietnam. China and Vietnam are the biggest competitors. Spratly Islands are claimed as: Part as Brunei’s Exclusive Economic Zone, as Chinese part of Sansha city, Hainan Province, as Malaysia Sabah state part, as Philippines Palawan Province part, as Vietnamese Khanh Hoa Province and Taiwanese Kaohsiung province.

UN Convention on the Law of the Sea (UNCLOS) in 1982 didn't solve the dispute over the Spratly Islands and what more it provided space for the speculations even though specific guidelines were set. UNCLOS defined Exclusive Economic Zones (EEZ), enclosed seas, sea boundaries, different statuses of the islands etc. but still left some place for speculations leading to other territorial disputes. For example article 121 from the UNCLOS state that islands can provide EEZ and limit the continental shelves but only occupied islands doesn't grant these rights. But the clear definition of what is an island is missing. Problem is if the small rocks and reefs can be considered as

Islands. That's why claimants are trying to expand the existing subjects with concrete structures or adding sand and rocks to create bigger area above the sea level. Swallow Reef was for example built mostly artificially by Malaysia and airstrip was added. (Chu-Chun, 2015) As mentioned in the China Times article by Chinese military commentator Song Zhongping: *“Song cited the example of Swallow Reef, stating that Malaysian soldiers have been stationed on the reef since 1983, that the reef has now been expanded into a large island and that runways have been built on it. The Philippines meanwhile has built a runway on Thitu Island (called Pagasa in the Philippines and Zhongye Island in China), he said.”* (Chu-Chun, 2015) Article 121 then states that objects above sea level that cannot sustain habitation cannot be used for creating of the EEZ and territorial waters. Question is if claimants are trying to create such an islands by adding residents and concrete or other structures. These fake islands can be later qualified as a proper island and can be used for establishing of the territorial claims. (EIA, 2013)

Another important issue is the position of the USA because China acts like it wants to be the leading country in the whole region in last three decades. USA fought for the dominance in the region last century several times: Spanish-American War, World War II, Korean War, Vietnam War. (Saleem, 2000) What more USA has got mutual defense treaty with the Philippines and stated that is ready to interfere if the trade routes through the South China Sea would be interrupted. (Mayer, 1996, P.2) Possible conflict in the South China Sea can easily escalate into the armed conflict with the USA. According to the authors opinion U.S. influence in the region is holding China back. China showed before that they are not feared from the armed conflict with the Vietnam as shown on the incident in of Johnson Reef 1988 where over 60 Vietnamese soldiers were literally killed standing in the water on the Johnson Reef. (Raman, 1999) We can see on the example of Spratly Islands that China acts like a leading country in the region and it's slowly annexing the territory and building military structures that are covered as fishermen shelters. (Raman, 1999) According to the authors opinion in the Spratly Island and whole South China Sea China is not following its foreign affair policy of the harmonious world.

6 ANALYZE OF THE DISPUTES OVER SENKAKU/DIAOYU ISLANDS

6.1 Introduction into the problem

In this section author of the work is going to analyze the situation about the Senkaku/Diaoyu Islands disputes from the point of China, Japan, Taiwan and also from the US side to see the problem from different point of view. This case study is aiming to provide wide range of information from various sources to supply the reader with the best material to understand the situation in all aspects.

Geographically are islands located 400km east from the China, 186km from Taiwan and 170 north from the Japanese Island Ishigaku. Total area is 6.3km². It consists from eight small-uninhibited islands. Senkaku/Diaoyu is Japan name for the islands meaning the Sharp summit. In China they are known for name Diaoyu, which means the place for fishing. In English they are called Pinnacle Islands with the similar meaning like the Japanese translation. (Pan, 2007) Disputes over the Senkaku/Diaoyu Islands are now one of the biggest issues in the China-Japan relationship. In the future they can easily start enormous conflicts in the region. To prevent the conflict debates and mutual cooperation is necessary. The conflict is officially happening between Japan and China and Japan and Taiwan. China and Japan are mutually biggest trading partners in Asia but history of these nations excludes them from deep partnership. (Turcsányi, Ondrejcsák, Mayer, 2014) Author of this work observed some mixed feelings of the Chinese people about Japan during his visit in China. People in China are in TV often met with the Japanese invasion during the World War II. A lot of movies and TV series are covering this topic. Both sides of the conflict are interested in the Senkaku/Diaoyu Islands because of its economic and strategic point of view. Islands are known for centuries as a rich fishing area. Also natural resources were recently found in the area and also location of the Senkaku/Diaoyu Islands is important in national defense activities on both sides. Islands seemed to be unusable for military purposes but recent studies proved that biggest Island called Uotsuri is capable of hosting the radar system, missile base and also submarine base. (Pan, 2007. P.72)

