

# State Transformation and Chinese Actions in the South China Sea

Chinese actions in the South China Sea (SCS) have been closely observed by analysts in recent years. Many incidents indicate the implementation of a strategy for the expansion of Chinese control over the disputed waters. These include clashes involving fishing and coast guard vessels; activities such as large-scale dredging and land reclamation; and proclamations of Chinese sovereignty over the entire ‘Nine-Dash Line’ area.

Chinese actions in the South China Sea (SCS) have been closely observed by analysts in recent years. Many incidents indicate the implementation of a strategy for the expansion of Chinese control over the disputed waters. These include clashes involving fishing and coast guard vessels; activities such as large-scale dredging and land reclamation; and proclamations of Chinese sovereignty over the entire ‘Nine-Dash Line’ area. The growing assertiveness of Chinese actors in the SCS, especially since 2012, appears to bode ill for how a rising China will affect Asian security. Growing American involvement in the SCS – for example, the construction of military bases in the Philippines, the lift of the long-standing ban on the sale of arms to Vietnam, and naval ‘freedom of navigation’ voyages – indicates that Washington decision makers also view the SCS as a ‘litmus test’ for US military hegemony in Asia in the context of a perceived Chinese challenge to American dominance.

By contrast, some long-term China observers claim that ‘the only thing consistent about [Chinese policy in the SCS] is its inconsistency and lack of discernible strategy’. For instance, China signed a bilateral agreement with Vietnam in 2011 to resolve maritime disputes through ‘friendly negotiations and consultations’, but in 2014 the Chinese state-owned energy behemoth CNOOC unilaterally moved an oil rig into disputed waters near the Paracel Islands, creating a diplomatic

incident between the two countries, and anti-Chinese riots within Vietnam. This action was in direct tension with the Chinese Ministry of Foreign Affairs' (MOFA) oft-declared position that China preferred to resolve its disputes in the SCS peacefully through bilateral negotiations with Southeast Asian states. In July 2014 the rig was removed, with MOFA again reiterating China's commitment to bilateral negotiations, but adding that the Association of Southeast Asian Nations (ASEAN) should also have a role in the process. Perhaps more confusingly, in 2009 five Chinese vessels clashed with the US spy ship *Impeccable* near Hainan. Although one Chinese naval intelligence ship was present, the operation was led by a Fisheries Law Enforcement Command vessel, supported by one State Oceanic Administration ship and two Hainanese trawlers acting as maritime militia. MOFA was initially unaware of the incident; it responded to US protests, attributing the incident to the Ministry of Agriculture, and wrongly claiming that no naval ship was present. It was clear MOFA was scrambling to provide *post hoc* justifications. Thus, where many observers see strategically coordinated Chinese action in the SCS, others instead emphasise the fragmented, disjointed and often unpredictable nature of China's maritime security domain.

We argue that existing approaches in International Relations (IR), which dominate public debates, are not geared towards making sense of the evidence of fragmentation in Chinese activities in the SCS. They therefore either ignore it or try to shoehorn it into existing IR theoretical explanations. China experts, who observe such tendencies, are typically disinterested in developing theoretical frameworks for explaining their occurrence. We proceed to locate Chinese activities in the SCS within broader processes of state transformation in China under globalisation. We also briefly introduce a framework for analysing the effects of state transformation on foreign and security policymaking and discuss the implications for regional security.

State Transformation in China and the South China Sea.

International Relations scholars generally view events in the SCS as part of the wider debate over the impact of 'rising powers', specifically China, on the world order. Despite their many

differences, the predominant concern of nearly all IR studies of rising powers is whether the US-led liberal international order will be violently overturned, or whether there are sufficient constraints – military deterrence, economic interdependence, institutions or norms, depending on one’s theoretical orientation – to avoid serious inter-state conflict. The *systemic* focus of this debate overlooks the importance of *unit*-level transformations in states.

The IR literature on rising powers typically treats the state as a territorial ‘container’ for social and political relations, often as a ‘black box’. Hence, what happens inside China is often ignored when evaluating Chinese actions in the SCS, under the assumption that states’ international behaviour is shaped mainly by the pressures of the international system. Alternatively, domestic processes are seen by some IR scholars to shape states’ international behaviour in a ‘two-step’ process, but the domestic and international political arenas are seen as distinct and neatly demarcated.

