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SINO-JAPANESE RIVALRY: SHOULD EAST ASIA INTERVENE?

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ABSTRACT

The fractious historical disputes, vastly diverging approaches to national governance, and relative standing as being the most prominent countries in East Asia have led several analysts to posit that the bilateral relationship between China and Japan is inevitably unstable, ultimately leading to confrontation and possible conflict. Acknowledging the criticality of the Sino-Japanese relationship in the East Asian region and the fluctuating character of their rivalry, this analysis argues that a regional intervention is not warranted or advisable under the auspice of ASEAN. To reach its synthesis, this study examines the benefits of the Sino-Japanese rivalry afforded to ASEAN, the improbable need for an intervention and some of the inherent limitations preventing a meaningful regional intervention.

INTRODUCTION

Internationally, the dramatic economic, political and military rise of China is possibly one of the most recognized developments in recent history.¹ Experiencing unprecedented economic growth, China has steadily expanded its influence over the last two decades by adopting a distinct political approaches and by making its presence in Asian institutions that were integral to affairs of the region. China's proactive engagement in regional matters has been witnessed in multiple policy venues - a level of involvement paralleling its increased engagement on the international scene.² Promoting what it characterizes as the "quiet rise"³, Beijing's diplomacy has made deliberate and judicious use of bilateral and multilateral relations to be perceived as a nation capable of compromise and committed to East Asia's success. Such a strategy appears to be paying dividend, as many countries in the region have revised their relations with Beijing. Most nations in China's periphery now perceive the country as an advantageous neighbour and constructive regional partner. However, such enthusiasm is not shared unanimously in the

¹ G. John Ikenberry, "The Rise of China and the Future of the West : Can the Liberal System Survive?" *Foreign Affairs*, (January/February 2008) last accessed 10 March 2013.

<http://www.foreignaffairs.com/articles/63042/g-john-ikenberry/the-rise-of-china-and-the-future-of-the-west>
²David Shambaugh, "Asia in Transition: The Evolving Regional Order" *Current History*, vol. 105, issue 690 (April 2006):155.

³Beginning in late 2003, senior Chinese leaders and renowned analysts began publicizing the notion of "peaceful rise" (heping jueqi) as "the new pathway" (xin daolu) as the strategic choice for China's future. Recognizing that their growing influence in economic and security affairs was quickly mounting and that it generated concern amongst the region, Chinese leaders began broadcasting this new approach. The aim of the peaceful rise strategy is to make China's rapid ascendance in the 21st century as non-threatening as feasible; mainly by ensuring that China's peaceful rise lies in two-way integration and engagement. Such diplomacy promotes China as integrated with the world and respectful of existing international norms and rules. In this way, China is advertising its non-threatening image via the promotion of public diplomacy while expanding free trade and cooperation within the region. Succinctly, China's strategy of rising quietly calls for the country to not explicitly come into conflict with other powers. For more information see Guo, Baogang, and Chung-Chian Teng. *China's Quiet Rise: Peace Through Integration*. Lanham, Md.: Lexington Books, 2011.

region. China's dramatic rise has elicited deep concern among some neighbouring countries. Envy and economic benefits aside, China's continuous gain of influence and aggressive increase in defence expenditure has been perceived as posing significant challenge to the regional power balance.⁴ The notion of China developing as a dominant regional hegemon combined with the increasing threat of a strong military presence, have tempered some regional relations in recent years, none more than those shared with Japan.

China and Japan's relationship, or Sino-Japanese relations, are still remaining in the shadows of the past. Since the end of the Cold War, this relationship has often been unstable, deeply suspicious and at times hostile⁵. Territorial issues, historical matters and increases in military spending have literally pitted the two Asian powers in a dangerous politico-military rivalry. The ambivalence of this bilateral relationship has been exacerbated by China's economic development and Japan's economic rebound, posing an unprecedented challenge for both nations. For the first time in recent history, China's advancement and Japan's re-emergence in East Asia has set the tone for a competition to secure superior power. But if concerns about loss of power and influence, historical distrust, and desire for political and economic leadership over the region have resulted in a political rift between China and Japan, increased economic interdependency and cooperation have tempered such uneasiness. True to Montesquieu's famous quote

⁴David Shambaugh, "China's Military Modernization: Making Steady and Surprising Progress," in Tellis and Wills, eds., *Strategic Asia 2005-06*, pp. 67-103; U.S. Department of Defense, *The Military Power of the People's Republic of China 2006*, June 2006.

⁵Reinhard Drifte, *Japan's Security Relations with China since 1989: From Balancing to Bandwagoning?* (London: Routledge, 2003); Wan Ming, *Sino-Japanese Relations: Interaction, Logic, and Transformation* (Stanford: Stanford University Press, 2006).

“Wherever there is commerce, there the ways of men are gentle”⁶, economic relations have played a crucial role in recent Sino-Japanese relations by strengthening the basis of their political standings, providing a balm in times of need, and by easing the way to formal diplomatic relations. Hence, the regional powers of China and Japan have been, up to this point, capable of maneuvering around confrontational diplomatic issues for their mutual interests and those of the region.

Despite considerable bonds in trade, investment, and cultural exchange, unreliable and brittle relations rest in the realm of security. As such, the Sino-Japanese rivalry is an outlook of which policy practitioners and scholars focus attention and concern.⁷ The fractious historical disputes, vastly diverging approaches to national governance, and their relative standing as the two most prominent powers in East Asia have lead several analysts to posit that the bilateral relationship will be inevitably unstable, and will ultimately lead to confrontation and possible conflict⁸. Perhaps more evocative, is the recent escalation of events surrounding the Senkaku Islands⁹, which has brought about a plethora of publicity often characterizing the Sino-Japanese territorial dispute as a

⁶Montesquieu cited in Albert O. Hirschman, *Rival views of Market Society*, (New York: Viking,1986) 107-108.

⁷Manicom, James, and Andrew O'Neil. "Sino-Japanese strategic relations: will rivalry lead to confrontation?." *Australian Journal Of International Affairs*, Vol. 63, no. 2 (June 2009): 214.

⁸Examples of this interpretation can be seen in INSS (Institute for National Strategic Studies), 2007. Sino-Japanese rivalry: implications for US policy, INSS Special Report, April, last accessed 13 March 2013. www.ndu.edu/inss/Research/SRapr07.pdf. Li, Rex, “Partners or rivals? Chinese perceptions of Japan’s security strategy in the Asia- Pacific region,” *Journal of Strategic Studies*, Vol 22 issue 4 (1999): 1-25; and Minxin Pei and Michael Swaine, “Simmering fire in Asia: averting Sino-Japanese strategic conflict,” Carnegie Endowment for International Peace, Policy Brief 44, November 2005. Last accessed 13 March 2013. www.carnegieendowment.org/files/pb44.pei.FINAL.pdf

⁹ Under Japanese ownership since 1895, the islands are referred to as the Senkaky Shoto by Japan and the Diaoyu-tai by China. While China and Taiwan have made respective claims to the territory in the last four decades, Tokyo maintains that the islands are an undisputable part of Japanese sovereign territory, effectively negating the issue of rightful ownership. For further explanation, see “*There does not exist any territorial issue regarding the Senkaky Islands.*” – Japanese spokesperson. Press Conference held by the Japanese Ministry of Foreign Affairs on July 23rd 1996.

volatile, dangerous and an intractable issue¹⁰. Often adopting alarming tones akin of sensationalism, popular media outlets have fuelled the prevailing view that China and Japan are now set on a course towards a dangerous armament of the sea¹¹ and have evoked an almost inexorable logic according to which the island dispute is guaranteed to intensify¹²; a situation that would ravel the prevailing regional equilibrium.

East Asia¹³ is the most economically dynamic region and the Sino-Japanese relations are believed absolutely central to the region, holding high hopes and high fears for the future. While stabilization of the region would likely come further with strong cooperation between China and Japan, the perception is that a confrontation could lead to chaos.¹⁴ Hence, the probability of a conflict between the two regional powers has the potential of unravelling the region and its portrayal by the media is resulting in growing anxiety. Because of its interlinked interests with both powers, the Association of Southeast Asian Nations (ASEAN) has been considered by many as a neutral medium for balancing the two countries on economic and military fronts, acting unofficially as a security association that maintains peace in the South China Sea, a demarcating line between Japan and China. But the non-interference principle in the affairs of states has been respected by regional leaders; a cardinal principle that has lately come under strain

¹⁰ Ian Townsend-Gault, "Preventive Diplomacy and Pro-activity in the South China Sea", *Contemporary Southeast Asia*, vol 20, no2 (1998):171. and Jian Yang, "Navigating Volatile South China Sea" *New Zealand International Review*, Vol. 36, No. 5 (September-October 2011).

¹¹ Jonathan Siboni and Dan Lynch, "*Sino-Japanese economic relations and its geopolitical consequences*" (University of Southern California : School of International Relations Activity Package IR534, East Asian Security Issues, (Fall 2005): 3/20.

¹² Ming Zhang and Ronald N. Montaperto, *A Triad of Another Kind* (London: Macmillan, 1999):3.

¹³ For the purpose of this analyse and unless otherwise specified, the term *East Asia* is used to signify the nations encompassing China and Japan in addition to the nations forming the Association of Southeast Asian Nations (ASEAN).

¹⁴ Jonathan Siboni and Dan Lynch, "*Sino-Japanese economic relations and its geopolitical consequences*" (University of Southern California : School of International Relations Activity Package IR534, East Asian Security Issues, Fall 2005): 1/20.

with many questioning its rationale and urging for regional intervention. Yet, their calls for constructive engagement have so far remained unheeded despite criticism that the region is awaiting helplessly for an armed conflict to erupt.

Although strategic rivalries in world politics “represent the most dangerous form of interstate interaction”¹⁵, this paper will prove that a regional intervention is not warranted in the strategic rivalry that exists between China and Japan. This analysis will examine three key dimensions of the problematic to reach its synthesis. Firstly, it will challenge the widespread concept that the Sino-Japanese rivalry is hindering the region development by exploring the regional benefits that have directly flowed from the dyadic relationship. Secondly, it will demonstrate the relative low probability of a conflict in light of both countries abilities and desire to effectively manage their relationship. Lastly, it will evaluate the construct of the East Asia region along with its organizations to illustrate its non-suitability and inability to intervene in the conflict. Such an analysis, based on research of political analysts, diplomats and scholars, will allow for tackling the crucial question of whether the East Asia region, and more specifically ASEAN, should intervene in the Sino-Japanese relations.

¹⁵ Stinnett, Douglas and Paul Diehl, 2001. ‘The path(s) to rivalry: behavioural and structural explanations of rivalry development’, *Journal of Politics*, 63(3): 718.

CHAPTER ONE

BENEFITS OF THE RIVALRY

For the latter half of the twentieth century, the geopolitical landscape of East Asia has been defined by the bilateral strategic alliances with the United States of America (US) and by several developmental strategies akin of the Japanese model of the “Wild Goose.”¹⁶ Evolving under an America-centric security architecture, the region found itself capable of benefiting from several waves of prosperous economic development, while Japan remained refrained from exercising regional leadership despite an economic renaissance.¹⁷ However, the culmination of the Cold War and China's significant rise in economic power challenged the regional balance of power. While the US remained a military power in the region, its declining presence in the region¹⁸ invariably led to high expectations for the roles of the two Asian great powers, Japan and China, who accounts for approximately seventy-five percent of the economic activity regionally

¹⁶ To use Ozawa's terms, the flying geese theory is a notion originating from Japanese scholars that envisioned Japan as a leading power in Southeast Asia technological developments. The paradigm was developed in the 1930s, but gained in popularity in the 1960s after its author Kaname Akamatsu published his ideas. The flying geese concept is a model for international division of labor in East Asia based on a dynamic comparative advantage. In essence, it claims that Asian nations would catch up with the West as part of a regional hierarchy where the production of commoditized goods would continuously move from the more advanced countries to the less advanced ones. The underdeveloped nations in the region could be considered to be "aligned successively behind the advanced industrial nations in the order of their different stages of growth in a wild-geese-flying pattern. For more details, see Terutomo Ozawa, *Institutions, Industrial Upgrading, and Economic Performance in Japan – The 'Flying-Geese Paradigm of Catch-up Growth*, (Northampton, Massachusetts: Edward Elgar Publishing, 2005):9.

¹⁷ McCormack, Gavan. "Koizumi's Coup." *New Left Review* no. 35 (September 2005): 5-16; Hughes, C.W. and A. Fukushima, "US-Japan security relations: Toward bilateralism plus?", In *Beyond Bilateralism: US-Japan Relations in the New Asia-Pacific*, (Stanford: Stanford University Press, 2003): 55-86.

¹⁸ As asserted by Li Wen, even though United States maintained an impressive presence in East Asia, the US only acts as a major stability factor. For regional development initiatives within East-Asia, China, Japan and ASEAN are the main actors. For more details, refer to Li Wen, "ASEAN's Perception of Sino-Japanese Relations: With Focus on Singapore," in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 84.

and more than fifty percent of military spending regionally.¹⁹ Such a reality gave birth to a quest for regional leadership; a period that saw both China and Japan seeking a new regional power structure.

Throughout the early 1990's, the Sino-Japanese relationship was characterized by a competition between both nations as they strived to realize their respective regional leadership ambitions. Despite the realization that no country could independently play a dominant role in East Asia, neither Tokyo nor Beijing was willing to settle for a lesser leadership role. The issue of national self-image, and the international respect that follows as the most important nation in Asia, has continued to drive relations between Beijing and Tokyo and has sustained a sense of rivalry that has colored their respective policy choices. In essence, both Asian powers have pursued policies of "counter-dominance", directed at hindering the regional hegemony of either power.²⁰ While it is hard to determine the efforts of either country in being the recognized as the sole regional leader, each has worked diligently to ensure it was not overshadowed by the other. At the same time, contextualized against the Sino-Japanese relation developments, Southeast Asia became increasingly more focal to the Chinese and Japanese quest for leadership. Interestingly, their respective maneuvers for influence were not so much aimed at influencing regional events as much as equalizing respective political and diplomatic gains. In summary, China and Japan's growing geopolitical rivalry had taken an intra-regional focus.

¹⁹Éric Boulanger, Christian Constantin and Christian Deblock, "Le régionalisme en Asie : un chantier, trois concepts." *Mondes en Développement*, Vol. 36 Issue 4 (2008) : 6.

²⁰ Amitav Acharya, *Seeking Security in the Dragon's Shadow: China and Southeast Asia in the Emerging Asian Order* (Singapore:Institute of Defence and Strategic Studies, 2003): 17–19.

It is apparent, due to the fluidity in the security environment in Northeast Asia, that a strategic rivalry between China and Japan has been developing over time and will inevitably continue to evolve. However, the demand for regional intervention on the Sino-Japanese rivalry hinges on the flawed assumption that such a rivalry has been strictly detrimental to the region; an assessment that underestimates the often unstated benefits that such a rivalry has promoted. Making a retrospect analysis of institutional, economic, political and security development specifics will demonstrate that a modicum of competition between the two Northeast Asian powers has not necessarily been detrimental, but has benefited the region as Tokyo and Beijing strive to woo their neighbors.²¹ Specifically, it will be demonstrated that the degree of tension between Beijing and Tokyo has led to the emergence of a sense of regionalism, allowing for the emergence of ASEAN as a regional leader and has yielded multiple benefits in the economic, political and security regional sphere. In fact, it is argued that ASEAN and its membership has seen the changes in the East Asian Order and has actively coordinated their relations with China and Japan in order to “gain advantages from both sides” and thus collect the greatest benefits.²²

²¹Lam Peng Er, “Japan and China in Post-Cold War Southeast Asia: Competition and Cooperation,” in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 48.

²² Wen Beiyan, “Yinni, Malaixiya, Xinjiapo zai Dongya hezuo zhong de zuoyong ji qi taidu” (The roles and Attitudes of Indonesia, Malaysia and Singapore in East Asian Co-operations), in *Dongnanya yanjiu* (Southeast Asian study) Vol 4, 2004:12, quoted in Li Wen, “ASEAN’s Perception of Sino-Japanese Relations . . .”, 85.

1.1 Nascent East Asian Regionalism

Since the Koizumi regime, beliefs towards the Sino-Japanese rivalry has been based on a fervent notion that the opposing views of Beijing and Tokyo are inherently negative and detrimental to the region. Under such a perception, many have advocated for an intervention for reconciliation, demanding what has been coined as a “regional solution to a regional problem.”²³ But a closer analysis and study of regional development reveals a secondary effect that proved such a rivalry may have been beneficial to the region. Indeed, the degree of tension between Beijing and Tokyo has given the smaller ASEAN states greater space to maneuver and a chance to engage meaningfully in East Asian regionalism.