Generally speaking Senkaku/Diaoyu Islands plays significant role in national defense and security interests. Islands are also important in the economic field. According to the statement of the Professor Zhongqi Pan from the Shanghai Fudan University *“Sovereignty over the islets could affect 40,000km² of surrounding continental shelf or exclusive economic zone (EEZ) area. And control of the islands would confer ownership of natural resources in their vicinity. It is not just about industry or fishery, but particularly about potential oil and gas reserves in this region. In 1968, a report of the United Nations Economic Commission for Asia and the Far East suggested possible large hydrocarbon deposit not yet come to fruition, this survey fueled the dispute between Japan and China along with Taiwan authority since its publication. Given both China and Japan`s increasing voracious appetite for energy, natural resources, particular the possibility of the hydrocarbon potential of the seabed surrounding the Senkaku/Diaoyu Islands, are understandably regarded as central in the dispute.”*(Pan, 2007, p.72) From this citation we can easily predict that conflict can escalate into armed conflict very quickly.

From the historic point of view there is a discussion between China and Japan whether Senkaku/Diaoyu Islands were unclaimed land before 1885 when Japan claimed sovereignty over them. Second question is if Japan returned Islands to the China after the WW2 when Japan lost. The third unexplained question is what is the maritime boundary according to the United Nations Convention on the law of the sea (UNCLOS) from 1994. (Pan, 2007, p.72)

6.2 History of the dispute

China states that they used islands before the Japan. China is using old sources that for example during the Ming dynasty (1368-1644) Chinese sailors used islands as a navigation point on the way to Japan. China point that from 1372 Senkaku/Diaoyu Islands were used by the fishermen as a base and navigational point. (Pan, 2007, p.77) China then took islands under the control in 1556. One record is that in 1893 Chinese Empress Cixi gave Senkaku/Diaoyu Islands into the hands of alchemists and his doctor who gathered rare herbs on the Islands. China is using those historical facts to prove that China used Senkaku/Diaoyu Islands before the Japan. According to China

Senkaku/Diaoyu Islands were under jurisdiction of China as a part of Taiwan. (Pan, 2007, p.77) China is also using some sources found in the Japan. In 1972 Japanese historian Kiyoshi Inoue pointed out that Senkaku/Diaoyu islands were mentioned in documents in 16th century under the name of Tiaoyu. He then concluded that Japan only ruled the area from 1895 and name is used only from 19th century. (Pan, 2007, p.78) China also states that Japan approved Island under the Chinese rule because on the Japanese map from 1785 are Senkaku/Diaoyu Islands marked with same color like Mainland China and other Japanese Islands are marked with the same color like Japan. (Turcsányi, Ondrejcsák, Mayer, 2014) China is also arguing with the contract from Shimonoseki from the first Sino-Japanese war where China gave up the Formosa Island with all the surrounding islands as a result of lost war. China then argues that Japan had to give back all the occupied territories after the end of the World War II and so the Senkaku/Diaoyu Islands. China argues with the Declaration of Cairo from 1943. From the citation from US department archive we can state that Japan should return all occupied Islands: *“In November and December of 1943, U.S. President Franklin D. Roosevelt met with Chinese President Chiang Kai-shek and British Prime Minister Winston Churchill in Cairo, Egypt, to discuss the progress of the war against Japan and the future of Asia. In addition to discussions about logistics, they issued a press release that cemented China's status as one of the four allied Great Powers and agreed that territories taken from China by Japan, including Manchuria, Taiwan, and the Pescadores, would be returned to the control of the Republic of China after the conflict ended.”* (US Department of State, 2009) In 1943 was president of the USA Roosevelt concerned about the situation in China, morale was low and China faced high inflation. These facts were heard opinions that China could give up to Japan and stopped to fight. Roosevelt wanted to deepen the relations with China and proposed the meeting in Cairo. China continued in the war and Japanese were forced to leave occupied Chinese, pacific and Korean territories. (US Department of State, 2009) China also refers to the results of the Potsdam Conference in 1945. Potsdam Conference was held in German town of Potsdam from July to August 1945. Stalin, Churchill and Truman joined the negotiations on how to divide the after WW2 world. (Office of the Historian, 2010) Eight article of this Conference states that: *“The terms of the Cairo declarations shall be carried out and Japanese sovereignty shall be limited to the Islands of Honshu,*

Hokkaido, Kyushu and such minor islands we determine.”(Truman, 1945) From this statement we can feel that the Chinese arguments are really strong. China is offering more arguments for example that USA asked Taiwan for permission to use the Senkaku/Diaoyu Islands when they were using Islands as a practice target. The biggest mistake in China arguments is that the contracts are not specifically mentioning the Senkaku/Diaoyu Islands.