This neglects extensive literature on the recent emergence of post-Westphalian statehood. For example, scholars observe a general shift towards ‘regulatory statehood’, whereby central executives abandon command and control approaches, merely setting broad targets and guidelines for a wide range of national, subnational and private bodies to follow. Many such agencies have subsequently developed their own international policies, breaking the monopoly previously held by foreign and defence ministries, with significant consequences for international relations. For instance, these changes have generated many transgovernmental networks and multilevel governance arrangements, particularly regional ones. IR scholars, however, tend to see these processes as either irrelevant for ‘Westphalian’ rising powers like China, or even argue that China and other rising powers are reversing earlier trends, leading the world ‘back to Westphalia’.

In the specialist field of Sinology, however, there is now over 30 years of literature identifying

significant transformations in the Chinese state since the onset of capitalist ‘reform’ in 1978. The dominant paradigm is ‘fragmented authoritarianism’, which describes the dispersal of power to diverse actors competing for power and resources across the party-state. Sinologists have documented the fragmentation of policy regimes and the pluralisation of relevant actors through the endless reformation of central ministries and agencies, and the devolution of authority to sub-national governments. As a result, top leaders’ power to secure coherent policy outcomes has declined radically, with subordinate agencies often interpreting or even ignoring vague central guidelines to pursue their own interests. Importantly, several scholars have noted that this ‘deconstruction’ of the Chinese state apparently extends to foreign and security policymaking and implementation. Others note the internationalisation of some state apparatuses, with SOEs becoming increasingly autonomous global corporations, domestic regulators and law-enforcement agencies acquiring international functions, and provincial governments taking responsibility for their foreign economic relations, signing agreements as far afield as Africa. To Sinologists, then, China certainly does *not* seem immune from ‘post-Westphalian’ transformation, including under President Xi.

In the SCS, specifically, we see a range of competing, malcoordinated actors operating with considerable latitude. While MOFA is ‘theoretically responsible’, it is in practice ‘largely bypassed by ... more powerful players’. Numerous national / sub-national agencies have partial jurisdiction, including several formerly domestic agencies that have internationalised their activities: the Ministry of Agriculture’s Bureau of Fisheries Administration, China Marine Surveillance, provincial governments, the navy, state-owned energy firms, and several law enforcement agencies. While MOFA generally promotes regional cooperation and compliance with international law, the navy takes a more aggressive stance to boost its power and resources. China’s recently internationalised state-owned energy companies also generate conflict and crises by issuing permits and drilling for hydrocarbons with scant regard for international law or MOFA protests, often aided by formerly purely domestic law-enforcement agencies. Hainan’s

provincial government is another serious irritant. Due to decentralisation, Hainan has acquired authority over coastal waters in the SCS and the province's foreign economic relations. Hainan has massively assisted the local fishing industry's expansion into the SCS with subsidies and backing from local coast guards and militias, generating nearly 400 clashes with neighbouring states' vessels since 1990. The recently much-discussed 'maritime militia' – fishing boats aggressively asserting Chinese exclusive fishing rights in the SCS – operates from Hainan.

And while some have been arguing that under President Xi considerable recentralisation of Chinese foreign policy has occurred, a recent analysis by Xiong suggests Chinese activities in the SCS are as dispersed as ever. Currently, four different law-enforcement agencies are operating in the SCS, associated with the national, Hainan and Sansha City governments. Xiong argues that: these actors struggle to undertake joint activities; no regulations exist to clarify the juridical status, functions and powers of different actors; the approaches and means to enforce the law are very limited; and the quality of the equipment and logistical support available to some of these agencies are poor.

MOFA and the Politburo Foreign Affairs Leading Small Group struggle to coordinate these 'multiple autonomous actors'. While they sometimes approve subordinates' bottom-up initiatives, often they are left reacting to international crises provoked by the opportunistic, self-interested pursuit of power and resources, as the *Impeccable* incident shows. Rather than reflecting a 'grand strategy', state transformation produces 'consistently inconsistent' behaviour in the SCS.

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