The mid-1990's was a crucial period for Southeast Asia. Having benefited from the strong economic growth of both Japan and China respectively, the region grew increasingly fearful of the prospect of a great power rivalry in East Asia, which had the potential to undo the recent regional economic development. Such concerns were fueled by China's phenomenal rise as a growing economic and military power running the risk of sparking an intense Sino-Japanese conflict. Concurrently, the geopolitical rivalry between China and Japan started to center on the region itself as both countries attempted to assert their respective influence. Facing the growing prospect that the region would remain eclipsed in the political and economic weight of China and Japan²⁴ and facing the unpalatable prospect of being forced to side with either of the regional power in case of

²³ The terms used often by ASEAN have now become almost iconic and signify a diplomacy that seeks to address conflict within a regional framework in which external powers interventions would be kept to a minimum.

²⁴ Victor E. Teo, “Southeast Asia Between China and Japan: A Historical Survey,” in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 39.

conflict, the smaller regional nations were constrained to counter this growing influence. However, their individual strategies were fairly limited, a vulnerability that generated a strong impetus to band together as unified actors; a strategy that would yield greater success than if they were to work alone.²⁵ Such a phenomena was well captured by Acharya who asserted that the “non hegemonic construction of Asian security regionalism provided strong motivation for weaker states to resort to collective means to protect their interests.”²⁶ This situation fostered a cooperative approach amongst the region’s weaker states as a means to moderate and counterbalance the growing influence of major regional powers over their collective destiny. This was most likely a necessary means for the smaller Asian states to have some bearing on the development in the North East Asia.²⁷ In short, the rivalry and environment surrounding the dyadic relationship proved to be a strong motivator and one of the catalysts in promoting further cooperation in the region.

Although ASEAN and its ASEAN Regional Forum (ARF) were unable to settle unresolved interstate disputes in Southeast Asia, the gradual spill-over effects from an arising desire for a collective voice in regional matters fostered localized cooperation and generated greater aspirations for regionalism.²⁸ Such a course of events set the path towards a sense of regionalism. But the benefits of this cooperation reached far beyond the ability to exert influence over the larger regional powers. It also made their presence within the region much more visible; the key regional powers are now constrained to take

²⁵ Lam Peng Er, “Japan and China in Post-Cold War . . .”, 34.

²⁶Michael Mastanduno, ‘Incomplete Hegemony: The United States and Security Order in Asia’, in Alagappa, *Asian Security Order*, pp. 143

²⁷ Lam Peng Er, “Japan and China in Post-Cold War . . .”, 39..

²⁸ Men Honghua, “East Asian Order Formation and Sino-Japanese Relations.” *Indiana Journal of Global Legal Studies*, Vol. 17, no. 1 (Winter 2010): 50.

the region in consideration as part of their foreign policy decisions. In this sense, China and Japan must show their willingness and commitment to take part in a “set of strategies within a framework of growing strategic trust.”²⁹ As Mastanduno coined “. . . such collective responses provide not only a means for weaker states to bind stronger ones, but also gives stronger states the means of binding their regional peers.”³⁰ Hence, despite the relatively small and heterogeneous composition of the countries forming Southeast Asia, this nascent sense of regionalism provided a collective voice and a means to influence the regional powers beyond their individual capabilities. Moreover, it incited the commitment of regional powers to the region itself.

1.2 Emergence of ASEAN as a Regional Leader

The positive outcomes from the competition characterizing the dyadic relationship were not solely contained to a nascent sense of regionalism. For the first time in history ASEAN is now enjoying its most intensive relations with both China and Japan; an event that also coincides with a period where Asia is witnessing the first simultaneous existence of an equally strong China and Japan. Such a coincidence is no hazard. Against the backdrop of the Sino-Japanese competition over East Asia regional support, ASEAN was able to rise gradually from its origin as a regional defence organization to become an organization of regional cooperation.³¹ The ascension of ASEAN’s position has been possible due to China’s rapid development, the lack of harmony in Sino-Japanese

²⁹ Julie Gilson, "Strategic Regionalism in East Asia," *Review of International Studies* Vol.33, no. 1 (Winter 2007): 151.

³⁰ Michael Mastanduno, "Incomplete Hegemony: The United States and Security Order in Asia," in Alagappa, *Asian Security Order: Instrumental and Normative features* (Stanford: Stanford University Press, 2003): 143.

³¹ Li Wen, "ASEAN's Perception of Sino-Japanese Relations . . .", 83.

relations, and the rising importance of regional cooperation.³² From ASEAN's standpoint, China and Japan's power balance and the rivalry characterizing the relationship has proved most beneficial to its own interest.

Under the circumstance in which East Asian regionalism gained increasing popularity and support, the rivalry between China and Japan provided the ASEAN countries with a rare occasion to ascent to the position of regional leader. As Wen asserted "In East Asian regional cooperations, mutual checking and balancing between China and Japan produced an outcome in which either side did not possess the capabilities of leading regional cooperations and yet neither side is willing to see the other side occupying the position of leadership."³³ With both China and Japan unwilling to cede the regional leadership role to the other, ASEAN became the only other alternative acceptable to both; making de facto ASEAN the "agreed" regional leader. Arguably, both China and Japan retain key regional leadership roles as ASEAN remains the least powerful regional entity in comparison.³⁴ Yet, it has garnered significant influence in the region playing the important roles of the "third party" and "mediator" and forming an "axis" of exchange among the major East Asian countries. While the relative leadership hierarchy with East Asia is debatable, ASEAN has markedly been able to rise from its origin as a regional defence organization to become a notable entity exercising significant influence and playing a considerable role in managing Southeast Asian regional affairs.

³² *Ibid.*, 82.

³³ *Ibid.*, 87.

³⁴ In his work, Wen makes a sound demonstration of the power that arise from this particular role in the East Asian triangular power relationship. For more details, refer to Li Wen, "ASEAN's Perception of Sino-Japanese Relations . . .", 84.

It follows that such major changes drastically altered the nature and functions of ASEAN. Of note, ASEAN's predominant leadership role, which nested between China and Japan, effectively expanded the ASEAN countries' ability to make decisions, increased their influence, as well as provided them with space for diplomatic maneuvers. Furthermore, this role allowed ASEAN to move away from a historically passive role and effectively transition from its former strategy of "balancing the great powers" to one of "balancing of the great powers."³⁵ Despite limited military and economic capabilities as small powers, the ASEAN states became capable of utilizing their position as a main "axis" to exploit the tendencies of the big powers to both cooperate and compete among themselves, to maximize their gains. Moreover, this linchpin role also enabled them to entice Japan and China to monitor each other's activities while keeping an eye on the developments in Southeast Asia.³⁶ Since the advent of the new century, the ASEAN countries have actively capitalized on the changes characterizing the East Asian Order and have actively coordinated their relations with China and Japan in order to "gain advantages from both sides" all the while ensuring that both regional powers kept a close eye on each other for the greater benefit of the region. In this sense, ASEAN was able to attain an otherwise unlikely critical role in the region; one that would even lead to the rivaling powers courting it in an attempt to secure its trust.

³⁵ Li Wen, "ASEAN's Perception of Sino-Japanese Relations . . .", 83.

³⁶ Chieng-Peng Chung, "Southeast Asia's 'Hedging' relationship with Major Powers of the Asia-Pacific," in *Seeking Alternative Perspectives of Southeast Asia*, ed Andrew T. H. Tan, Michael L.R. Smith and DatoKhuo Kay Kim (Ipoh, Malaysia: Perak Academy, 2004),:292.

1.3 Rivalry as a Benefit Driver

Since the 1950's, Japan-Southeast Asian relations had been focused on enhancing economic growth by extending Official Development Assistance (ODA) and foreign direct investment. Japan had settled into a power position as one of the main participants in the economic development of Southeast Asia which had successfully yielded a secure position as one of the most important partners to ASEAN not only in economic terms, but also in a more comprehensive strategic cooperation. However, China's economic growth since the 1990's changed the regional power hierarchy in Southeast Asia. With its "smile diplomacy" toward ASEAN, China became increasingly active regionally. Proposing many economic and political deals, China quickly emerged as an important partner to ASEAN and diminished Japan's overall level of influence. Conversely, this period was also marked by a steady decline of the Sino-Japanese bilateral relations which has, at least indirectly, heightened the intensity to win over the support from ASEAN.³⁷ Such Sino-Japanese antagonism and aspirations of leadership from both parties not only provided a major driver of structural change but also proved to be a golden opportunity for the region to reap immediate and tangible gains.

With the competing nature of the Sino-Japanese relationship becoming increasingly centered on ASEAN at the beginning of the new millennium, Japan became increasingly worried about falling behind China. This resulted in Japan seeking to expand its regional influence from economic to politics, as well as in the security field and other

³⁷ Tomotake Shoji "Pursuing a Multi-dimensional Relationship: Rising China and Japan's Southeast Asia Policy". Jun Tsunekawa ed., *The Rise of China: Responses from Southeast Asia and Japan* (NIDS Joint Research Series No. 4, Tokyo: The National Institute for Defense Studies, 2009): 170.

innovative areas. Over the last decade, this rivalry has led Tokyo to come up with counteroffers each time Beijing approached ASEAN bilaterally.³⁸ This “action-reaction” cycle became perhaps most evident in 2001 with the announcement by Premier Zhu Rongji of a Free Trade Agreement (FTA) with the ASEAN states. Such a diplomatic development encouraged Japan to reconsider how to regain the initiative in regional affairs; it was not long after that Japan Prime Minister Junichiro Koizumi made a countervailing offer of a “comprehensive economic partnership” to Southeast Asia in 2002³⁹. Such an offer was perceived impossible by Japanese officials only a few months prior.⁴⁰

While it may be tempting to attribute this economic development strictly to business and market consideration and not to the competing efforts of Japan and China to court ASEAN, such an interpretation would overlook some of the underlying motivations that led to these initiatives. A closer examination of China’s motivation for entering in a FTA with ASEAN reveals deeper strategic and political incentives than those solely afforded economically. An assessment corroborated by Lee Kuan Yew who noted that China’s desire to implement the China-ASEAN FTA was “based on strategic considerations that override such competing domestic interests as importers versus exporters and agriculturists versus industrialists.”⁴¹ Indeed, closer and more integrated economic relations with ASEAN offered China the potential of strengthening its regional

³⁸ Nabers, Dirk. *China, Japan and the Quest for Leadership in East Asia*. Rochester, Rochester, GIGA German Institute of Global and Area Studies (2008): 13.

³⁹ Lam Peng Er, “Japan and China in Post-Cold War . . .”, 55.

⁴⁰ Kevin G. Cai, “The ASEAN-China Free Trade Agreement and East Asian Regional Grouping,” *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs* 25, no. 3 (December 2003): 399-400

⁴¹ Lee Kuan Yew, “Contests for Influence in Asia-Pacific Region,” *Forbes* 179, 13 (19 June 2007):25.

influence to the detriment of Japan.⁴² Moreover, Japan's sudden ability and eagerness to enter in an economic partnership with ASEAN can be challenging to explain if it is not for the Sino-Japanese antagonism and aspiration to leadership that resulted in a dyadic interplay between bilateral FTAs and multilateral institutions⁴³. With neither country willing to see ASEAN closer economically to the other, China and Japan's financial efforts have accelerated the unification of the Asian market. This has obviously brought about profitable gains to ASEAN economic development which has been heavily reliant on foreign trade.⁴⁴ Similarly, Japan was forced to reconsider its position towards the Treaty of Amity and Cooperation (TAC) in Southeast Asia following China's ascendance to the treaty. Having previously anticipated that the non-interference clauses of the treaty would limit its diplomacy,⁴⁵ Japan had to once again "hastily" reconsider its former position in light of China's clear commitment towards a comprehensive partnership with ASEAN; a policy revision that favored ASEAN.

The political rivalry between China and Japan also generated an impetus for closer and broader regional arrangements. Having been historically blamed on its indecisive regional policies that often alternated between "asianism" and "internationalism", Japan also felt strongly pressured to strengthen its community approach. As Terrada demonstrated, the China-ASEAN Free Trade Area (CAFTA) not only led Japan to create

⁴² Yang Jian, "The Spratly Dispute, Southeast Asia and Sino-Japanese Relations: Interests, Constraints and Policies," in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 222-223.

⁴³ Dirk Nabers, *China, Japan and the Quest . . .*, 6.

⁴⁴ Yunling Zhang, *hongguo yu zhoubai guojia: goujian xingxing huoban guanxi (China and its Neighbours: Constructing New Partnerships)* (Shehui Kexue wenxian chubanshe, 2008) P99-100.

⁴⁵ Tomotaka Shoji, "China's Rise and Japan's Changing Approach Toward Southeast Asia: Constraints and Possibilities," in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012):70.

a Japan-ASEAN comprehensive economic partnership agreement, but also elicited a desire to avoid isolation from the rest of East Asia.⁴⁶ In this respect, Japan supported the idea of ASEAN + 3 at the 2002 ASEAN-Japan Summit while at the same time promoting that the East Asia Summit membership be extended to India, Australia and New Zealand. While arguably met to counter China's physical size, expected growth and overall influence, it also had the secondary effect of fostering the rapid institutionalization of the Pan-Asian idea. In summary, the Sino-Japanese competition for influence was a contributing driver that precipitated the process of regional integration.⁴⁷

In the same arena, evidence strongly suggests that China and Japan have deliberately used foreign aid and monetary assistance competitively rather than cooperatively, all with the intent to further their regional status. While there is little point in contesting the vastly larger contributions of foreign and monetary aid of Japan in comparison to those of China, it is nonetheless revealing to examine the rivalry that exists for the heart and minds of the neighboring countries. As Dreyer has posited, both "countries have used foreign aid to enhance their access to those countries' markets and raw material."⁴⁸ The South Asian tsunami disaster of 2004 illustrates this point as China felt the need to up the ante in light of Japan's generosity. Shortly after the disaster, China offered slightly over two million dollars in relief assistance, only to subsequently raise it to sixty-three million after the announcement of Japan's five-hundred million dollars assistance package. As the Los Angeles Times newspaper observed, China's action demonstrated a willingness to "recast itself as a kinder and gentler neighbor" while

⁴⁶ Takashi Terada, "Japan and The Evolution of Asian Regionalism," GIARI working paper, vol. 2007-E-3.

⁴⁷ Straits Times, December 24, 2005.

⁴⁸ June Teufel Dreyer, "Sino-Japanese Rivalry and its Implications for Developing Nations." *Asian Survey*, Vol.46, no. 4 (July 2006): 548.

further noting that a number of China's observers perceived this collaborative effort as an attempt to bolster its regional standing, assert its leadership role and provide a concrete example of how its regional participation translated into direct actions.⁴⁹ An assessment equally supported by Gilson who concluded that, "For China, its participation in the response to this regional crisis was seen to hinge on its comparative response to that of Japan and the US and its presentation in terms of regional cooperation."⁵⁰ Thus, the contest between Japan and China in terms of soft diplomacy has yielded to greater advantages to nations in need; a phenomenon that has been equally observed in the Greater Mekong Sub-regional (GMS) development which has also been able to collect some of the secondary benefits of the Sino-Japanese competition. As Shoji noted, the contest for leadership of the GMS between the two countries led both nations to put forward enticing and appealing proposals⁵¹ to the benefit of Thailand, Laos, Cambodia and Vietnam.

Conversely, the wide-shared perception that Japan has been mainly "reactive" to China's "proactive" approach towards ASEAN also led to profound changes in Japan's foreign policy. Particularly in the respect that Japan has been in urgent need of readjusting its policy towards Southeast Asia to remain relevant and competitive in views of China's rapid rapprochement to ASEAN. Such an incentive has driven Japan to explore previously improbable areas of regional cooperation in search for new ties with ASEAN. As highlighted by Shoji, recent Japanese policy development "show that the

⁴⁹ *Los Angeles Times*, 6 January 2005; *New York Times*, 4 January 2005.

⁵⁰ Gilson, Julie. "Strategic Regionalism in East Asia . . . , 159.