On the other hand Japan is arguing that Senkaku/Diaoyu Islands were not claimed by any other state before 1895. Also that China wasn't interested until 70`s and didn't protest before. According to the official statement from the Japanese government are Senkaku/Diaoyu Islands Japanese territory based on the international law and history facts. Japan is arguing that research was made in 1885 to search for the Chinese traces on the Islands and nothing was found. Based on this research Japanese side claimed the Islands in 1895. In 1896 they rented the Senkaku/Diaoyu Islands to the Japanese businessman Tatsushiro Koga for 30 years. Koga built a factory processing shell, feathers and other goods. He invested money into the infrastructure on the Islands and bring over 99 Japanese families into the Islands. Over 250 people lived on the Island. His son Zenji Koga continued in the family business. After expiration of the lease he bought four of the islands from the Japanese Government. Life on the Islands was stopped because of the danger during the World War II. From 1958 US army rented the Islands for army purposes. Japan states that Senkaku/Diaoyu Islands weren't under control of the China or Taiwan at that time. Japan also claims that Senkaku/Diaoyu Islands were not related to the Pescador Islands covered in the case of Contract from Shimonoseki. China is using Contract from Shimonoseki as one of the main points in their defense. Japan then didn't have to return Islands after the lost in the World War II. Because Senkaku/Diaoyu Islands weren't occupied but only owned by Japan. In 1953 Senkaku/Diaoyu Islands felt under the rule of the USA. USA made a commitment that they will return the Islands to the Japan. They returned the Islands in 1971. Japan also argues that China did not protest against the USA occupation of the area and that all the historical and geographical arguments are not valid in an international law system. (Turcsányi, Ondrejcsák, Mayer, 2014)

6.3 Strategic meaning of the Senkaku/Diaoyu Islands

We have to also focus on the strategic meaning of the Senkaku/Diaoyu Islands to fully understand the problem. Senkaku/Diaoyu Islands became a political and strategic issue before only 50 years. They are too small and unfertile to be a place for longtime settlement. Only two of the Islands have got source of freshwater. But their location right in between the China and Japan is giving them huge strategic and political importance. Senkaku/Diaoyu Islands lies on the important sea-trade routes. Its occupation and presence of the armed forces on the islands would be critical for the controlling of the trading routes, which is really important. If this trading route would be endangered China PRC, Taiwan ROC, South Korea and Japan would be influenced in terms of the supplying of the energy resources. Most of the tankers are navigating close to these Islands. (Turcsányi, Ondrejcsák & Mayer, 2014) Second strategic meaning is that Senkaku/Diaoyu Islands are important in terms of military importance. Owning of the Islands would bring military advantage in whole region. For China these island form gate to the Pacific Ocean and also brings great strategic position to control Taiwan ROC. For Japan it would also bring huge strategic advantage in possible conflict with China. (Turcsányi, Ondrejcsák & Mayer, 2014)

Next point is that Senkaku/Diaoyu Islands are offering enormous economic potential. East China Sea offers rich fishing areas. Fishing plays important role in diets of all nations in the region. Also natural resources are very important in solving the issue. Oil and natural gas were discovered in 1968 and dispute over the islands started its new era. According to the estimates over 100 billion of oil drums are located in the area. After this finding interests grew on both sides. Senkaku/Diaoyu Islands are also important in politics in terms of nationalism. It became huge political issue mainly in China. China inhabitants are considering the Senkaku/Diaoyu Islands as their historical land and that Japan took it in weak 19th century. Taking back the Senkaku/Diaoyu Islands can help current government to show its power and to persuade people that communist party is still strong enough to save needs of its inhabitants. Japanese government is also pushed by nationalistic feelings. Showing the weakness could affect other territorial disputes in the region. Other countries can then act more forcibly and expect weak behavior as well. (Turcsányi, Ondrejcsák & Mayer, 2014)