⁵¹ Tomotake Shoji "Pursuing a Multi-dimensional Relationship: Rising China and Japan's Southeast Asia Policy". Jun Tsunekawa ed., *The Rise of China: Responses from Southeast Asia and Japan* (NIDS Joint Research Series No. 4, Tokyo: The National Institute for Defense Studies, 2009): 181-182.

Japanese government has regarded non-traditional security issues as important to further develop the relationship between Japan and ASEAN.”⁵² Clearly motivated by China’s proposals and commitments to the region, Japan’s policy towards ASEAN has been changing and evolving, becoming more committed and diversified. Such changes have been most beneficial to the region as the new stance adopted by Japan offers the potential to address some of the core vulnerabilities of ASEAN as a diplomatic organization. Of important note, the competition has also ensured that Japan remains engaged in the region,⁵³ a conclusion that has been equally valid for China. Such a commitment is not only worthwhile short term, but will also pay ASEAN dividends well into the future.

The above factors exemplified some of the benefits that have flowed from the Sino-Japanese rivalry. As counter-intuitive as this may appear, a continual rivalry and competition between China and Japan holds the best regional prospect. As Wen observed, if either side dominates, it would be near impossible for ASEAN to maintain a balanced order and its role as “regional mediator” would dramatically lessen.⁵⁴ Conversely, if Japan and China were to reconcile and form an alliance, the regional leadership role of ASEAN would become negligible, diminishing this influence considerably. Moreover, what this has showed is that the competition and resulting attempts of both regional powers to assert their regional influence has at the same time induced them to provide “public goods” for the greater benefit of the region.

⁵² Tomotaka Shoji, “China’s Rise and Japan’s Changing Approach Toward Southeast Asia: Constraints and Possibilities,” in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012),73.

⁵³ Takashi Kitazume, ”ASEAN sees the brighter side of Japan-China leadership rivalry”, *The Japan Times*, 2005/03/10

⁵⁴ Li Wen, “ASEAN’s Perception of Sino-Japanese Relations . . .”, 89.

Conclusion

Despite a negative connotation often associated with the Sino-Japanese rivalry, a detailed examination of institutional, economic, political and regional security development illustrate that the competition between China and Japan has actually been beneficial to the region. By reviewing the political dynamics between the two Asian major powers, this chapter demonstrated that a modicum of competition does not necessarily justify a regional intervention. Conversely, this analysis further demonstrated that the dyadic rivalry for regional leadership has been advantageous to Southeast Asia, in that such a competition has led both China and Japan courting ASEAN, a situation that brought about numerous benefits to the latter. This courtship is most notable in the emergence of East Asian regionalism, the establishment of ASEAN as a regional leader and the multiple benefits witnessed in the economic, political and security regional sphere. This analysis further demonstrated that the animosity between China and Japan proves to be a strong motivator for both nations to play a significant part in the region and in many respects, drives economic and security initiatives that had been previously assessed as unlikely. It is likely in the best interest of ASEAN to maintain China and Japan's counter-reaction strategies, so that it may continue to gain even greater international room and reap even greater political and economic benefits. The only risk to this is the possibility of the rivalry intensifying into a conflict; a prospect that neither China nor Japan is willing to accept.

CHAPTER TWO

THE IMPROBABLE NEED FOR AN INTERVENTION

Unlike breathing, eating, or sex, war is not something that is somehow required by the human condition or the forces of history. . . . Conflicts of interest are inevitable and continue to exist within the developed world. But the notion that war should be used to resolve them has increasingly been discredited and abandoned.

— John Mueller⁵⁵, *Retreat from Doomsday: The Obsolescence of Major War*

The prospect of a Sino-Japanese conflict continues to be one of the most multifaceted and potentially risky security issues facing East Asia. The fluctuation of tensions from the late 1990's to present demonstrates that few other dyadic relationships have influencing potential over the economic and security issues surrounding the region to the same extent. Therefore, it is unsurprising that the increase in frequency and intensity of the disputes between China and Japan has fuelled concern over the possibility of a confrontation; a situation that has led to a burgeoning of scholars debating the prospect of a Sino-Japanese conflict. Many advocate that the gradual escalation in disagreements that have evolved from historical sensitivities to real politics will undeniably lead to a clash. In accordance with this line of thinking and understanding the destabilizing effect such a conflict would have on the East Asian region, many have advocated for a regional intervention aimed at preventing such an occurrence. However, while the presence of the Sino-Japanese rivalry is unlikely to disappear in the near future⁵⁶ and acknowledging that the East China Sea territorial dispute offers reasonable

⁵⁵John Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (Basic Books, 1989), ix.

⁵⁶Ming Wan points out that although the current rivalry could be described as a “limited phenomenon”, the Sino-Japanese relationship is more likely to be characterised by antagonism than friendship in the future. For more details, see Wan Ming, *Sino-Japanese relations: interaction, logic and transformation* (Stanford: Stanford University Press, 2006), 331-346.

grounds for escalation, the conclusion that a strategic impasse will result in a direct opposition of China and Japan cannot be based solely on the mere possibility of natural resources or minor territorial claims. To appropriately ascertain whether the potential for conflict between China and Japan is truly likely, one must also conduct a balance analysis of motivation and cause for restraint. Making an analysis of this relationship, it will be demonstrated the unlikelihood of China and Japan entering a military conflict. This conclusion will be supported by highlighting: i) the improbable nature of a military conflict in the East China Sea; ii) the consequences that a military conflict would entail on their bilateral relationship; and iii) the ability and willingness of both nations to manage their differences under conditions of strategic rivalry.

2.1 The East China Sea

The analysis of the East China Sea and the Senkaku/Diaoyu Islands⁵⁷ territorial issue offers a unique perspective and opportunity to examine the likelihood of a Sino-Japanese conflict. Of all the issues currently testing this relationship, this is broadly accepted as the most likely site of a future conflict between China and Japan.⁵⁸ To be fair,

⁵⁷ China's claim to the Senkaku/Diaoyu Islands rest on three arguments. Firstly, China asserts that Japan agreed to return the islands to Taiwan along with all other 'occupied' territories under the terms of surrender following Japan's defeat in the Second World War. Secondly, Beijing maintains that the islands are historically Chinese by virtue of the acts of prior discovery, use and ownership of the 'Diaoyu-tai'. Finally, the Chinese highlight Tokyo's pre-1885 prior acknowledgement of Chinese ownership of the 'Diaoyutai' as evidence of Japan's illegal occupation of the islands. For amplification, see William B. Heflin, "Diaoyu/Senkaku Islands Dispute: Japan and China, Oceans Apart," *Asian-Pacific Law and Policy Journal*. APLPJ 18. 2000, last accessed 10 March 2013, http://blog.hawaii.edu/aplpj/files/2011/11/APLPJ_01.2_heflin.pdf.

⁵⁸For examples, see Kent E. Calder, "China and Japan's Simmering Rivalry," *Foreign Affairs* 85, no. 2 (March/April 2006): 129-39; Arthur S. Ding, "China's Energy Security Demands and the East China Sea: A Growing Likelihood of Conflict in East Asia?," *The China and Eurasia Forum Quarterly* 3, no. 3 (November 2005): 35-38; Michael T. Klare, "Fuelling the Dragon: China's Strategic Energy Dilemma", *Current History* 105, no. 690 (April 2006): 185 and Karl E. Kruse. "Realism and Energy Security of Oil

there is a high correlation between war and territorial disputes.⁵⁹ A second issue, perceived by many analysts as grounds for concern, factors the nexus of a resource rich disputed area by energy starved claimants seeking energy security.⁶⁰ Moreover, the Senkaku/Diaoyu Islands issue is perceived as a zero-sum game in terms of energy security, sea rights and nationalist attachment that have all contributed to a demonstration of military power and confrontational rhetoric over recent years. It is clear therefore, that the potential of vast amount of natural resources, proximity to the Senkaku/Diaoyu Islands and their ownership⁶¹ and the control of sea area so close to both states has a significant bearing on long-term security concerns of the region.⁶² It then follows that the two countries ability to handle this specific issue is a testament of their capabilities in managing their relationship in the future.⁶³

Supplies and Japan and China: Why Conventional (Realist] Wisdom is Wrong", *International Studies Association 49th Annual Convention* (San Francisco. CA: 2008).

⁵⁹Michael Colaresi, Karen Rasler and William Thompson, *Strategic rivalries in world politics* (Cambridge: Cambridge University Press, 2008): 17. and John Vasquez, "Distinguishing rivals that go to war from those that do not: a quantitative comparative case study of the two paths to war", *International Studies Quarterly*, volume 40, issue 4 (December 1996): 531-558.

⁶⁰ James Manicom, "Sino-Japanese Cooperation in the East China Sea: Limitations and Prospects." *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs*, Vol. 30, no. 3 (December 2008): 456.

⁶¹ The Japanese continue to counter Beijing's claims of ownership with three arguments of their own. Firstly, Japan has legal possession over islands which Tokyo views as sovereign national territory. From the Japanese standpoint, the Senkaku Islands were "terra nullius" before Japan formally annexed them in 1895. Secondly, the Japanese have continuously and peacefully held control and sovereignty over the 'Senkaku Islands' for over one hundred years. Lastly, by virtue of the fact that China remained almost completely silent about Tokyo's occupation for the best part of seventy years, the Japanese maintain that China acquiesced to Japan's sovereignty over the islands. For amplification, see William B. Heflin, "Diaoyu/Senkaku Islands Dispute: Japan and China, Oceans Apart," *Asian-Pacific Law and Policy Journal*. (APLPJ 18. 2000), last accessed 10 March 2013.
http://blog.hawaii.edu/aplpj/files/2011/11/APLPJ_01.2_heflin.pdf

⁶² James Hsiung, "Sea Power, the Law of the Sea, and the Sino-Japanese East China Sea "Resource War," *American Foreign Policy Interests* 27, no. 6 (December 2005): 513-529

⁶³ William B. Heflin, "Diaoyu/Senkaku Islands Disputes : Japan and China, Oceans apart," *Asian-Pacific Law and Policy Journal*. (APLPJ 18. 2000): 2. last accessed 10 March 2013.
http://blog.hawaii.edu/aplpj/files/2011/11/APLPJ_01.2_heflin.pdf

Since the mid 1990's, the Senkaku/Diaoyu Islands and their potentially rich resources have been grounds for competing interest between China and Japan in the East China Sea. However, the coincident rise of both neighbours to the top ranks of the planet's importers of oil and gas⁶⁴ over the last two decades has elevated the importance of the East China Sea seabed as both countries attempt to secure natural resources. Bearing the potential of significant economic wealth in close proximity to both China and Japan's shorelines, this territorial dispute has been a source of confrontation with both countries seemingly unwilling to make any concession. Specifically, this resource-based rivalry poses potential for conflict for three reasons. Firstly, the ownership of the East China Sea would appoint rights to potentially valuable hydrocarbon reserves. Secondly, rising energy consumption and natural gas development have been highlighted as a priority by both countries. Lastly, both parties appear prepared to pursue politically costly resources through non-market means.⁶⁵ Nevertheless, there are significant hurdles in combination with the massive cost of pursuing the resources militarily, make a conflict over energy reserve improbable. By analysing the net value of the East China Sea energy resources and their relative usefulness to each country, it will be possible to determine if China and Japan are likely to pursue these territorial resources militarily.

The recent economic growth of China has brought to the forefront a subtle, but mounting competition for energy resources between China and Japan. Some academics,

⁶⁴ The US energy Information Administration report states that for 2011, China and Japan were the top two importers of oil and natural gas amongst 217 registered countries, being only second and third to the United States. U.S. Energy Information Administration, "Countries," last accessed 09 March 2013. <http://www.eia.gov/countries/index.cfm?topL=imp>

⁶⁵ Manicom and O'Neil. "Sino-Japanese strategic relations: will rivalry . . .", 218-219.

such as Calder⁶⁶ and Ding⁶⁷ have argued that the East China Sea hydrocarbon reserve is likely to lead to a confrontation. While the desire of both countries to secure their respective energy sources has been widely publicized, it is highly unlikely that such rhetoric would justify a dispute in the East China Sea. The argument is not that China and Japan are not actively seeking ways to secure resources, rather that the East China Sea resource reserve is an improbable cause for a Sino-Japanese confrontation as the current geological survey indicates the presence of resources not deemed critical by either country.

It is not shocking that the East China Sea hydrocarbon reserve has garnered so much attention. Initially discovered in 1968 by a United Nations Economic Commission for Asia and the Far East (UNECAFE), the geological survey of the Yellow Sea and the East China Sea concluded that “the organic matter deposited by the Yellow River and the Yangtze River may make the continental shelf in this region one of the most prolific oil and gas reserves in the world.”⁶⁸ Subsequent speculation and estimates have continued to fuel high hopes over the years, with some quoting “some 7 trillion cubic feet of natural gas and up to 100 billion barrels of oil.”⁶⁹ But as attractive as these estimates may appear, little oil has been discovered thus far⁷⁰; a reality that makes natural gas the only pragmatic

⁶⁶Calder, Kent, 2006. “China and Japan’s simmering rivalry”, *Foreign Affairs*, 85(2): 129-139.

⁶⁷Ding, Arthur, 2005. “China’s energy security demands and the East China Sea: a growing likelihood of conflict in East Asia?”, *China and Eurasia Forum Quarterly*, 3(3): 35-38.

⁶⁸William B. Heflin, “Diaoyu/Senkaku Islands Dispute: Japan and China, Oceans Apart,” *Asian-Pacific Law and Policy Journal*.(APLPJ 18, 2000): 2. last accessed 10 March 2013. http://blog.hawaii.edu/aplpj/files/2011/11/APLPJ_01.2_heflin.pdf.

⁶⁹Department of Defense, *Annual Report to Congress: Military Power of the People’s Republic of China 2008* (Washington, DC: Office of the Secretary of Defense, 2008): 11.

⁷⁰ The US energy Information Administration report states that the proven reserve of oil in the East China Sea are less than 10% of China’s claims and further indicate that the East China Sea is not expected to become a significant supplier of oil in the medium term. Similar claims and further analysis have been done by academics such as James Manicom and Andrew O’Neil who posit that the reserve of oil in the East

and proven cause for a resource based dispute in the East China Sea. Therefore, the probability of a resource-centric confrontation in the East China Sea hinges on the nationalistic desires and needs of both nations to secure fields of natural gas.

While the prospect of additional natural gas is certainly appealing to both countries, a pragmatic examination of the economic prospects reveals that neither of the countries can advantageously benefit from accessing the East China Sea hydrocarbon reserves. Fundamentally neither country is currently capable of realigning their energy strategy to utilize an increased amount of natural gas in a manner that would significantly offset their current and forecasted energy consumption. Arguably, it is sensible to contend that natural gas is not irrelevant to either country. Critics, such as Bernard Cole have rightly pointed to Beijing's desire to increase its consumption of natural gas from 8% to 10% by 2020⁷¹ while Japan is the world's highest consumer of natural gas. But in contrast to coal and oil, natural gas is not an energy source relied upon to service critical infrastructure such as electricity generation, and current demands have been met without future shortages being forecasted. Therefore, natural gas is not perceived as a critical energy source by either country at this time. Moreover, the relatively small percentage of natural gas utilized to generate energy in either country makes the impact of a possible disruption of imports relatively benign.⁷² Furthermore, China already possesses vast

China Sea are small when taking into accounts economic factors relevant to bring the oil into production. For more details see U.S. Energy Information Administration, "East China Sea," last accessed 09 March 2013. <http://www.eia.gov/countries/regions-topics.cfm?fips=ECS> : Manicom and O'Neil. "Sino-Japanese strategic relations: will rivalry . . .", 219. as well as James Manicom comments in James Manicom, interview by Chris Acheson, July 25, 2011, The National Bureau of Asian Research, *Disputed Claims in the East China Sea*, last accessed 13 March 2013.

http://www.nbr.org/downloads/pdfs/PSA/Interview_Maincom.pdf

⁷¹Cole, Bernard, "Oil for the lamps of China: Beijing's 21st-century search for energy," *McNair Paper 67*, 2003, last accessed 13 March 2013. http://www.ndu.edu/inss/mcnair/mcnair67/01_toc.htm

⁷² Erica Downs, *The Brookings Foreign Policy Studies Energy Security Series: China*

onshore reserves of natural gas while Australia liquid natural gas exports mitigates some of the longer-term worries surrounding resource dependencies from politically fragile areas such as Iran and Russia. The odds of a conflict stemming from a resource nationalism concerning hydrocarbon in the East China Sea are doubtful given the needs of both countries, a perspective reinforced by the inexistence of means to exploit its benefits.