6.4 Recent history of the crisis

Senkaku/Diaoyu Islands came into interest in the 1960s when study showed some natural resources potential in the area. Study realized by the United Nations in 1968 proved that area is rich for natural resource like oil and earth gas. Also in 1969 Japan and USA signed declaration that USA should return Okinawa Islands in 1971 in Okinawa Reversion agreement. On 21st November 1969 Japanese Prime Minister Eisaku Sato and US President Richard Nixon met in Washington D.C. Discussion started about the returning of the Okinawa Islands (According to Japan interpretation Okinawa Islands contains also Senkaku/Diaoyu Islands). We can observe it in the article six in the Joint Statement from this meeting: *“The Prime Minister emphasized his view that the time had come to respond to the strong desire of the people of Japan, of both the mainland and Okinawa, to have the administrative rights over Okinawa returned to Japan on the basis of the friendly relations between the United States and Japan and thereby to restore Okinawa to its normal status. The President expressed appreciation of the Prime Minister's view. The President and the Prime Minister also recognized the vital role played by United States forces in Okinawa in the present situation in the Far East. As a result of their discussion, it was agreed that the mutual security interests of the United States and Japan could be accommodated within arrangements for the return of the administrative rights over Okinawa to Japan.”* (IOC, 1997) China was disappointed with this agreement and it outraged Chinese government. From this time period of local crisis begin raise.

In the 1970s Japan-US contract and returning of the Okinawa islands resulted in the protests of the Chinese students on the USA Universities. China published new statement in which was claiming the Taiwan and Senkaku/Diaoyu Islands. This was also caused by the study that found oil and earth gas reserves. In 1971 USA officially transferred Okinawa Islands into the hands of Japan. Japanese fishermen started to oppress Chinese boats in the area. Chinese attitude was weak at the time. (Turcsányi, Ondrejcsák & Mayer, 2014) Biggest crisis of that era happened in 1978 when over 100 Chinese boats arrived in the area and Japanese right wing party called Nihon Seishinsha build the lighthouse on the biggest Island. It created protests from Chinese nation all over the world. (Huang, 1997) But this crisis was replaced by the positive peace

contract between China and Japan later. Another crisis occurred in 1990 when Taiwanese athletes wanted to bring the Olympic torch on the Senkaku/Diaoyu Islands to claim them. Japanese boats prevented them to step on the islands and this caused protests in Taiwan and Hong Kong. This act also showed that this dispute is even important on the political scene in terms of preservation of the voters. (Huang, 1997) Another conflict happened after 25th February 1992 when Chinese government passed the new sovereign waters and territorial sea laws of China and covered Senkaku/Diaoyu Islands as part of China. (Huang, 1997)

We can see it in citation from the second article: *"The territorial sea of the People's Republic of China is a belt of maritime area adjacent to the land territory and the internal waters of the People's Republic of China. The land territory of the People's Republic of China includes the mainland of the People's Republic of China and its offshore islands, Taiwan and all islands appertaining thereto including the Diaoyu Islands; the Penghu Islands; the Dongsha Islands; the Xisha Islands; the Zhongsha Islands and the Nansha Islands; as well as all the other islands that belong to the People's Republic of China. The internal waters of the People's Republic of China are those waters which lie on the landward side of the baseline of the territorial sea of the People's Republic of China."* (Lehman, Leex, Xu, 2013) Senkaku/Diaoyu Islands are mentioned specifically in this article. This new policy also included possibility of armed defense of the Senkaku/Diaoyu Islands. Japanese government strongly disagreed with this policy. (Turcsányi, Ondrejcsák & Mayer, 2014) Since then more serious incidents started to occur. Story continued in 1996 when both sides signed new United Nations Conventions on the Law of the Sea (UNCLOS) agreement. UNCLOS is an international agreement that states the laws and responsibilities and determines the sea boundaries. It also provides guideline how to create borders. Territorial waters are 22 kilometers far from the land and country determines laws and regulates the sailing in order to secure its country. Contiguous line is 44 kilometers from the land and country can regulate taxation, immigration and pollution in this area. Exclusive economic zones (EEZs) are up to 370 kilometers far from the land. Country can use natural resources from this area. Continental shelf is the prolongation of the natural sea boundaries. It can be maximum 650 kilometers far from the land. States have the right to harvest natural resources and other non-living material in this area. (UN, 2010)

Both sides started to use UNCLOS in their arguments and it resulted in the blending of the continental shelves of Japan and China right in the Senkaku/Diaoyu Islands area. In July 15th 1996 Japanese right wing political group Nihon Seishinsha built illegally another lighthouse on the biggest island and called for recognition of the lighthouse as an official navigation point. This caused protests in Taiwan and China. One activist died when Chinese Protestants tried to reach the islands. (Turcsányi, Ondrejcsák & Mayer, 2014) Lighthouse was destroyed by the typhoon but group built it again very soon. (Huang, 1997) Temporary peace was settled in September 1996 when Chinese and Japanese foreign affairs ministers agreed that activities of the nationalistic movements couldn't destroy the relationship between them. On April 1997 Japanese statesmen visited Senkaku/Diaoyu Islands and activists from Hong Kong, Taiwan and USA prepared fleet of protest ships. Over 26 ships sailed to the Islands. China reacted with the statement that it was illegal disembarkation from the Japanese side. Japan reacted that it was personal act from the statesmen not political act by the Japanese government. (Turcsányi, Ondrejcsák & Mayer, 2014) From 1999 Chinese activity rose around the Senkaku/Diaoyu Islands, Chinese ships were doing the oceanographic research at the area and also there were some Chinese military drills in the area. Another conflict happened when Japan published new history textbooks with whitewashed history about some Japanese history acts. China is sensible in terms of Japanese war crimes history. Shown on the citation from Washington Post from 2005: *"The Chinese ambassador, Wang Yi, lodged a protest with Japan's Foreign Ministry, while officials in Beijing blamed a violent anti-Japanese protest there over the weekend on Japan's "irresponsible attitude" toward history."* (Faiola, 2005)

Some whitewashed facts in Japanese textbooks can easily ignite protests in China and also Korea. (Faiola, 2005) In Year 2000 Japanese right wing party built Shinto sanctuary on the biggest Island. (Turcsányi, Ondrejcsák & Mayer, 2014) Shinto is Japanese faith and this way it is easy to understand that Chinese side took it as a mark of Japanese dominance on the Senkaku/Diaoyu Islands. Chinese side protested and urged the Japanese side to suppress the nationalistic movements in Japan. In 2003 story continued when Japanese government wanted to rent three islands from the Japanese owner of the Islands. According to the Japan Islands are owned by the Kurihara family. Chinese side protested and disembarkation happened from both sides again. Those

attempts of colonization of the Islands resulted in the deep crisis of relationships between China and Japan. In January 2004 were two ships with Chinese activists suppressed by the Japanese shore patrol. Shore patrol used the water cannons and one of the activists was hurt. In March 2004 seven Chinese activists disembarked into the islands. They were later arrested for the violation of the Japanese immigration laws. China urged Japan to dismiss activists and wave of protests in China started. Japan dismissed the activists in order to calm down the situation. It resulted in the canceling of the bilateral negotiations about the UNCLOS. In July 2004 Japan started with the natural resources research in the area and so did China. First official meeting was held in 2004 to prevent the conflict escalation. (Turcsányi, Ondrejcsák & Mayer, 2014)

In February 2005 Japan claimed that lighthouse built in the 1978 is under control and protection of the Japan. It resulted in the enormous protests in China. Chinese inhabitants started to boycott Japanese shop and products. For example chain of stores called 7 eleven was closed. You can find these grocery stores in a lot of places. The Japanese company owns this famous shop chain. Also some minor attacks on the Japan embassy happened. This protest continued for couple of weeks. (Turcsányi, Ondrejcsák, Mayer, 2014) In September 7, 2010 Chinese fishing called Minjinyu 5179 collided with the Japanese coast guard ship. Japanese side stated that Chinese boat attacked the coast guard ship and Chinese side claims that the Japanese coast guard ship hit the fishing boat. Crew on the fishing boat was arrested and the ship Minjinyu 5179 was damaged. (Nordquist, Moore, Soons, Kim, 2012) Captain of the fishing ship was imprisoned with the whole crew *“A Japanese Coast Guard spokesman said the Chinese vessel had collided with two Japanese patrol boats in two separate incidents, 40 minutes apart. No injuries were reported. She said the 41-year-old captain of the fishing boat had been arrested after repeatedly ignoring requests to leave the area.”* (BBC, 2010) Captain was then brought for the trial. Chinese side stopped negotiations about the situation in East China Sea. Japanese side dismissed the crew but they kept the captain. In return China imprisoned four Japanese workers and accused them from spying. Japanese workers were looking for the chemical weapons left by the Japanese army during the World War II. Chinese prime minister Wen Jiabao also refused to meet Japanese prime minister Naoto Kan in the General Assembly of the UN in New York. (Turcsányi, Ondrejcsák & Mayer, 2014) China also announced lowering of the export of the rare

metals that are essential for the production of the electrical products. China is forming over 95% of the world production of these rare metals. (Vella, 2013)