The probability of a conflict over the East China Sea is also constrained by the prohibitive costs associated with exploiting the available resources. As articulated by Manicom and O'Neil, the offshore development required for Beijing and Tokyo requires massive capital investment to transport the gas to the market⁷³; an investment that can only be justifiable if the cost of natural gas rises significantly. Adding to the challenges opposing potential commercialization, development from a Japanese perspective is further complicated by the near impossibility of building a necessary pipeline to Okinawa. Analysts such as Vaclav Smil,⁷⁴ a well published author on energy, environment, food, and history of technical advancement supports the assessment that the distance and the depth associated with the construction of such a pipeline renders its feasibility doubtful and its profitability debatable. Conversely, China has limited gains from pursuing natural gas in the East China Sea as it has a West-East pipeline linking its current exploitation fields to Shanghai. Notwithstanding the joint development witnessed on the Chunxiao natural gas fields which posed significantly less technical challenges than the other unexploited fields, the engineering constraints and economic limitations

(Washington, DC: Brookings Institution, 2003):11.

⁷³ Manicom and O'Neil. "Sino-Japanese strategic relations: will rivalry . . .", 220.

⁷⁴ Smil Vaclav, *Energy at the crossroads: global perspectives and uncertainties* (Cambridge, MA: MIT Press, 2003).

associated with further development of the East China Sea hydrocarbon reserve certainly raises the cost of pursuing this venture.

While drawing mainly on the economic advantages and potential costs deriving from the potential exploitation of the hydrocarbon reserve of the East China Sea, such an analysis supports the assessment of the unlikelihood of conflict between China and Japan over their most probable cause for confrontation. The analysis of the confirmed East China Sea resources in light of both countries energy demands and capabilities outlined the lack of incentive and impetus required to lead to a militarized conflict. The unlikelihood of the potential for an East China sea conflict having been illustrated, it is now appropriate to consider the additional restraint and consequences that a militarized conflict would entail on both nations.

2.2 Causes for Restraint

The analysis as to whether a Sino-Japanese military conflict is likely must weigh the consequences that such a use of force would entail on this relationship. Historically, wars, even large scale wars, often have paid dividend to their winners. While net gains may not have been achieved, the winner was simply better off militarily and politically post-war than pre-war. Even World War I and World War II resulted in the winners being in a better situation having fought the war than if they had just made the necessary concessions to avoid them. But times have changed. In a globalized world characterized by increasingly intricate economics and the consequences of conflicts becoming more costly,⁷⁵ the advent of a military struggle would predictably have a negative impact on

both nations. Consequently, a need has risen to challenge former perceptions and account for mutually shared vulnerabilities. What is to be considered is the implication that would predictably flow from a military conflict between China and Japan. A closer examination of military and economic costs will provide insightful and convincing arguments indicating that neither country wishes to jeopardize their current state of affairs, and highlights the impetus of both nations to exercise restraint.

The debate over the probability of a Sino-Japanese conflict has largely centered on the motivation that would lead either country to enter such a state. However, limited work has exposed the reasons that would lead both nations to exercise restraint. This is particularly deplorable, given the relative importance on international relations. Adding to the challenge is that effective deterrence is often perceived to be only achievable if the costs of waging war are overwhelmingly high. But in reality, war can be deterred if the costs of the conflict are sufficiently high to make going to war less attractive than the alternative. As John Mearshiemer posited, history has shown that states have refrained from military confrontations they believed they could win because the expected costs were deemed too high. A statement which resonates with Sun Tzu, who posited nearly two thousand years ago, "He who wishes to fight must first count the cost.... no man, however wise, will be able to avert the consequences...."⁷⁶ An advice that remains succinctly relevant as the regional powers of East Asia debate the advisability of potential military conflicts.

⁷⁵For a discussion on the occurrence and consequences of conflict in modern times and the assessment that they have become increasingly costly in terms of social misery and human suffering see Swanström, Niklas and Ryosei Kokubun., *Sino-Japanese Relations : The Need for Conflict Prevention and Management*. (Stockholm: Sweden, 2008): 8.

⁷⁶Sun Tzu, *The Art of War*, (Mundus Publishing, 2000): 15.

Over recent years, both China and Japan have undertaken significant efforts to modernize their militaries. While the reasons that have prompted such investment remain a source of significant academic and political debate, few argue that no country can impose a swift and overwhelming military dominance on the other. At the very least, both militaries have the capabilities and arsenal to inflict significant damage to each other. The ability of each country to offer reasonable opposition to the other while being equally unable to impose a swift military victory certainly carries the unpalatable potential for gradual retaliation and protracted conflict. Such an outlook results in a situation where the winning and losing sides may inflict a similar amount of damage and destruction. In short, a military conflict between China and Japan would result in each nation inflicting serious damage on the other with the strong possibility for the hostilities to end in a stalemate. Facing severe military costs and an uncertain chance of success, it is difficult to foresee how either country could achieve a victory at reasonable costs. As Jervis observed in his exposé on nuclear revolution, “prolonged wars fought with modern weapons are likely to exact a fearful toll from the victor; statesmen who understand this will risk a major war only for the strongest of motives.”⁷⁷ Hence, the prospect of severe military costs corroborated to the high probability of response to any military action made by either country results in a situation where both countries are deterred by the cost imposition.⁷⁸

⁷⁷ Jervis Robert. “The Theory of the Nuclear Revolution,” in *The Meaning of the Nuclear Revolution: Statecraft and the Prospect of Armageddon*, (Ithaca, NY: Cornell University Press, 1989): 25.

⁷⁸ Deterrence by cost imposition is achieved when an adversary is convinced that the costs incurred, if he opts to take the action the opposing force is attempting to deter will be severe. For more information, refer to: Department of Defence, *Deterrence Joint Operating Concept* (Virginia: The Defense Technical Information Center, 2004):.23. last accessed 13 March 2013. www.dtic.mil/futurejointwarfare/concepts/do_joc_v20.doc

However, these costs are not solely limited to the nations at war or the military sphere. They may include money expended, economic assets destroyed as well as political goodwill lost.⁷⁹ Equally important in modern times is the effect that conflict may have on international relations that are external to the conflict. As Jervis posited, states are now considering the potential impact of how an unfavourable allied and neutral reaction could potentially outweigh the gains.⁸⁰ Perhaps even more significant is the potential for allied implications. Although the US have clearly indicated that they would not take sides in the Senkaku/Diaoyu Island dispute⁸¹, the credibility of an American resolve to defend Japan and a stable order in the East China Sea is accepted in Beijing.⁸² Such a situation confirms the possibility of a potential conflict to be elevated to nuclear responses,⁸³ a prospect that acts as a strong deterrent to both nations. But while the prospect of a conflict being elevated to nuclear means is certainly cause for restraint on either side, the

⁷⁹ Pearson Higher Education, “War and violence in World Politics: The realist’s worlds” (War in World politics activity package, Chapter 4, 2011): 104. last accessed 13 March 2013.

http://www.pearsonhighered.com/assets/hip/us/hip_us_pearsonhighered/samplechapter/0205082408.pdf

⁸⁰ Jervis Robert. “The Theory of the Nuclear . . .”, 11.

⁸¹ Because the U.S. has declared its neutrality with regards to ownership of the Islands, it is debatable as to whether the U.S. would render military assistance to Japan in the case of a military confrontation over the issue. Such a non-committal position was well captured by the American diplomat and former Ambassador to Japan Walter F. Mondale who affirmed in 1996 that the U.S. would not be “*automatically committed to defend the islands in case of an emergency*”. However, Art. 6 of the Japanese Mutual Defence Treaty of 1955, clearly stipulates that both the U.S. and Japan agree to equate a military attack against either party in the territories under the administration of Japan as it would be dangerous to its own peace and safety. Thus the Japan-U.S. security alliance is inclusive of the Diaoyu / Senkaku Islands. For more details refer to Kimie Hara, “50 years from San Francisco: re-examining the peace treaty and Japan’s territorial problems,” *Pacific Affairs Vol 74*, no. 3 (Autumn 2001): 376–81. Choon-Ho Park, “Oil under troubled waters: the Northeast Asia sea-bed controversy”, *Harvard International Law Journal Vol 14* no. 2 (1973) : 232-233.

⁸² Manicom and O’Neil. “Sino-Japanese strategic relations: will rivalry . . .”, 222.

⁸³ While Japan has not publicly acknowledged its ability to create nuclear weapons, many critics and scholars have contended that Tokyo possesses all of the necessary expertise, technical capabilities and materials to produce nuclear weapons on short notice. Arguably Japanese policy makers have countered these claims by indicating that “Japan’s massive stocks of reactor-grade plutonium are unsuited to manufacturing nuclear weapons”, and that Japan is committed to exploiting nuclear energy for peaceful purposes only. For additional reference, see Manicom and O’Neil. “Sino-Japanese strategic relations: will rivalry . . .”, 228. and Campbell, Kurt and Tsuyoshi Sunohara, 2004. ‘Japan: thinking the unthinkable’, in Kurt Campbell, Robert Einhorn and Mitchell Reiss (eds), *The nuclear tipping point: why states reconsider their nuclear choices* (Washington, DC: Brookings Institution). P229-230.

involvement of the US also has secondary political and economic ramifications and cause for further mutual restraint. Firstly, the further involvement of the US, an external hegemon to the region, would be a political setback for both nations in their quest for leadership and influence in East Asia. Having battled each other for years in an attempt to assert themselves as regional powers, the inevitable involvement of the US in the region as a result of a Sino-Japanese conflict outbreak would be an anti-thesis to their leadership quest and a major setback for both nations. Secondly, the involvement of the US would have significant detrimental impact to the lucrative bilateral arrangements that both countries currently share with the super power; the US ranking second amongst Tokyo's and Beijing's trading partner.⁸⁴ In totality, these explanations provide an important insight. In contemplating a potential Sino-Japanese conflict, the sheer military and political costs appear simply too high. This is especially true when considering that trade provides many of the economic benefits that previously justified conquests.⁸⁵

The argument that predicted economic interdependence would lead to less conflict dates back to the times of David Hume, Montesquieu, Adam Smith and Immanuel Kant, naming a few classical liberals who argued that war, severing trade dynamics, is commercially suicidal. While such a position has been refuted by many realists who remain doubtful about the mitigating influence of economic interdependence, there can be little doubt that the advent of conflict between China and Japan would be detrimental to both economies. In a globalized world characterised by increasingly intricate economics, the advent of a military conflict would predictably be negative to both nations. While

⁸⁴ National Bureau of Statistics of China - Statistical Communiqué on the 2011 National Economic and Social Development - February 22, 2012: last accessed 13 March. 2013.

http://www.stats.gov.cn/english/newsandcomingevents/t20120222_402786587.htm

⁸⁵ Jervis Robert. "The Theory of the Nuclear . . .", 25.

many scholars such as Yihan He,⁸⁶ an assistant professor specialising in research of East Asian security, have argued that there is a limited ability of economic influence to prevent tensions and an armed conflict between China and Japan, recent depth of trade and investments shared between both countries have reached unprecedented levels of any strategic rivals in history. Consequently, a need arises to challenge realist-held perceptions and account for mutually shared vulnerabilities.

Paradoxically to what was seen during the nuclear revolution, globalization and interdependency of economic markets is resulting in a situation akin of deterrence by punishment. Market integration is now so intricate between China and Japan that the economic costs are now driving the costs of conflict to unacceptably high levels. Recognized globally as the most economically interdependent of any two countries, China and Japan's economic wellbeing rely on unhindered bilateral trade and investments from each other; a situation that results in each economy being a hostage to the other. This interdependence is reinforced by both countries remaining acutely motivated by continued economic stability. As Sutter highlighted, "China depends heavily on Japan for economic assistance, for technology and investment, and as a market for Chinese goods. Japan is increasingly dependent on China as a market, a source of imports, and an offshore manufacturing base."⁸⁷ Furthermore, China and Japan possess complementary economies and the interdependence is reciprocal. Both countries require the other to

⁸⁶Yihan He, "History, Chinese Nationalism and the Emerging Sino-Japanese Conflict," *Journal of Contemporary China*, Vol. 16, no. 50 (February 2007): 19.

⁸⁷Robert Sutter, "China and Japan: trouble ahead?", *Washington Quarterly*, Vol 25, no 4 (2002): 39.

maintain the state of their economies. Thus, both sides have comparable and vested interests in maintaining their prosperous economic relationship.⁸⁸

China and Japan's economies continue to become increasingly connected, leading to a mutually dependent relationship. Over the last forty years, "the trade between Japan and China has expanded 100-fold in its value."⁸⁹ Succinctly, Shiro Armstrong has demonstrated that Sino-Japanese economic ties have survived the political turbulence since the normalization of diplomatic relations in 1972.⁹⁰ In 2009, China became Japan's largest trade partner, and Japan is China's second-most important trade partner after the US. Equally as convincing is Wen Jiabao's statement, the Premier of the State Council of the People's Republic of China, declaring that in 2010, Japan-China trade was close to three hundred billion dollars. It is also noted that Japan was one of China's major sources of foreign capital, ranking first amongst all countries investing in China as of the end of June 2012, with a cumulative investment of approximately eighty-four billion dollars⁹¹. Furthering this notion, Japan announced in March of 2012 that it had won approval to buy Chinese government bonds of sixty-five billion yuan (approximately ten and a half billion dollars)⁹². With both countries facing fragile international economic conditions and tackling difficult factors such as inflation and an economic downturn, it is difficult to overlook the critical symbiosis that exists between both countries. As well as both

⁸⁸ Manicom and O'Neil. "Sino-Japanese strategic relations: will rivalry . . .", 228.

⁸⁹ Atsumi Chihiro, economic affairs attaché at the Japanese Embassy to China in "Sino-Japanese trade on sound track," *China Daily*, 03 February 2004. Last accessed 13 March 2013. http://www.chinadaily.com.cn/en/doc/2004-02/03/content_302812.htm

⁹⁰ East Asia Forum, "Improving Japan-China relations and the global trading system," Last accessed 13 March 2013, <http://www.eastasiaforum.org/2010/01/18/improving-japan-china-relations-and-the-global-trading-system/>

⁹¹ Amy King, "The Trilateral Summit: a new era in China-Japan relations?" Last accessed 13 March 2013 <http://www.eastasiaforum.org/2011/06/02/the-trilateral-summit-a-new-era-in-china-japan-relations/>

⁹² "Key facts on China-Japan trade and economic ties," *China Global Times*, 22 September 2012. last accessed 13 March 2013. <http://www.globaltimes.cn/content/734634.shtml>

countries expressing the strategic importance of maintaining a sustainable economic growth and prosperity as part of their national policy, both show indication of a growing understanding of the profitable nature of the existing status-quo currently characterizing their relationship.

While realists have refuted that economic interdependence does not cultivate harmonious relations by giving states an economic incentive to refrain from costly conflicts, it is hard to overlook the trade dependencies between both countries which act as a buffer against a serious breakdown of the relationship. Indeed, both China and Japan have found congruent interests to avoid conflict because of the severe consequences conflict would incur on their economic ties. As the Japan Times editorial succinctly captured, “China was once seen as a menace, now, however, China is seen as a customer: a giant market of 1.2 billion consumers with more money to spend than ever before [...] Japan needs the Chinese market to keep its economy going, as much as China needs the Japanese market to continue its rapid growth.”⁹³ A perspective that is reciprocated within China as articulated by an editorialist, “Japan’s cooperation and help are indispensable to China’s growth and development.”⁹⁴ Such an effect has not been limited to an economic dimension as it has also spread to the world of politics, as expressed by the Chinese Ministry of Foreign Affairs, “Japan is our greatest trade partner.”⁹⁵ Despite deeply rooted historical grievances, elites from both nations realize that it would be suicidal to threaten their relationship with one another. At the very least, it is

⁹³ “Opportunity for Mutual Prosperity,” *Japan Times*, 5 March 2004.

⁹⁴ “How Will China and Japan Get Along in the Future?” *People’s Daily Online*, 14 June 2004, Last accessed 13 March 2013, http://www.chinadaily.com.cn/english/doc/2004-06/15/content_339374.htm.

⁹⁵ PRC Ministry of Foreign Affairs web site, statement on bilateral relations with Japan, last accessed 13 March 2013 <http://www.fmprc.gov.cn/eng/wjlb/zzjg/yzs/gjlb/2721/2722/t15971.htm>.

acknowledged that their economic interdependence is sufficiently powerful to make any military winner, an economic loser. While popular rhetoric focused on nationalistic and resource-based predictions that the Sino-Japanese relations would likely continue to worsen and escalate towards an armed conflict, a review of the military and economic costs highlight a shared and common interest for mutual restraint, a conceptual determination supported by empirical evidence.