Eighty-two percent of the Japan consumption of rare metals comes from the China. (Turcsányi, Ondrejcsák & Mayer, 2014) China is using this almost monopoly to show the political power. On 24th September 2010 Japan dismissed the Chinese Captain. China then wanted apology and money compensation for the ship. Japan rejected but China dismissed 3 of 4 Japanese workers. This accident caused enormous protests in Chinese cities. Another incident happened in April 2012 when Tokyo`s governor Shintaro Ishirara announced that Tokyo is going to buy the Senkaku/Diaoyu Islands from the private owner. On the 4th of July three Japanese ship made an inspection into the area and they stood face to face with the Taiwanese coast guard ships. (Wikipedia, 2012) Three days later Japanese minister Yoshihiko Noda claimed that Japan should buy the Islands. China opposed. On 15th August activists from Hong Kong landed on the one of the Island but later they were stopped by the coast guard and arrested. (Wikipedia, 2012) This incident resulted in the 8 days long boycott of the Japanese goods in the Chinese cities. (Turcsányi, Ondrejcsák & Mayer, 2014) Honda, Toyota, Nissan, Mazda, Sony and Panasonic closed theirs factories in China for a couple of days. Chinese tours to Japan were cancelled and also books with Japan topic were banned in China for a couple of days. Japanese car industry suffered \$250 million loss just during the 15-21 September 2012, over 14 000 cars weren`t built. (Wikipedia, 2012) Japanese automotive brands sold about 50% less cars than year before. (Turcsányi, Ondrejcsák, Mayer, 2014)

6.5 Summary

In the summary author of the work wants to express the difficultness of the situation and predict how the dispute could evolve in the future. Both sides are claiming the Senkaku/Diaoyu Islands as their territory. China is arguing mostly from the Historical point of view and Japan from the legal point of view. We can see biggest problem that dispute over the islands is growing last 4 decades and incidents are occurring more and more often. Despite that both sides started the dialogues every provocation results in the protest on both sides. We can predict that economic ties can

prevent both actors from armed escalation of the conflict. USA states that in case of armed conflict is ready to protect Japan as its ally according to the USA-Japan security agreement. (EMB Japan, 2012) Japan states that they will use only political power and it will proceed peacefully and continue with the talks calmly and with respect to China. According to the official statement from the Japan embassy is Japan after the World War II respected actor and express its role in maintaining peace and economic stability in the Asian region. Japan also contributed to the economic development of China. (EMB Japan, 2012) From 1972 Japan opened the door and also contributed to the development of China monetary as we can see on the citation from Ministry of foreign affairs of Japan *“After normalizing diplomatic relations with China, Japan has constantly supported reform and developmental policies in China. Support included ODA assistance of more than 3 trillion yen, in the belief that China’s development, as a responsible member of the international community would benefit the stability and wider development of the Asia-Pacific region.*

Japan continues to place great importance on the Japan-China relationship, which is one of the most important bilateral relationships for Japan. The stable development of Japan-China relations will benefit not only the peoples of both countries, but also the region and the international community. Japan will continue to promote “the Mutually Beneficial Strategic Relationship” with China from this broad perspective. The administrative rights of all of the islands within the area inside the straight lines on the map were returned to Japan in 1972 in accordance with the Okinawa Reversion Agreement. The Senkaku/Diaoyu Islands are included in this area.” (MOFA, 2014) Both sides of the conflict seem to be not interested in solving the case by using armed forces.

Another important issue is that dispute over the Senkaku/Diaoyu islands can show political weakness of both actors. In Japan and China nationalistic movements are protesting and weak action can be seen as weakness of each government. This is an important issue that both sides have to deal with. Japan has got territorial conflicts with Russia and Korea. Others can use weak behavior in the Senkaku/Diaoyu case very easily. (Turcsányi, Ondrejcsák, Mayer, 2014) Japan knows that another Chinese boycott of Japanese goods can cause enormous economical loses like in 2012. (Wikipedia,

2012) Also China can stop exporting of the rare earth metals into the Japan and thus caused problems in production of the electronics.

Unfortunately Senkaku/Diaoyu Islands dispute consists of elements that cannot be solved easily. They got economical, geographic and political importance. Even though islands are small their importance predicts that this dispute has no simple solution and can spark large conflict in the region in the future. Upward trend of crisis is growing and future lack of natural resources and growing nationalistic movements can escalate into the large conflict.

7 CONCLUSION

Both Spratly and Senkaku/Diaoyu Islands even though their overall usable area is very small they are playing significant role in the surrounding states. Both disputes forms serious problems in the area and bad handling of the territorial disputes can easily result into the armed conflict. What more armed conflict between the actors can result into the interference from the USA, they said they would protect the nautical routes in the South China Sea. Interference of the USA could escalate in to global conflict. (Mayer, 1996) From this and many reasons is necessary to take appropriate steps to ensure that these disputes are going to be solved on the diplomatic level through the ASEAN regional forum and other platforms for mutual cooperation.