2.3 Evidence of management

Despite the relative simplicity of mutual restraint and deterrence theories, its value and applicability is often put into question. Indeed, their fundamental value has been challenged by academics and theorists, such as Kenneth Boulding pondering that “... if [deterrence] were really stable [...] it would cease to deter.”⁹⁶ More specifically applicable to the East Asia situation, skeptics continue to question the stabilizing role of interdependent economics and often overlook the restraint imposed by the prohibitive military costs resulting from violent conflicts. Specifically, He has argued the limits of economic influence on Sino-Japanese relations by noting that, “the benefit of economic co-operation cannot neutralize China emotions of historical grievances or ensure smooth political relations.”⁹⁷ Arguably, the effects of resource competition, fluid geopolitics and ultra-nationalistic views have had a destabilizing influence over the region. Unfortunately, it has led to multiple flare-ups throughout history. But while a review of recent history highlights an occasional discord, it also brings to light just as many

⁹⁶ Kenneth Boulding, “Confession of Roots,” *International Studies Notes*, 12 (Spring 1986): 32.

⁹⁷ Yihan He, “History, Chinese Nationalism and . . . , 19.

instances where the two countries have successfully managed their opposing views. A closer examination will reveal pacifying forces which repeatedly encouraged the implementation of measures to prevent and de-escalate a Sino-Japanese conflict.

This pragmatism has been most evident in the East China Sea. Since the 1960's,⁹⁸ the Senkaku/Diaoyu Islands dispute has contributed to five rounds of distinct discord to date. Yet both China and Japan have consistently opted to quietly retreat from the dispute to avoid further inciting actions. In addition to the limited value offered by the Islands, such a dispute is a prime example showcasing that the intricate economic dependence has led both countries to favour tempered approaches rather than attitudes that may have ignited hostility towards the other. Evidence of such is perhaps best illustrated in the de-escalation process of the 1996 situation where trade and financial considerations outweighed strong nationalistic pressures. As clearly voiced in President Jiang's speech at the fifteenth Congress of the Communist Party of China (CCP) in September of 1997, the CCP leaders hoped to prevent any further harm to Sino-Japanese economic relations at a time when an economic reorganization in China was striving towards "accelerating the process of building of a complete market system in the national economy."⁹⁹ As noted by Bong, contesting the Japanese claims over the Islands "would have negatively affected

⁹⁸ It is widely accepted that China and Japan bilateral relationship has grown closer to one another starting in 1972; a year that saw Japan and China embarking on a new era of diplomatic relations as a result of the Sino-Japanese Joint Communiqué issued on September 29, 1972 which has been viewed over the years as a cornerstone of the Sino-Japanese relations. For more details, see Kim N. Hong, "Sino-Japanese Relations since the Rapprochement," *Asian Survey* Vol. 15, No. 7 (July 1975), 559-562 and John Quansheng Zhao, "'Informal pluralism' and Japanese politics: Sino-Japanese rapprochement revisited," *Journal of Northeast Asian Studies*, volume 8, Issue 2 (1989): 65-70.

⁹⁹ Jiang Zemin's report delivered at the 15th National Congress of the Communist Party of China (CPC) on September 12, 1997, entitled "Hold High the Great Banner of Deng Xiaoping Theory for an All-round Advancement of the Cause of Building Socialism with Chinese Characteristics to the 21st Century," last accessed 13 March 2013, <http://www.fas.org/news/china/1997/970912-prc.htm>

China's efforts to secure Japan's support for its deepening economic modernization."¹⁰⁰ Hence, a strong impetus to minimize the damage done to the dyadic relationship can be directly linked to bilateral economic ties. As Min Gyo Koo, a researcher on East Asian economic and security regionalism quoted, "a mutual deterrence from pushing for a more definitive political showdown with respect to the island dispute or other contentious issues has been made in the interest of maintaining the lucrative trade and investment relations that both countries have enjoyed since 1972."¹⁰¹

The relative influence of the cause for restraint and deterrence are not solely visible in the realm of direct actions taken by either country to de-escalate ongoing situations. Realizing that "an escalation could occur although no one wants it to,"¹⁰² both sides have engaged in measures destined to prevent tensions from snowballing out of control. The inability to predict the behavior of subordinates, the emotional reactions of either country, or the simple escalation process associated with conflicts may lead to misperception and misunderstandings bearing undesirable consequences to both sides.¹⁰³ Motivated by a sense of mutual self-preservation, a strong impetus led both countries to adopt conciliatory approaches in key areas. Net progress has been witnessed on confidence-building measures met to prevent an inadvertent escalation of force. Such progress include the creation of a direct phone line between the two defence ministries; allowing swift and open communication between Chinese and Japanese naval forces

¹⁰⁰ Youngshik Daniel Bong, "Flashpoints at sea? Legitimization strategy and East Asian Island disputes," (Ph.D. dissertation in Political Science, University of Pennsylvania, Philadelphia, 2002):77.

¹⁰¹ Min Gyo Koo, "The Senakaku/Diaoyu dispute and Sino-Japanese political –economic relations: Cold politics and hot economics?" *The Pacific Review*, Vol.22 no 2. (May 2009): 228.

¹⁰² Jervis Robert. "The Theory of the Nuclear . . . , 21.

¹⁰³ *Ibid.*, 21-22.

aimed at preventing accidents at sea,¹⁰⁴ while cooperation on energy issues assisted in the establishment of a joint development area and conditions that granted Japanese representatives access to the Chunxiao gas field.¹⁰⁵ While limited in scope, the relevance of these examples cannot be overstated. Being so contradictory to many recent assessments of the bilateral relationship and centering on opposing interests, they exemplify the resolve and motivation of both countries to establish measures aimed at preventing future conflicts. The fact that both countries remained committed to a negotiated solution despite, at times, a fractured relationship is a compelling signifier of a willingness to manage issues perceived as destabilizing: national identity, resources, and military interaction.¹⁰⁶ Such a conclusion was similarly reached by Mochizuki who posited that “Political leaders in Beijing and Tokyo have, for the most part, shown considerable determination and dexterity in navigating a course away from potential confrontation by not allowing tensions over key issue areas to inhibit cooperation on security dialogues and defence exchanges.”¹⁰⁷

Of course, these measures have not resolved one of the most acute issues characterizing the Sino-Japanese relationship. But while the unresolved Senkaku/Diaoyu Island dispute remains, both countries have found it more attractive to avoid or to tip-toe around the risky sovereignty issues, preferring to simply leave them unresolved for now,

¹⁰⁴ MOFA (Ministry of Foreign Affairs), “Meeting between the Japan Coast Guard and the State Oceanic Administration of China,” 20 July 2007, last accessed 13 March 2013, www.mofa.go.jp/announce/announce/2007/7/1174543_830.html and “Japan and China seek stronger ties, set up a hotline,” *Reuters*, 24 October 2008, last accessed 13 March 2013, <http://www.reuters.com/article/naturalResources/idUSPEK26950520081024>.

¹⁰⁵ Xinhua News Agency, “China, Japan reach principled consensus on East China Sea issue,” *China View*, 18 June 2008, last accessed 13 March 2013, http://news.xinhuanet.com/english/2008-06/18/content_8394206.htm

¹⁰⁶ Manicom and O’Neil. “Sino-Japanese strategic relations: will rivalry . . .”, 227.

¹⁰⁷ Mike Mochizuki, “Japan’s shifting strategy toward the rise of China,” *Journal of Strategic Studies*, Vol. 30 Issue 4/5 (2007): 757-758.

rather than compromising the beneficial equilibrium that currently exists. Such an approach was clearly illustrated by Liu Huaqiu, Director of the Foreign Affairs Office of the State Council, who asserted that “China advocates [...] [that] disputes that cannot be settled immediately may be set aside temporarily as the parties seek common ground while reserving differences without letting those differences affect the normal relations between two countries.”¹⁰⁸ A long-lasting approach from China which has recognized the perils of forcing the territorial issues on Japan as early as 1978 when Deng Xianoping stated:

It is true that the two sides maintain different views on this question . . . It does not matter if this question is shelved for some time, say, ten years. Our generation is not wise enough to find common language on this question. Our next generation will certainly be wiser. They will certainly find a solution acceptable to all.¹⁰⁹

Together, these concepts provide an important insight. When ultimately faced with a conundrum that may jeopardize the economic and military stability of both countries, both Chinese and Japanese policy makers tend to contain nationalistic interests in favor of avoiding potential military conflict and deterioration of economic dealings. An outlook that Koo captured in his assessment that, “both parties have found it a convenient strategy to shelve final resolution attempts rather than to risk the rupture of vastly more consequential common strategic and economic interests.”¹¹⁰

¹⁰⁸Suisheng Zhao, “China’s Periphery Policy and Changing Security Environment in the Asia-Pacific Region,” (Cornell University Peace Studies Program, Occasional Paper No.26, May 2002):135-139.

¹⁰⁹ Chi-Kin Lo, *China’s Policy towards Territorial Disputes: The Case of the South China Sea Islands* (New York: Routledge, 1989): 171-172.

¹¹⁰ Min Gyo Koo, “The Senakaku/Diaoyu dispute . . .”, 228.

Conclusion

The need for a regional intervention into the Sino-Japanese relationship hinges on the China and Japan's ability to manage their differences for the benefit of the region. By reviewing the improbable nature of a military conflict in the East China Sea, the consequences that a military conflict would entail on the bilateral relationship and the ability and willingness of both nations to manage their differences under conditions of strategic rivalry, this chapter proved that China and Japan are unlikely to enter a military conflict; a fact that negates the need for any regional intervention. While the perceived most likely cause for conflict escalation lacks the motives to trigger the necessary national interest for confrontation, the economic interdependence and prohibitive costs of any military action imposes a system of control and restraint where no party involved can adopt outright or aggressive behavior. Moreover, evidence strongly suggests that China and Japan are committed to keeping potential conflict at a low, diplomatic and non-military level. In summary, both countries have national and regional interests at stake in managing their relations within strategic realm. Both have a shared stake in maintaining their dynamic economic relationship while a military conflict bares the potential of overwhelming consequences and limited chance of success. If the past is any guide, then, both nation's capitals have demonstrated their capabilities in directing their relationship away from the hazards of conflict through the continued management of their strategic rivalry for the foreseeable future.

CHAPTER 3

REGIONAL LIMITATIONS

*The problem of our time is not how to keep nations peacefully apart
but how to bring them actively together.*

- David Mitrany, *A Working Peace*¹¹¹

The end of the Cold War held dire predictions for Asia. Drawing a parallel to European history, neorealist and neoliberalists alike shared the perception that the region would be entangled in rivalry, power balancing and constant conflicts.¹¹² With an insecurity complex resulting from the major power withdrawal due to the end of the Cold War, western security analysts perceived antagonistic relations to characterize the region and weakening institutions as a cause of great concern¹¹³. Despite being slightly more optimistic, ASEAN's membership steadily grew apprehension towards the implications of China's developing economy and military power. China's military assertiveness coupled with Japan's relative decline was perceived as a plausible cause to an acute Sino-Japanese rivalry,¹¹⁴ while an American response to China's rise had the potential to ignite nationalist and hard-line sentiments within China.¹¹⁵ Concerned about the implication of such an outlook and the possible destabilizing effect on the region, and without any other option for a security organization led by either of the regional powers, the ASEAN countries formed ARF.

¹¹¹David Mitrany, *A Working Peace* (Chicago: Quadrangle Books, 1966), 28.

¹¹²Muthiah Alagappa, *Asian security order* . . . , ix.

¹¹³*Ibid.*

¹¹⁴Amitav Acharya, *Regionalism and Multilateralism: Essays on Cooperative Security in the Asia-Pacific* (Singapore: Times Academic Press, 2002):198.

¹¹⁵*Ibid*, 203.

Since its inception, ASEAN and ARF have experienced a considerable flux in fortune.¹¹⁶ After more than one hundred years of steady dispute and discord, the East Asia region is finally enjoying peace.¹¹⁷ To many, the near absence of turmoil and conflict amongst ASEAN membership for nearly forty-five years is perhaps ASEAN's greatest achievement.¹¹⁸ But the current equilibrium is far from secure. This fact is demonstrated as Northeast Asia remains one of the most militarized regions in the world.¹¹⁹ Amid an armament race, the region remains deeply characterized by a lack of trust and anxiety over regional hegemony, while the close proximity of conflict with real potential for escalation exists.¹²⁰ Moreover, many of the traditional disputes that have previously

¹¹⁶ Narine, Shaun. "Forty years of ASEAN: a historical review." *Pacific Review* 21, no. 4 (September 2008): 411.

¹¹⁷ While authors such as Svensson, Kivimäki, Svensson and Lingren and Tonneson all demonstrate the drastic decline of war related incidents in East Asia post 1979, Timo Kivimäki analytical comparison makes for a convincing argument that the Asian region experienced a steady decline in hostilities since 1967. Specifically, his research illustrates a 99.5% reduction in average annual battle deaths in time from 1980 to 2005 in comparison with the 1946 to 1979 period. His research also indicates a 39.6% decline in intra-state conflict fatalities (when excluding the Philippines), which combined to the notable reduction of one-sided conflict, non-state conflict and criminal mortalities after 1979 illustrates a radical decline in warfare within the region. Hence, from a comparative standpoint, the term "*Asian peace*" appears appropriate, although an argument can be made that some conflicts remained over the period. For amplification, refer to Kivimäki Timo, "East Asian relative peace and the ASEAN Way." *International Relations Of The Asia-Pacific* 11, no. 1 (January 2011): 57-85; Svensson, I. "East Asian peacemaking? Some empirical observations on patterns of conflict management and termination stipulations in civil wars", paper presented at the Annual Convention for the International Studies Association, San Diego, USA, 26–29 March 2008; Svensson, I. and Lingren, M. "From bombs to banners exploring the patterns of unarmed insurrections in East Asia," paper presented at the sixth International Convention for Asia Scholars, Daejeon, South Korea, 7 August 2009; Tønnesson Stein, "What is it that best explains the East Asian Peace since 1979? A call for a research agenda," *Asian Perspective* 33, no. 1 (March 2009): 111-136.

¹¹⁸ Mely Caballero-Anthony, "Mechanism of Dispute settlement: The ASEAN Experience," *Contemporary Southeast Asia* 20 no. 1 (April 1998): 38. Kivimäki Timo. "East Asian relative peace and the ASEAN Way." *International Relations Of The Asia-Pacific* 11, no. 1 (January 2011): 76.

¹¹⁹ According to the Centre for Strategic and International Studies (CSIS), the arms race in Northeast Asia "cost the participating states a total of US\$ 109.1 billion in 2001 alone; a trend in military spending that is almost constantly increasing." For more details, see Center for Strategic and International Studies, *The Asian Military Balance: An Analytic Overview A comparative Summary of Military Expenditures; Manpower; Land, Air and Naval Forces; and Arms Sales* (May 2003): 7&31.

¹²⁰ Swanström Niklas, *Conflict Prevention and Conflict Management . . .*, 32 -33.

sparked armed conflicts remain unsettled,¹²¹ a factor especially relevant since historical dispute is often seen as one of the most reliable indicators in predicting future wars.¹²² Therefore, a significant potential for war continues to loom over the Asian nations.

Such a geopolitical environment is resulting in ASEAN being the focus of global attention and pressure to maintain its twin objectives of economic development and regional peace.¹²³ A victim of its own success, the late 1980's and early 1990's brought much fame to its consensus decision-making, quiet diplomacy and adherence to the principle of non-interference. As such, ASEAN is now seen by numerous theorists and commentators as the main reason for regional peace and capable of solving the Sino-Japanese rivalry. Whether or not ASEAN deserves significant credit for the recent stability in East Asia, the question as to the capability and willingness of ASEAN to intervene in the Sino-Japanese rivalry warrants further consideration. By reviewing ASEAN's willingness to intervene, the mechanisms it has available to do so, and the potential consequences that would flow from a regional intervention on the Sino-Japanese relationship, this chapter will not only prove the challenges of ASEAN intervening in a meaningful way, but also that its involvement would most likely jeopardize its credibility and long-term longevity. Such an analysis, based on research of diplomacy strategists and scholars, will bring light to whether ASEAN really has the means to bring a "regional solution" to a "regional problem" as advocated by so many commentators.