Chinese actual foreign affairs policy differs in many points from their official concept of harmonious world: Meaning peaceful development and harmonious society at home. The two case studies in the thesis are showing us the sharp behavior of the China in the claimed waters, for example the 1988 clashes with the Vietnam where were over 60 Vietnamese soldiers executed in the water. During 1995 Mischief Reef saw accidents and numerous of skirmishes in the Senkaku/Diaoyu and Spratly Islands area. (Raman, 1999)

Part of the thesis analyzed the dispute of the Spratly islands. This case showed us the importance of the Islands in the region. According to the opinion of the author the most important issue is strategic location of the Islands. Despite other factors like possibility of natural resources or rich fishing areas is ownership of the Islands most

important because of their strategic location. Large amount of trade that goes through the trading routes close to the disputed Spratly Islands causes involvement of actors even not from this region like the USA. (Mayer, 1996) In the Spratly Islands we can find over 50 garrisons from the claiming states. (Bouchat, 2013) These garrisons reflect last decades of skirmishes between the claimants, most frequently between China and Vietnam. (Raman, 1999) We can clearly see that this dispute is a complex issue with number of claimants. Dispute is resolvable by mutual cooperation. Suggestion of the author is establishing of the multinational company owned equally by all of the claimants. Profit from the oil and gas deposits should be distributed among the claimants equally. Establishing of this company should lower the tensions caused mostly by the economic questions. Prediction of oil and gas deposits differs but we can suggest that they are some in the area. (Raman, 1999) Establishing of the company should slow down Chinese aggressive behavior in the area driven mostly by the economic ambitions and thus lower the tensions in the area of Spratly Islands. (Raman, 1999) By this act claimants could gain profit from the area equally and also nationalistic feelings in the countries could be prevented from explosion of riots like recently in Vietnam because no country would lose its face. (Hodal, Kaiman, 2014) Malaysian assistant director of ASEAN Lye Liang Fook states that China is acting hard in the region and that it should follow their official foreign affairs policies of mutual respect and mutual benefiting or it should lose credibility in ASEAN. (BBC, 2013)

UN Convention on the Law of the Sea (UNCLOS) helped in jurisdiction determination in the area but it should more specify some of the points like for example the status of the features in the sea because some of them are just reefs and shoals and claimants are building from them the proper islands. (Chu Chun, 2015) UNCLOS defined Exclusive Economic Zones (EEZ), enclosed seas, sea boundaries, different statuses of the islands etc. but still left some place for speculations leading to other territorial disputes. Article 121 from the UNCLOS states that islands can provide EEZ and limit the continental shelves but only occupied islands do not grant these rights. But the clear definition of what is an island is missing. Problem is if the small rocks and reefs can be considered as Islands and later misused. We have to also take into the consideration role of the USA in the region. For the USA biggest concern is maintaining of the current trade route. Freedom of the sailing is important for the world economics.

(Bouchat, 2013) USA relations and mainly economic interests with China can help to sustain peace in the region.

Next part of the thesis analyzed the Senkaku/Diaoyu dispute over the China and Japan. Both sides are claiming the Senkaku/Diaoyu Islands as their territory. China is arguing mostly from the Historical point of view and Japan from the legal point of view. Senkaku/Diaoyu Islands dispute consists of elements that cannot be solved easily. They got economical, geographic and political importance. Even though islands are small their importance predicts that this dispute has no simple solution and can spark large conflict in the region in the future. Upward trend of crisis is growing and future lack of natural resources and growing nationalistic movements can escalate into the large conflict. We can see biggest problem that dispute over the islands is growing last four decades and incidents are occurring more and more often. Like in the Spratly Islands dispute USA plays significant role in the dispute. USA states that in case of armed conflict is ready to protect Japan as its ally according to the USA-Japan security agreement. (EMB Japan, 2012) Japan declared to continue promoting the Mutually Beneficial Strategic Relationship with China from this broad perspective.

Another important issue is that dispute over the Senkaku/Diaoyu islands can show political weakness of both actors. In Japan and China nationalistic movements are protesting and relent action can be seen as weakness of each government. This is an important issue that both sides have to deal with. Japan has got territorial conflicts with Russia and Korea. Others can use weak behavior in the Senkaku/Diaoyu case very easily. (Turcsányi, Ondrejcsák, Mayer, 2014) Japan knows that another Chinese boycott of Japanese goods can cause enormous economical loses like in 2012. (Wikipedia, 2012) Also China can stop exporting of the rare earth metals into the Japan and thus caused problems in production of the electronics. According to the Tetsuo Kotani, Japanese maritime security expert points out that China claims Senkaku/Diaoyu Islands to conduct ocean surveillance and to block other countries research. Situation can change only if China changes completely its policy in the area and start further dialogue with Japan. (BBC, 2013) According to Kotani is dispute not about ownership or nationalism. It's about anti-access/area denial strategy (A2/AD). China wants to use the Senkaku/Diaoyu Islands as advanced base that offers quicker reaction to the possible

intruder. (BBC, 2013) This and many other facts mentioned in this thesis make solution very difficult and unpredictable.