¹²¹Timo Kivimäki, "The East Asian Peace and the ASEAN Way," *Conference Papers - International Studies Association* (Annual Meeting 2008): 1-12.

¹²²As highlighted by Niklas Swanstrom, the repetition of war is one of the most frequent factors cited in the causes- of-war literature. For more details refer to Swanström Niklas, *Conflict Prevention and Conflict Management . . .*, 4.

¹²³ASEAN Declaration, Bangkok, 8 August 1967. ASEAN web pages available www.icnl.org/research/library/files/Transnational/bangdec.pdf Last accessed 17 April 2013.

3.1 Challenges of Diffusing Sino-Japanese Tensions

The analysis as to a potential intervention on the Sino-Japanese rivalry poses several challenges. From the onset, the study of conflict resolution¹²⁴ is often overshadowed by the standard approach to international conflict which generally tends to centre on causes, responsibilities and implications. While it is commonly accepted that “a penny of prevention is worth a pound of resolution,”¹²⁵ the practical application of preventative action seldom receives warranted attention.¹²⁶ This is broadly attributed to the unglamorous nature of non-threatening conflicts which are often costly to resolve and offer limited political gains.¹²⁷ Although scarce in application, theorists have nonetheless successfully developed several mechanisms to conceptually manage disputes.¹²⁸ Unfortunately, little guidelines have been conceptualized to articulate the framework within which regional organizations should act. This is particularly acute and puzzling in Asia where Westerners often have a tendency to misconceive the security regime of the

¹²⁴ To re-use the terms of Michael Lund, a long prominent writer in the field, the definition of conflict prevention can be summed as “any structural or intercessory means to keep intrastate or interstate tension and dispute from escalating into significant violence and use of armed forces, to strengthen the capabilities of potential parties to violent conflict for resolving such disputes peaceful, and to progressively reduce the underlying problems that produce these issues and disputes.” For more details, refer to Michael Lund, “Preventing Violent Interstate Conflicts: Learning lessons from Experiences,” in Paul van Tongeren, Hans van de Veen and Juliette Verhoeven, *Searching for Peace in Europe and Eurasia* (Boulder. Colo.: Lynne Rienner, 2002,): 117.

¹²⁵ Quotation taken from Swanström Niklas, *Conflict Prevention and Conflict Management . . .*, 8. In addition to the financial benefits afforded, a significant amount of literature also highlights the non-monetary savings that flows from the prevention of violent conflicts such as the avoidance of property destruction, damages to the environment as well as the savings of life.

¹²⁶ Swanström Niklas, *Conflict Prevention and Conflict Management . . .*, 130.

¹²⁷ In his work Niklas Swanström demonstrates that states and non-governmental actors have been more likely to address conflicts that offer the possibility of political gains. By contrast, prevention is often seen as a lengthy process which provides little to no gain that could be later use to advance their political standings. For more details, refer to Niklas Swanström, “A Northeast Asian Culture of Prevention: Fact or Fiction? In *Sino-Japanese Relations: The Need for Conflict Prevention and Management*. (Stockholm: Sweden, 2008): 131.

¹²⁸ Mely Caballero-Anthony, “Mechanism of Dispute settlement . . .”, 38.

region; an oversight opposing the broadly accepted belief that each region necessitates its own unique regional security arrangements¹²⁹.

The success in managing conflict is largely underpinned by the ability to accurately diagnose and understand conflict dynamics.¹³⁰ While a plethora of literature on regional security has provided a detailed analysis of the causes, evolution and implications of the Sino-Japanese rivalry, advocates lobbying for an intervention on the Sino-Japanese rivalry often opt to focus on a specific aspect of the rivalry rather than its entirety. The risk with such a narrow approach is that it will provide superficial and temporary relief to deep running issues that never actually get resolved. Aside from the quest for leadership that has generated much cause to the dyadic rivalry, it is commonly accepted that a series of additional matters bring a more negative connotation to the relationship. Deep historical distrust, territorial demarcation issues, bitter memories of Japan's aggressions along with a distorted interpretation of war crimes during World War II and competitive nationalism contribute to the volatile mix of factors in the China-Japan rivalry.¹³¹ Hence from a holistic perspective, the dyadic relationship is a rivalry predominantly, yet it has occasionally displayed what Gustov termed as "...aspects of protracted disputes and open conflicts, periods of peace and unstable peace and times of

¹²⁹Southeast Asia's unique approach to regional security after the end of the Cold War combined to China's rise is not easily characterized using the common international relations theory. Substantial debates have emerged with respect to whether realist balancing or liberal institutionalism is more inclined in explaining the overall region stability. See for instance, Michael Leifer, "The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security," Adelphi Paper, No. 302 (London: International Institute for Strategic Studies, 1996); and Yuen Foong Khong, "Making Bricks without Straw in the Asia-Pacific?" *Pacific Review*, Vol. 10, No. 2 (1997): 289–300.

¹³⁰Karin Aggestam "Conflict Prevention: Old Wine in New Bottles?" in *Mitigating Conflict The Role of NGOs*, eds. Henry F. Carey & Oliver P. Richmond (London, Portland: Frank Cass Publishers, 2003): 14.

¹³¹Mel Gurtov, "Reconciling China and Japan: A Menu of Alternatives," in *Sino-Japanese Relations : The Need for Conflict Prevention and Management*. (Stockholm: Sweden, 2008): 97.

simultaneous intensive interaction and mutual antagonism.”¹³² The result is that the multi-dimensional and fluid Sino-Japanese relationship is not a crisis and is increasingly tricky to categorize within the prevailing conflict resolution models; factors that hinder the likelihood of a successful intervention.

At present, ASEAN has an enviable reputation globally recognized as a successful indigenously produced regional organization.¹³³ As a pioneer of the balancing strategy,¹³⁴ ASEAN has endeavoured to structure the intra-ASEAN and extra-ASEAN dimensions of regional security in a rather distinctive way, going so far as defining its own methods and end results in an idiosyncratic manner of “ASEAN Way” and “ASEAN Peace”. Without discounting the circumstances that may have assisted reaching regional peace, it has thus far demonstrated its ability in indirectly managing security relationships regionally.¹³⁵ Over the years, ASEAN’s ability and methodology by which it has shaped the security of the larger Southeast Asian region has been defined by many factors, none more so than its core values and *raison d’être*¹³⁶. Thus, the focus in understanding the ability and inclination of ASEAN to intervene within the Sino-Japanese rivalry lies firstly in gaining an appreciation for the intended role of the institution and its core values.

3.2 The “ASEAN Way” to “ASEAN Peace”

Despite popular belief, ASEAN is not intended as a dispute settlement mechanism. Aside from the initiatives used to settle tension between Malaysia and the

¹³² *Ibid.*, 100.

¹³³ Narine, Shaun. "ASEAN and the management of regional security." *Pacific Affairs*, (Summer 1998): 195.

¹³⁴ Li Wen, “ASEAN’s Perception of Sino-Japanese Relations . . .”, 89.

¹³⁵ Mely Caballero-Anthony, “Mechanism of Dispute settlement . . .”, 39.

¹³⁶ Acharya, Armitav. *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*. (London: Routledge, 2001): 3-4, 16-21, 57.

Philippines in the late 1960's, ASEAN has never effectively been responsible or acted in regional peacekeeping.¹³⁷ Despite years exercising multilateral security dialogues that have dodged any distinctive process tailored towards a specific conflict, this singular occurrence gave roots to the increasing misconception under which ASEAN is believed to have a direct role in conflict resolution. This dichotomous approach to understanding ASEAN and ARF strategies is problematic as this interpretation inaccurately portrays the scope of the organization and the expectations of its membership. Such a misperception betrays ASEAN's ability to manage regional security in East Asia in that it overlooks some of the institutions inherent limitations. As Heller rightly asserts "any institution will only be relevant if it does not harm the core interests of its member states too much in an overall cost-benefit calculation."¹³⁸ A conclusion corroborated by Caballero-Anthony who indicated that regional organizations "are likely to select mechanisms of conflict remediation based on their institutional capacity and the very purpose for which the organization was established."¹³⁹ Thus the fundamental principles of ASEAN deserve careful scrutiny as any intervention is contingent on these defined operating parameters. By analysing two of the salient characteristics of ASEAN, it will be possible to determine if an intervention in the Sino-Japanese relationship would be interfering with the interests of the organization.

¹³⁷ Leifer, Michael. "The ASEAN peace process: a category mistake." *Pacific Review* 12, no. 1 (March 1999): 25.

¹³⁸ Heller, Dominik. 2005. "The Relevance of the ASEAN Regional Forum (ARF) for Regional Security in the Asia-Pacific." *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs* Vol 27, no. 1 (April 2005): 124.

¹³⁹ Mely Caballero-Anthony, "Mechanism of Dispute settlement . . .", 42.

The ARF was established as a regional security organization to lighten the insecurity complex of its member states and settle disputes peacefully¹⁴⁰. Often considered unique, ARF was in many respects the first “multilateral” security forum instituted in the region.¹⁴¹ Given the prior failed attempts in the region to establish such an organization¹⁴², ASEAN opted rather to capitalize on mutual interests in international stability and avoidance of war.¹⁴³ The organization favoured consultation processes and consensus building, long known as the “ASEAN Way”, as opposed to more rigid institutional rules. In a sense, ASEAN has been fostering peace within the region through the promotion of a culture of dialogue and consultations and by promoting adherence to common norms as opposed to relying on legalized mechanisms for dispute settlement.¹⁴⁴ As Jayakumar, Singapore’s former foreign minister, summed, “The ASEAN way stresses informality, organization minimalism, inclusiveness, intensive consultations leading to consensus and peaceful resolutions of disputes.”¹⁴⁵ True to its formal principle articulated by the ASEAN charter, it has evolved in accordance to the following fundamental principles:

¹⁴⁰*Ibid.*

¹⁴¹ Armitav Acharya, “Making multilateralism work: The ASEAN regional forum and security in the Asia-Pacific,” Last accessed 17 April 2013, <http://www.amitavacharya.com/?q=content/making-multilateralism-work>

¹⁴² ASEAN was preceded as a regional organization by the Association of Southeast Asia (ASA) formed in 1961 and by MAPHILINDO (Nomenclature representing Malaya, the Philippines and Indonesia) formed in 1962. Both organizations were relatively short lived as neither could withstand the intra-mural tensions existing at the time. For additional details, consult Mely Caballero-Anthony, “Mechanism of Dispute settlement . . .”, 43-45.

¹⁴³ Muthiah Alagappa, *Asian security order* . . . , ix.

¹⁴⁴ Leifer Michael, “The ASEAN peace process . . .”, 28.

¹⁴⁵ Shanmugam Jayakumar, “Stick to Basics” (speech to ASEAN ministerial meeting, 24 Jul., 1998), Last accessed 13 Apr 2013. <http://www.asean.org/communities/asean-political-security-community/item/opening-statement-by-professor-s-jayakumar-minister-for-foreign-affairs-and-minister-for-law-of-the-republic-of-singapore-at-the-31st-asean-ministerial-meeting-24-july-1998-manila-stick-to-basics>; Also cited in Acharya, Armitav. *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*. (London: Routledge, 2001):57.

a. Mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations; b. The right of every State to lead its national existence free from external interference, subversion or coercion; c. Non-interference in the internal affairs of one another; d. Settlement of differences or disputes by peaceful means; e. Renunciation of the threat or use of force; f. Effective cooperation among themselves.¹⁴⁶

A non-pressuring approach has permitted ASEAN to rise on the regional scene, since these principles underpinned its ability to include and incorporate nations with varying levels of economic development that often shared political differences and historical discords.¹⁴⁷ As Teo asserts “It is precisely because it is perceived as a “talk shop” without overly high political costs of participation that makes ASEAN and ARF appealing to the region and most specifically to both China and Japan.”¹⁴⁸ But while this cardinal approach has been its greatest source of success, it has also been its greatest demise. Its ability to bring 25 disparate and divergent states¹⁴⁹ together has been acclaimed by the international community,¹⁵⁰ while its cherished principle of non-interference and consensus based approach has, on the other hand, evoked considerable criticism and frustration.

To be fair, the pre-eminence of the non-interference principle as a characteristic defining ASEAN has given source to several debates. Some analysts, such as Lee Jones, a

¹⁴⁶The Chairman’s Statement of the 1st ARF in 1994 builds upon the principles of ASEAN’s Treaty of Amity and Cooperation in Southeast Asia (TAC). Refer to ASEAN website: <http://aseanregionalforum.asean.org/library/arf-chairmans-statements-and-reports.html>. Last accessed 15 Apr 2013.

¹⁴⁷ Mely Caballero-Anthony, “Mechanism of Dispute settlement . . .”, 40.

¹⁴⁸ Victor E Teo, “The engagement of China and Japan by ASEAN :Prospects and Pitfalls for Regionalism: in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 281.

¹⁴⁹ *Ibid.*, 282.

¹⁵⁰ ASEAN is commonly viewed as the second most successful regional organisation in the world, second to the European Union. For more details refer to Tommy Koh, Talking points for the 16th ASEAN Banking Conference Plenary Session, 16 November 2006 , Last accessed 12 Apr 2013, http://www.spp.nus.edu.sg/ips/docs/pub/sp_TommyKoh_Pointers-ASEAN%20Banking%20Conference_161106.pdf

For a comparative analysis of ASEAN and the European Union, consult Mark Beeson, "Rethinking regionalism: Europe and East Asia in comparative historical perspective." *Journal Of European Public Policy* 12, no. 6 (December 2005): 969-985.

lecturer in international politics, have highlighted the debatable nature of the non-interference principle throughout ASEAN history.¹⁵¹ But opposing critics have blamed the principle for hindering ASEAN from taking effective action over economic crises¹⁵², difficult members like Myanmar and other non-conventional threats.¹⁵³ Some scholars such as Moller, even indicated that the lack of action may threaten the long term longevity and relevance of the organization, quoting that “either interference becomes legitimate, or the association will become increasingly meaningless”¹⁵⁴; an argument that prompted an official response from ASEAN’s former Secretary-General, Rodolfo Severino who asserted that “frankly, we have been interfering mercilessly in each other’s internal affairs for ages, from the very beginning.”¹⁵⁵ Yet, advocates who stress the ‘regime security’ benefits of non-interference assert that this is the “single most important principle underpinning ASEAN regionalism.”¹⁵⁶

The question of whether the “cherished principle” of non-interference has remained central to ASEAN is perhaps not as insightful as the scholarly consensus that ASEAN or ARF rarely, if ever intervene in the internal affairs of states.¹⁵⁷ The relevance of this observation is two-fold. Firstly, it highlights the institution’s reluctance to

¹⁵¹ In his work, Jones debates the relevance and practice of “non-interference” illustrating that despite a few occasions of derogation and growing opposition, the principle of “non-interference” in the sovereign affairs of states remains a core pillar of ASEAN and the ARF. For further details, see Lee Jones, “ASEAN’s unchanged melody? The theory and practice of ‘non-interference’ in Southeast Asia.” *Pacific Review* 23, no. 4 (September 2010): 479-502.

¹⁵² Lee Jones, “ASEAN’s unchanged melody? . . . , 479-502.

¹⁵³ T. Huxley, *Disintegrating Indonesia? Implications for Regional Security*, (London: Oxford University Press, 2002), 83-84; Rahim, Lily Zubaidah. “Fragmented Community and Unconstructive Engagements.” *Critical Asian Studies* 40, no. 1 (March 2008): 67-88.

¹⁵⁴ Moller, K. ‘Cambodia and Burma: the ASEAN way ends here’, *Asian Survey* 38 no12 (1998), 1184.

¹⁵⁵ Severino, R. C. *Southeast Asia in Search of an ASEAN Community: Insights from the Former ASEAN Secretary-General*, Singapore: ISEAS, 2006: 94.

¹⁵⁶ Acharya, A. *Constructing a Security Community in Southeast Asia* . . . , 3-4 & 16-21.

¹⁵⁷ Lee Jones, “ASEAN’s unchanged melody? . . . , 479.

intervene in the affairs of its member states; a determination that hinders any potential intervention between China and Japan. Secondly, it points toward the conditions that must exist to warrant such an intervention; mainly the necessity for a set of shared interests that must exist for a consensus to be reached.

The arena of decision making is perhaps one of the most daunting challenges faced by any regional organization. Formed by sovereign states, regional organizations are bound to see their constituent states confronted with issues of national interest, situations that recurrently result in disputes that bear the potential of derailing the very nature of the organization. Adopting a typically traditional Asian process to decision making,¹⁵⁸ ASEAN has been strictly adhering to a process of consultation and consensus to reach decisions, a feature that is now recognized as one of its most salient characteristics. If a consensus is not reached through this process, then the member states delay their decision or agree to disagree.¹⁵⁹ Such a decision strategy has maintained at least, the illusion of ASEAN unity, but has also led many to contend that ASEAN practices conflict avoidance rather than conflict resolution.¹⁶⁰ The relative importance given to this specific methodology ensures that all of its members have an equal voice as well as discouraging a majority of dominating the minority while also enabling the

¹⁵⁸In his article, Caballero-Anthony articulates ASEAN practice of Musyawarah and Muafakat to reach its decision, a process drawn from asian village assemblies. The process sole purpose is to reach a unanimous decision (Muafakat) through discussion and compromise where majorities and minorities make adjustments in their respective stances or by merging the various stances into a new proposal acceptable to all. For amplification see Mely Caballero-Anthony, "Mechanism of Dispute settlement . . .", 17.

¹⁵⁹Narine, Shaun. "ASEAN and the management of . . .", 203.

¹⁶⁰Narine, Shaun. "ASEAN into the twenty-first century: problems and prospects." *Pacific Review* 12, no. 3 (September 1999): 357; Deutsch, K., Burrell, S.A. and Kann, R.A. (1955) *Political Community and the North Atlantic Area*. (Westport: Greenwood Press, 1955).

organization to remain unified¹⁶¹. However, as Narine asserts, “the practical effect of this approach is that ASEAN takes position on the basis of the lowest common denominator on which its members can agree.”¹⁶². Such organizational insight is most relevant to this analysis in that it notes the need for ASEAN to reach a broad consensus prior to interjecting into the Sino-Japanese rivalry; a process that is likely to be lengthy and unlikely given the current level of attention given to the rivalry between Beijing and Tokyo.

It is nearly impossible for any institution to advance the interests of all of its members simultaneously, a vulnerability particularly evident in ASEAN. From a realistic viewpoint, the ASEAN states do not amount to a cohesive and homogenous Southeast regional community.¹⁶³ Although the emergence of such a community may be on the horizon, ASEAN is, as Narine posited, “fundamentally about the convergence of its member’s narrowly defined interests.”¹⁶⁴ Thus the question as to whether ASEAN perceives it to be in its best interest to intervene in the Sino-Japanese rivalry is perhaps more central than any other argument in determining the possibility of a regional intervention. While ASEAN remains closely interested by the long-term prospect of the dyadic relationship, ASEAN as an institution is, at present, uninterested and unconcerned by the current level of Sino-Japanese rivalry; a fact demonstrated by the seemingly marginal dialogue. In reviewing regional security meetings, it becomes apparent that an incentive or motivation is lacking for ASEAN to intervene. As Decastro observed, “the

¹⁶¹ Narine, Shaun. "ASEAN and the management of . . .", 202.

¹⁶² *Ibid.*

¹⁶³ Lim, Robyn. "The ASEAN Regional Forum: Building on Sand." *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs* 20, no. 2 (August 1998).

¹⁶⁴ Narine, Shaun. "ASEAN into the twenty-first century . . .", 358.

current relations of China and Japan, their evolving geo-strategic rivalry, the changing security needs and the general balance of power within East Asia remains generally ignored during ARF intercessional meetings and dialogues.”¹⁶⁵ Such scant interest displayed by ASEAN members towards the Sino-Japanese rivalry highlights the absence of resolve to intervene.

The desire and resolve to intervene is not only critical to justify an intervention, but equally as important given the consensus based decision-making process which characterizes the organization. Even if the Sino-Japanese current state of relations garnered some interest, it is doubtful that it would generate the necessary incentive to reach a consensus for action; an observation consistent with Sheldon Simon who concluded that “ARF’s consensus rule, adopted from ASEAN, has proven a serious obstacle to managing tensions that arise from divergent interests of ARF members.”¹⁶⁶ Taken together, these organizational characteristics contribute important elements to the particular nature of ASEAN and denote that as an organization, it is unlikely to commit to the resolution of the Sino-Japanese rivalry. The importance given to the principle of non-intervention in the sovereignty of states coupled by the apparent lack of concern and interest displayed on regional security platforms are strong impediments to a regional intervention into the Sino-Japanese rivalry, an assessment further reinforced by the limited effectiveness of regional security mechanisms.

¹⁶⁵ Renato Cruz De Castro, “The ASEAN states and ASEAN Regional Forum in the 21st Century: Balancing between the Dragon and the Rising Sun” in *Southeast Asia between China and Japan* (Newcastle upon Tyne: Cambridge Scholars Pub, 2012): 263.

¹⁶⁶ Sheldon W. Simon, “ASEAN and its security Offspring,” a paper prepared for the 10th Annual Security Conference of the US Army War College Strategic Studies Institute, Carlisle Barracks, Pennsylvania, 27-29 March (2007):22.

3.3 ASEAN's Limitations and Challenges

In contrast to the European-Union which has formalized legislation and a binding constitution¹⁶⁷, the “ASEAN Way” relies on a web of norm and informal mechanisms that see each member practice informal consultations and restraints.¹⁶⁸ Notwithstanding, ASEAN's success in convincing China to enter the code of conduct in the South China Sea,¹⁶⁹ notes an approach focused on self-regulation. Despite increasing political will and diplomatic activities towards regional integration, it is difficult to envision how ASEAN could intervene in the Sino-Japanese rivalry since ASEAN's foundation affords very limited ability to enforce rules or coerce members to conform to the collective desirable behaviour. While supporters of the “ASEAN Way” continue to maintain the progress made by the organization to date, a review of ASEAN's history indicates repeated ineffectiveness and incapacity of resolving security issues, such as the Thailand and Cambodia border disputes.¹⁷⁰ Such inabilities have led some to conclude that “Any

¹⁶⁷ ASEAN has over the years been compared on multiple occasions to the European Union (EU) model. The idea of Europe as a model for Asia, or for that matter for other regions of the world, emerged during the heyday of European multilateral institutions. Often perceived as a regional success story, the EU model, along with NATO and OSCE is often used as the benchmark of successes to which all regional organization should aspire to. For a short overview of the past and present parallels between the regional framework of Asia and Europe, refers to Amitav Acharya International Policy Analysis: Common Security with Asia - Changing Europe's Role from "Model" to "Partner" (December 2012); 4-7. Last accessed 01 April 2013. http://www.cris.unu.edu/fileadmin/user_upload/Common_Security_with_Asia_-_Amitav_Acharya.pdf

¹⁶⁸ Victor E. Teo “The engagement of China and Japan by ASEAN . . . , 281.

¹⁶⁹ ASEAN Secretariat 2002, “Declaration on the conduct of parties in the South China Sea,” Last accessed 01 April 2013. <http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>

¹⁷⁰ Scholars and commentators have publicized many instances where ASEAN has been perceived powerless in resolving conflicts. In his work, Robin Ramcharan illustrate such challenges through the review of the respective processes that saw Myanmar and Cambodian accede ASEAN membership as well as the trans-frontier environmental effects caused by Indonesia Conversely, the Thailand-Cambodia border

mechanism for the current peace in the Asia-Pacific is conspicuous by its absence and that there is no multilateral region-wide structure, nor any plan for one."¹⁷¹

It is true that ASEAN, ARF and most recently the ASEAN Institute of Peace and Reconciliation (AIPR) organizations have strived to develop direct prevention measures intended at creating a regional security mechanism seeking conflict resolution through the active engagement of all involved parties. Three steps¹⁷² have been proposed to surmount the distrust and unwillingness to adopt conflict prevention measures among opposing parties.¹⁷³ But to date there is no sign of ARF's abilities to implement prevention

conflict is a succinct example of ASEAN's challenges in resolving the dispute. As a Crisis Group analysed in *Waging Peace: ASEAN and the Thai-Cambodian Border Conflict*, Cambodia first sought assistance through the UN Security Council after the initial hostilities with Thailand in February 2011. The UN Council then referred the conflict back to ASEAN, for further mediation. A political deal was brokered under which Indonesians would send its observers to monitor the situation. Unfortunately, the fighting re-emerged again in April before there was any mobilization of the ASEAN endorsed observer force. In light of this ineffectiveness, Cambodia then took the dispute to the International Court of Justice (ICJ) in The Hague. The ICJ ordered in July that troops be withdrawn and the ASEAN endorsed monitors deployed. The report concludes that a year after the decision of the ICJ was rendered, there were still no sign of any Indonesian observers on the border and that both Thailand and Cambodia had resorted to comply with the world court's decision which ultimately resulted in ASEAN playing no role in the conflict resolution process. For more details, refer to Ramcharan, Robin. "ASEAN and Non-interference: A Principle Maintained." *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs* 22, no. 1 (April 2000): 60-89 and *Waging Peace: ASEAN and the Thai-Cambodian Border Conflict Asia Report No 2* 15Dec 2011, International crisis group. Last accessed 01 April 2013.

<http://www.crisisgroup.org/en/regions/asia/south-east-asia/thailand/215-waging-peace-asean-and-the-thai-cambodian-border-conflict.aspx>

¹⁷¹ Kyung-Won Kim, "Maintaining Asia's Current Peace" *Survival* Vol. 39 Issue 4 (Winter 97/98):4.

¹⁷² "Chairman's Statement", Second ARF 1995; Last accessed 17 April 2013.

<http://aseanregionalforum.asean.org/library/arf-chairmans-statements-and-reports.html>

¹⁷³ The 2nd ARF in 1995 established the concept of a three stage evolution of ARF objectives, with which the relations among ARF member-states should be permanently improved. To use Niklas Swanström terms: "The first step involves undertaking confidence building measures, broadly defined as activities and measures to enhance trust in other countries. The second step involves adopting the norm of preventive diplomacy to prevent armed and violent conflicts from occurring. This can be done by, for example, direct interactions between the disputants, good office provided by third parties, or multilateral conferences designated to discuss and solve the issue. The final step involves agreeing on the conflict resolution methods, which detail out the steps of how to settle the disputed issues in general, particularly after violence erupted." For additional details refer to Swanström Niklas, *Conflict Prevention and Conflict Management* . . ., 55-57.

mechanisms or to reach an agreement on conflict resolution methods.¹⁷⁴ As Tommy Koh, the chairman of the Institute of Policy Studies at the National University of Singapore explains, “ [the prevention mechanisms (stage 2) and conflict resolution methods (stage 3)] ... are more inspirational goals than reality. They serve as lodestars, pointing us in the direction in which we should proceed.”¹⁷⁵ While the veracity of Heller’s assessment that the ARF does not have any mechanism of direct conflict management¹⁷⁶ still gives cause to substantial debate, the management of the Sino-Japanese differences is made that much more difficult given the near-absence of institutionalized mechanisms for direct conflict management.

It is possible to argue that the Treaty of Amity and Co-operation contains provisions for formal dispute resolution and settlement through mediation and adjudication. As article 15 indicates, the High Council is sanctioned “to recommend to the parties in dispute appropriate means of settlement such as good offices, mediation, inquiry or conciliation.”¹⁷⁷ However, its usefulness and relevance has been source of constant questioning, given the strictly voluntarily nature of the mechanism and the inability of the High Council to impose sanctions or binding decisions.¹⁷⁸ Conversely, the very fact that the assistance of the High Council has never been called upon, also casts doubt on its application. A reluctance that Leifer has attributed to the “... recognition that

¹⁷⁴Heller, Dominik. 2005. "The Relevance of the . . . , 129-131.

¹⁷⁵Tommy Koh, “ASEAN Charter at one: A Thriving Tiger Pup” *Think Tank*, 9 December 2009, Last accessed 12 Apr 2013, http://www.spp.nus.edu.sg/ips/docs/pub/pa_tk_think%20tank_Asean%20Charter%20at%20one%20A%20thriving%20tiger%20pup_091209.pdf

¹⁷⁶ Heller, Dominik. 2005. "The Relevance of the . . . , 124.

¹⁷⁷ ASEAN, “Treaty of Amity and Cooperation in Southeast Asia,” 24 February 1976, last accessed 13 Apr 2013 <http://www.asean.org/news/item/treaty-of-amity-and-cooperation-in-southeast-asia-indonesia-24-february-1976-3>

¹⁷⁸ Mely Caballero-Anthony, “Mechanism of Dispute settlement . . . , 50.

engaging in formal intramural dispute settlement could be highly contentious and divisive and therefore self-defeating to the limited security purpose of the association which is, above all, about conflict avoidance and management.”¹⁷⁹ Thus rendering this mechanism rather irrelevant in considering ways for ASEAN to cope with intra-regional tensions. This in turn results in tremendous challenges for ASEAN, which has limited options through which it can intervene as neither the use of hard power nor mediation seems applicable in the Sino-Japanese rivalry.

Despite its original goal of influencing the great powers’ foreign policy behaviour in East Asia, the pragmatic challenges posed by the peculiar character of the tri-lateral relationship shared between ASEAN, China and Japan far outreach those faced in other disputes. Beyond the absence of a formalized means to resolve conflict, ASEAN is confronted with added challenges, should it set path to convince Japan and China to conduct their relations through the norms and rules formulated by the forum, rather than through their current geo-strategic competition.¹⁸⁰ While the smaller powers of Southeast Asia have achieved greater power collectively by "bandwagoning", the relative influence they can exert on the regional giants remains, in all practicality, relatively benign.¹⁸¹

Firstly, the general stability of the great power relationship vis-à-vis ASEAN is crucially important to ASEAN’s survival and viability as a regional entity. Having garnered increased ability to make decisions, influence and greater room for diplomatic manoeuvre as a result of its emergence as regional leader, ASEAN cannot afford any

¹⁷⁹ Leifer Michael, "The ASEAN peace process . . . , 29.

¹⁸⁰ Alan Collins, *Security and Southeast Asia: Domestic, Regional, and global Issues* (Boulder; London: Lynne Reiner Publisher, 2002),175.

¹⁸¹ Renato Cruz De Castro, "The ASEAN states and . . . , 247.

regression. As demonstrated previously,¹⁸² ASEAN occupies the predominant role of regional leader because both China and Japan conceded to its rise. It follows that any deterioration in its current relation with China or Japan entails the risk of jeopardizing ASEAN's current position of "regional balancer" and "mediator" and possibility limit its ability to make significant progress in the future. A conclusion corroborated by De Castro which asserts: "these small powers [ASEAN] still need to obtain the tacit support of the great powers to let them occupy the ARF's driver's seat." Besides a strong incentive to maintain cordial relations with the great Asian powers, ASEAN is also constrained in its action given one of its key roles, which aims at denying hegemony within the region and maintains the current balance of power. To date, the Sino-Japanese rivalry has effectively prevented and contained the emergence of either power, an aspect that ASEAN does not want to jeopardize unless its core interests are threatened. ASEAN as an organization is highly dependent on the state of regional dynamics. The possibility of an increase in cordiality or regression in the Sino-Japanese relations could have devastating effects by either forcing ASEAN between two opposed powers or by becoming seemingly redundant on the international scene. Thus it is in the best interest of ASEAN to maintain the current status quo. ASEAN's relevance will continue to be dictated by the great inequality in terms of powers between ASEAN and the major regional actors.

A second impediment to ASEAN's intervention in the Sino-Japanese rivalry stems from the limited ability of ASEAN to coerce China or Japan to abide by its norms. While the use of military deterrence or intervention would go against ASEAN's core values,¹⁸³

¹⁸² The emergence of ASEAN as a regional leader is discussed in further details in Chapter 1.

the reality is that ASEAN lacks the military and economic power necessary to exert pressure on either North-Asian powers. In essence, ASEAN is a *suasive* mechanism¹⁸⁴ which deters conflicts by increasing the costs of breaching the norms promoted by the regional forum.¹⁸⁵ As Leifer asserted, “the incentive of obedience within the ARF stems from peer pressure, combined with the experience that the ARF is advantageous to each country’s particular interests and that further cooperation would be complicated by defection.”¹⁸⁶ Admittedly and despite their membership in the ARF, China and Japan will not necessarily abide to the ASEAN norms nor can they be pressured to cooperate. This is because the coercive diplomacy that was once used on Vietnam would be ineffective with respect to more dominant states, such as China or Japan since much of ASEAN’s influence spawns from the support of these very nations.¹⁸⁷ Furthermore, the participation of China and Japan in the organization is contingent on their larger global and regional interest as opposed to the incentives that entice the ASEAN member states to cooperate.¹⁸⁸ The “ASEAN Way” is attractive to China and Japan primarily because both countries see ASEAN as a platform where they can try to influence their regional agenda and gather political influence. The lobbying for ASEAN is essentially akin to a lobby for the hearts and minds of Asia and Asians.¹⁸⁹ Thus, ASEAN can difficultly manage the major regional powers; a thought well captured by Teo who maintains that: “Essentially,

¹⁸³As Archarya, coined “a major goal of the ARF is to discourage the use of force by its member states to settle dispute.” For amplification, refer to Amitav Acharya, *Regionalism and Multilateralism: Essays on Cooperative Security in the Asia-Pacific*, (Singapore: Times Academic Press, 2002):190.