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LIST OF ABBREVIATIONS

ASEAN	Organization of South East Asian Nations
EU	European Union
ROC	Republic of China on Taiwan
PRC	People`s Republic of China
USA	United States of America
UNCLOS	The United Nations Convention on the Law of the Sea
FTA	Free Trade Agreement
SCO	Shanghai Cooperation Organization
CNOOC	China National Offshore Oil Corporation
SINOPEC	China Petroleum and Chemical Corporation
CNPC	China National Petroleum Corporation
LNC	Light Natural Gas
ADIZ	Air Defense Identification Zone
EEZ	Exclusive Economic Zone
ODA	Official Development Assistance
A2/AD	Anti-access/area denial strategy

APPENDIX A

Appendix A: Map of the Spratly Islands



(Source: EIA, 2011. Available at <http://energyinasiablog.com/2011/10/the-spratly-islands-dispute-defining-sea-lane-security/>)

APPENDIX B

Appendix B: Map of South China Sea dispute with graphical projection of the EEZ of each claimant in comparison with Chinese claimed area



(Source: NATO, 2014. Available at: <http://natocouncil.ca/territorial-disputes-in-the-south-china-sea/>)

APPENDIX D

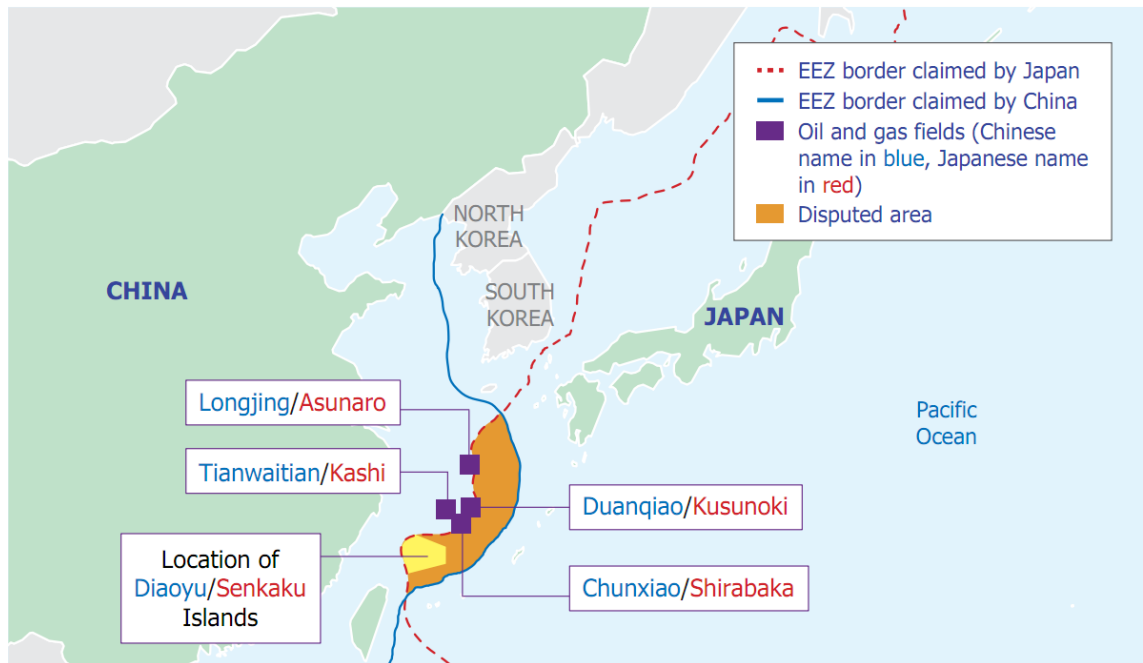
Appendix D: Location of the Senkaku/Diaoyu Islands



(Source: VOA, 2012. Available at:
<http://www.voanews.com/content/article/1516744.html>)

APPENDIX E

Appendix E: Map of claimed areas by Japan and China with oil fields



(Source: NATO Council, 2013. Available at: <http://natocouncil.ca/the-senkaku-islands-tension-remains-high-between-japan-and-china/>)