¹⁸⁴ Simon, W. Sheldon. "ASEAN and Multilateralism: The Long, Bumpy Road to Community." *Contemporary Southeast Asia: A Journal Of International & Strategic Affairs* 30, no. 2 (August 2008): 264-292.

¹⁸⁵Heller, Dominik. 2005. "The Relevance of the . . . , 138.

¹⁸⁶Leifer Michael, "The ASEAN peace process . . . , 27.

¹⁸⁷Narine, Shaun. "ASEAN and the management of . . . , 212.

¹⁸⁸ The ASEAN states and ARF in the 21 st century P 247.

¹⁸⁹ Victor E. Teo “The engagement of China and Japan by ASEAN . . . , 284.

it [ASEAN] is an organization without significant “bite” and cannot rely on “hard power” as a bloc to compel China and Japan to work together or resolve tensions – unless China and Japan willingly subject themselves to a code drawn up by ASEAN.”¹⁹⁰

ASEAN’s ability to levy preventive diplomacy and conflict resolution mechanisms between Beijing and Tokyo is further constrained. While there appears to be a general scholarly agreement between internationalists and realists with respect to the usefulness of third parties in security and peace concepts, and notwithstanding the ASEAN declaration, the TAC and the ASEAN Charter, ASEAN can difficultly be employed as a third party mediator in the Sino-Japanese relationship. Despite an increasingly growing acceptance of third party mediations as a suitable way to settle protracted disputes amongst ASEAN member states,¹⁹¹ ASEAN remains relatively limited in the ways it can formally act as a third-party mediator unless ascribed or asked to do so by the concerned states. Such limitations are furthered in the case of the Sino-Japanese rivalry, since the organization and its membership all have stakes in the matter. As alluded previously, the longevity of the organization is dependent on the state of the dyadic relationship, while all of ASEAN member states have strong economic, political or even military ties with either China or Japan. This situation inhibits its ability to play the role of third-party mediator while also taking away the “buffer of neutrality”¹⁹² that has historically allowed the organization to lead the implementation of the ARF in the 1990’s.¹⁹³ Moreover, ASEAN has historically remained cautious of acting as a third-party

¹⁹⁰ *Ibid.*, 281.

¹⁹¹ Mely Caballero-Anthony, “Mechanism of Dispute settlement . . .”, 61.

¹⁹² Lim, Tai Wei. “ASEAN’s Role and its Management of the Sino-Japanese Rivalry” *Stanford Journal of East Asian Affairs* Vol. 5 no 4 (Winter 2005): 133-145.

mediator which Bercovitch and colleagues attribute to the organization's desire to comply with the principle of non-intervention while also avoiding the perception of a third party intervention in the sovereign affairs of states.¹⁹⁴

ASEAN's ability to levy dispute resolution mechanisms in the Sino-Japanese relation are arguably finite. Lacking the political, military and economic resources necessary to play a central role, the institution is also seriously constrained by the peculiar nature of its relationship with both powers, which ties its long-term longevity to the relationship and inhibits its ability to act as a third party mediator.

3.4 Unwanted Consequences of a Regional Intervention

Insofar, the analysis of whether ASEAN should intervene in the Sino-Japanese rivalry has primarily focused on ASEAN's principles, decision-making procedures and available dispute resolution mechanisms. While it is not clear that an intervention would bring the desired outcome in the rather broad and protracted rivalry that characterizes the Sino-Japanese relationship, ASEAN is facing a complementary, yet very different set of consequences. ASEAN has been intensely involved in Asian regional politics for most of the last three decades. Throughout this period, ASEAN has drawn a fair amount of interest as an institution that hoped to be an instrument of regional governance and political management.¹⁹⁵ However, ASEAN's apparent inability to resolve intra-regional

¹⁹³Tan See Seng, *A New Agenda for the ASEAN Regional Forum*. (Singapore: IDSS Monograph no. 4, 2002):20.

¹⁹⁴ Jacob Bercovitch,, Kewi-Bo Huang, and Chung-Chian Teng, *Conflict Management, Security and Intervention in East Asia: Third-party mediation in regional conflict* (New York: Routledge, 2008), 162.

¹⁹⁵ Narine, Shaun. "ASEAN into the twenty-first century . . . , 358.

security matters has questionable continued utility. While ASEAN has tried to retain its diplomatic influence by increasing its membership and weight to the regional security initiatives and economic relations over recent years, its relevance has been a source of considerable questioning. Some, such as Narine asserts that “ASEAN’s prospect for growth and development, are at best, discouraging.”¹⁹⁶ Therefore, the analysis aimed at determining the ability of ASEAN to intervene in the Sino-Japanese rivalry should not be done in isolation, but in a more comprehensive way as to assert the repercussion that such a decision would have on the broader strategies that ASEAN, as an organization, is bound to pursue for its continued existence. As a fact, ASEAN remains dictated by the individual interests of its members, a fact that makes it much more fragile than it appears.¹⁹⁷

Studies in regionalism often misrepresent the expectation that attributes of national sovereignty will gradually be absorbed by the collective goals of the expanding regional community. As Indorf explains “Any inter-governmental co-operation, so the argument goes, is a mere sequential stage on a continuum leading to a greater regional consciousness.”¹⁹⁸ Such an over-simplification could not be further from the ASEAN reality. Despite its progress and resilience over the years, ASEAN remains a rather disparate institution formed by member states characterized by a myriad of cultural, political, and historical hurdles that prove to be divisive in-nature. Such a composition may in part, explain the difficulties faced by ASEAN while seeking for commonalities that would further collective action as opposed to individual national interests of its

¹⁹⁶ *Ibid.*, 375.

¹⁹⁷ Narine, Shaun. "ASEAN and the management of . . .", 213.

¹⁹⁸ Hans H. Indorf, *Impediment to regionalism in Southeast Asia: Bilateral constraints among ASEAN member states* (Singapore: Institute of Southeast Asian Studies, 1984), 5.

member states¹⁹⁹. In reality, the regionalism promoted by ASEAN is supported by its membership not because it is an end goal, but because it is a complementary medium through which national development can be advanced.²⁰⁰ Concisely, regionalism is being pursued in East Asia, not as an end in itself, but as a supplementary method for advancing national development. Thus, ASEAN's goals for regional action will remain ancillary to, not a substitute for, national policies.²⁰¹

Contextualized against this backdrop is the need for ASEAN to act as unified body. This requirement not only exists as it is an integral part of its decision-making process, but most importantly because ASEAN can difficultly apply its limited influence if its constituents do not clearly endorse the organization's rules and goals. Since the "ASEAN Way" relies on the voluntary enforcement of regional decisions which is heavily dependent upon ASEAN institutional cohesion, ASEAN can difficulty afford any further division within its organization, a fact made especially true given the increased challenges in reaching a consensus posed by its expansion. Furthering this point is the public embarrassment ASEAN sustained when it failed to issue a joint statement due to a difference of opinion between Cambodia and the Philippines over whether to mention the South China Sea, at the ASEAN Ministerial Meeting in July of 2012.²⁰²

But the decision to potentially intervene in the Sino-Japanese relationship may prove divisive. In analysing the bonds that the regional constituents have with China and Japan, it becomes apparent that ASEAN's member states may select security perspectives

¹⁹⁹ Narine, Shaun. "ASEAN and the management of . . .", 211.

²⁰⁰ *Ibid.*, 4.

²⁰¹ *Ibid.*, 7.

²⁰² Kei Koga, "ASEAN's Great Power Dilemma" *Asia times*, (February 22, 2013)

http://belfercenter.ksg.harvard.edu/publication/22784/aseans_great_power_dilemma.html

that exhibit differing interests, politically and economically. Notwithstanding the need for a unified “ASEAN party line”, it is unlikely that the Southeast Asian smaller powers will be willing to jeopardize their overall relationship with China or Japan for the benefit of regional goals²⁰³; the economic and geo-strategic consequences being too critical to surrender. As Teo asserts “Each country in Southeast Asia perceives and weighs their relations with China and Japan differently and therefore has divergent interests and aspirations in their engagement with them.”²⁰⁴ The end result could entail significant division within ASEAN should some members be forced to side with either of the two.

ASEAN members have carefully managed their diplomacy, avoiding involvement in conflicts up to this point, due to the belief that non-intervention in each other’s affairs is indispensable to ASEAN’s cohesion.²⁰⁵ Over the years, the respect of this principle has allowed for the establishment of a culture of intramural dialogue and consultation capable to resist fluctuation in interstate relationships. Security and peace has principally been managed by ASEAN through development; not by resorting to legal mechanisms aimed at dispute settlement.²⁰⁶ Thus, an intervention in the Sino-Japanese rivalry would be contradictory to the culture of relations that ASEAN has fostered which is underpinned by its cardinal principle of non-interference. As Leifer contends: “The strong reluctance to invoke that provision has been indicative of the recognition that engaging in formal intramural dispute settlement could well be highly contentious and divisive and therefore

²⁰³ Narine, Shaun. "ASEAN and the management of . . . , 211.

²⁰⁴ Victor E. Teo “Southeast Asia Between China and Japan. . . , 40.

²⁰⁵ Narine, Shaun. "ASEAN and the management of . . . , 207-209.

²⁰⁶ Leifer Michael, "The ASEAN peace process . . . , 29.

self-defeating to the limited security purpose of the Association which is above all, about conflict avoidance and management.”²⁰⁷

Moreover, the decision to potentially intervene in the Sino-Japanese rivalry would likely entail secondary and third order consequences, some of which were witnessed subsequent to ASEAN involvement in the Cambodian invasion. Of primary concern would be how ASEAN would rationalize its intervention in this specific rivalry while discounting all others. As Narine commented: “ASEAN has had difficulty reconciling its actions toward Cambodia with its principle of non-intervention in the domestic affairs of regional states”. Thus, the decision to intervene between China and Japan carries the unpalatable risk of setting a precedent that may compel ASEAN to intervene into most, if not all regional disputes. This is of significant concern, given the myriad of inter-state conflicts that characterized the region. The implications of such an undertaking could well demand an excruciating commitment on the part of the organization and its membership, many of whom are already battling domestic challenges related to human rights, democracy and poverty.

ASEAN does not wish to be placed in a position where it is forced to show preference or inclination in the disagreement between China and Japan nor does it want to create a precedent which would generate an expectation for future and broader involvement that it cannot likely sustain as an organization. This is the reason why ASEAN is promoting the building of an open framework for regional cooperations.²⁰⁸ While it is conceded that the internal divisions resulting from a decision to intervene in

²⁰⁷ *Ibid.*

²⁰⁸ Li Wen, “ASEAN’s Perception of Sino-Japanese Relations . . .”, 89.

the Sino-Japanese rivalry is unlikely to result in ASEAN's formal disbanding, it is refuted that it carries the potential to significantly reduce ASEAN's ability to advance its corporate policies while also significantly hindering its effectiveness. Such a circumstance could result in ASEAN being ultimately paralyzed from meaningful action; a situation that could incite state members to engage the regional powers on a bilateral basis, effectively bypassing the organization.

The commitment of the member states to ASEAN remains dependent on the usefulness of the organization for its members. If ASEAN does not remain of value in the future, it is unlikely that its constituents will remain committed. Under such precept and the understanding of an uncertain success rate of an intervention, ASEAN can ill afford to face the potential consequence of not succeeding should it commit itself to easing the Sino-Japanese tensions, nor can it afford to lose its credibility from failing to put its own house in order while attempting to settle the relations between the two major Northeast Asia countries.²⁰⁹

Conclusion

Despite increasing pressure demanding a regional intervention and acknowledging the finite role of ASEAN in the regional security context, a detailed examination of ASEAN principles and characteristics, mechanisms of dispute settlement along with their consequences, illustrated the inability of the organization to meaningfully diffuse tensions between China and Japan. By reviewing ASEAN's willingness to intervene, the mechanisms it has available, and the potential consequences that would flow from a

²⁰⁹Lam Peng Er, "Japan and China in Post-Cold War . . .", 63.

regional intervention into the dyadic relationship, this chapter proved that the challenges and limitations faced by ASEAN impedes on a possible intervention in the Sino-Japanese relationship. While the mechanisms available to ASEAN are scarce in their application, their implementation could well demand an excruciating commitment on the part ASEAN, forcibly ending its non-interference commitment, possibly dividing its constituency all with the aim of reaching unproven and less than favourable odds of success. This analysis further demonstrated that the decision to intervene could lead ASEAN to set precedents unlikely to be evenly applied, all while risking its ability to remain relevant in the future. Such an outlook could prove much worse for the region than the current state of Sino-Japanese rivalry, as the East Asia region faces daunting challenges pertaining to economics, political-security and socio-cultural matters.

CONCLUSION

The simultaneous pre-eminence of China and Japan as Asian powers combined with the perceived criticality of their relationship on the region has been cause for concern. To many, the Sino-Japanese rivalry represents the most acute security challenge faced by the region, not only because of the breadth and depth of their contentions, but also in its potential to unravel the region. If the past is a predictor of the future, the shared distrust, historical grievances combined with a competing sense of nationalism will probably thwart any consequential progress in the Sino-Japanese rivalry. However, this does not necessarily mean that ASEAN should intervene in the matter. On the contrary, a closer analysis revealed that a regional intervention was not warranted or advisable under the auspice of ASEAN.

Despite a negative connotation often being associated with the Sino-Japanese rivalry, a detailed examination of institutional, economic, political and regional security development demonstrated that a modicum of competition between China and Japan has actually been beneficial to the region. Bearing witness to a leadership quest between China and Japan, ASEAN was able to capitalize on a historical opportunity to assert itself as a regional leader while reaping benefits resulting from a competitive courtship. Such an interplay drove otherwise unlikely economic and security initiatives to individual successes while also ensuring that both powers remained committed to the region; a determination that advised against a regional intervention under the current state of rivalry.

Reflecting on the need for a regional intervention illustrated the ability of China and Japan to manage their differences. By reviewing the improbable nature of a military conflict in the East China Sea, the consequences such a military conflict would entail on the bilateral relationship and the ability and willingness of both nations to manage their differences under conditions of strategic rivalry, it was demonstrated that China and Japan were unlikely to enter a military conflict in light of their economic interdependence. The prohibitive cost of any military action imposed acts as a strong deterrent and compelling incentive to cautiously manage the strategic dimension of their relationship.

Studying the finite role of ASEAN in the regional security context also revealed the inability of the organization to meaningfully diffuse tensions between China and Japan. Through a detailed examination of ASEAN principles and characteristics, mechanisms of dispute settlement along with the consequences that would likely result from ASEAN involvement, it was determined that ASEAN's means to intervene were scarce in their application. This implementation could well demand an excruciating commitment on the part ASEAN, forcibly ending its non-interference commitment and possibly dividing its constituency. It was further demonstrated that the decision to intervene could lead ASEAN to set precedents unlikely to be evenly applied within its constituents and risk its ability to remain relevant for the foreseeable future.

In conclusion, this analysis synthesised that it was in the best interest of ASEAN to maintain current state of Sino-Japanese rivalry, so that it could continue to gain even greater international room and reap even greater political and economic benefits. Conversely, an intervention is not warranted as China and Japan have already proved more than capable of managing their strategic rivalry for the benefit of their economic

synergies; an assessment reinforced by the limitation of ASEAN to intervene with unproven odds of success. Notwithstanding the relative importance of the Sino-Japanese relations for the future of the East Asia region and the ardent desire to bring a regional solution to a regional problem, the US remains one of the most defining influences over both countries and the region as whole. Therefore, further analysis aimed at predicting the regional order and the state of Sino-Japanese relationship should envision the possible repercussion that may stem from a more or less assertive US influence in the region.

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