

**WHAT HAS CHANGED IN CHINA'S
SOUTH CHINA SEA POLICY
UNDER XI JINPING?**

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Executive Summary

1. China's South China Sea (SCS) policy has generally been described as becoming more assertive after Xi Jinping became China's top leader in November 2012.
2. China's physical control of the number of major land features in the SCS, including islands and reefs, however, has not changed under Xi. Nor have China's claims on the "territorial sovereignty" and "maritime rights and interests" in the SCS, including both territories and maritime rights and interests that China controls and does not control.
3. Major changes in China's SCS policy under Xi Jinping include a massive project to reclaim land and build infrastructure on the islands and reefs that China controls in the Spratlys and the Paracels in the SCS, and consolidation of administrative control of China's maritime possessions and claims in the SCS.
4. Other changes include reorganisation of the regional force and command structure of the People's Liberation Army (PLA) including its Southern Theatre, and integration of China's maritime law enforcement agencies such as the South Sea Area Command of China's new coast guard.
5. These changes can be accounted for by critical factors including institutional priorities and preferences of the PLA, change of top leadership and associated personality styles, availability of critical technologies and evolving perception of external security challenges and threats.
6. Rather than blaming the United States for the rising tension in the SCS, China may reflect on its own policy behaviour as a source of such tension. The overlap of China's nine-dash line claim and the EEZ claims of coastal states, for instance, is a major source of rising tension in the SCS.
7. At the minimum, China's island-building policy also disrupted the status quo in the SCS.

WHAT HAS CHANGED IN CHINA'S SOUTH CHINA SEA POLICY UNDER XI JINPING?

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What Has Not Changed in China's South China Sea Policy under Xi Jinping?

- 1.1 China's South China Sea (SCS) policy has generally been described as becoming more assertive after Xi Jinping became China's top leader in November 2012. The extent of the assertiveness of this policy could be ascertained by examining major changes in China's SCS policy after Xi came to power vis-à-vis what has not changed in China's SCS policy under Xi. China's physical control of the number of major land features in the SCS, including islands and reefs, for instance, has not changed. Nor have China's claims on the "territorial sovereignty" and "maritime rights and interests" in the SCS, including both territories and maritime rights and interests that China controls and does not control.

Physical control of major land features in the SCS

- 1.2 China's control of the Paracel Islands has not changed under Xi. Known in China as West Sand Archipelago (西沙群岛) and claimed wholly by China, Taiwan and Vietnam, the archipelago consists of about 130 coral islands and reefs with a total land area of about 7.7 square kilometres. Mainland China took possession of the Woody or Yongxing Island (永兴岛), the main island of the north-eastern Amphitrite group of the archipelago in 1955 following the retreat of the Kuomintang forces to Taiwan.
- 1.3 In January 1974, a task force of the People's Liberation Army (PLA) Navy (PLAN) fought a battle against a flotilla of the South Vietnamese Navy; the Chinese task force won the battle and seized control of the Prattle or Shanhu Island (珊瑚岛), the

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largest of the western Crescent group of the archipelago from the South Vietnamese. China thus has assumed control of the entire West Sand Archipelago since 1974 and built 20 outposts there.¹

- 1.4 China's control of the seven land features in the Spratly Islands, including Subi or Zhubi Reef (渚碧礁), Gaven or Nanxun Reef (南薰礁), Hughes or Dongmen Reef (东门礁), Johnson South or Chigua Reef (赤瓜礁), Fiery Cross or Yongshu Reef (永暑礁), Cuarteron or Huayang Reef (华阳礁) and Mischief or Meiji Reef (美济礁),² has also remained unchanged under Xi. All the seven reefs are low-tide elevations (低潮高地) or features that are submerged in water in high tide.
- 1.5 Known in China as the South Sand Archipelago (南沙群岛), the Spratly Islands consist of over 100 reefs. The natural land area of the archipelago is less than two square kilometres mainly because these reefs are limited in exposure above water even in low tide; these reefs however spread over an area of 400,000 square kilometres. Spratlys are claimed in full by China, Taiwan and Vietnam and in part by the Philippines, Malaysia and Brunei. While China occupies seven land features and Taiwan possesses Itu Aba or Taiping Island (太平岛), the biggest island in the archipelago, Vietnam controls 27 land features and built 51 outposts on them. The Philippines occupies nine land features and Malaysia possesses five such features in the Spratlys.³
- 1.6 China's acquisition of the land features in the Spratly Islands began in 1988, but the seizure of the original six reefs was unplanned. In 1987, UNESCO decided to establish 200 marine observation stations worldwide and tasked China to build five, including one in the Spratlys. The Chinese government thus deployed a naval task force to the Spratlys in late February 1988 to explore the feasibility of building such a station on one of the reefs of the Spratlys.

¹ See "Paracel Islands", *Encyclopaedia Britannica* and "Paracel Islands", Asia Maritime Transparency Initiative, Centre for Strategic and International Studies.

² "China", Asia Maritime Transparency Initiative.

³ See "Spratly Islands", *Encyclopaedia Britannica* and "Spratly Islands", Asia Maritime Transparency Initiative.

- 1.7 Chen Weiwen (陈伟文), the commander of the task force, exercised his bureaucratic discretion and fought a naval battle against the Vietnamese forces deployed in the area on 14 March 1988; he won the battle and seized the six reefs. For this decision, Chen was investigated for not following orders and contradicting Deng Xiaoping's policy of "peace and development". Today, however, Chen is hailed as a national hero for "seizing the initiative" to establish a foothold for China in the Spratly Islands, which allegedly has critical implications for China's maritime strategy.⁴
- 1.8 In late 1994 and early 1995, China's fishery law enforcement agency deployed ships to establish control of the Mischief Reef, which belongs to the Spratlys but is within the exclusive economic zones (EEZ) of the Philippines. China built stilts-supported structures on the reef and claimed them to be shelters for fishermen.⁵ The Mischief Reef thus has been under China's control since 1995.
- 1.9 China brought Scarborough Shoal under its control in April 2012 or just before Xi came to power, following an intense standoff between a Philippine naval ship and two Chinese coast guard ships over Chinese fishing vessels operating in the area.⁶ The Scarborough Shoal, known in China as Huangyan Island (黄岩岛), is identified as a part of the Middle Sand Archipelago (中沙群岛 or Macclesfield Bank) in China but is within the EEZ of the Philippines. China's control of the feature is largely through the presence of the Chinese coast guard ships; China has not built any facilities on the feature so far.
- 1.10 China's control of the Middle Sand Archipelago or Macclesfield Bank has also remained unchanged under Xi. Macclesfield Bank is a completely submerged but gigantic atoll of underwater reefs and shoals east of the Paracels in the SCS; its

⁴ For detailed discussions, see Major General Jin Yanan, *Winner's Way of Thinking* (Shengzhe siwei) (Beijing: Unity Press, 2017), Chapter 2 and "Interview with Admiral Chen Weiwen", *Modern Ships* (No. 10, 2011). Jin is a professor of strategy at National Defence University in Beijing and *Modern Ships* is a monthly publication of China Shipbuilding Industry Corporation. See also Jin Yanan, "Jin Yanan Reveals the Inside Story of How China Recovered Reefs in SCS", retrieved on 10 September 2020 from <https://www.youtube.com/watch?v=l2qR2Ai1Ga0>.

⁵ See "Beginning and End of Fishery Law Enforcement Command's Seizure of Meiji Reef", *China Youth Daily On-Line*, 28 August 2010 and "China Threat on Coral Reef", *New York Times*, 19 February 1995.

⁶ See "China and Philippines Ease Standoff in South China Sea", *New York Times*, 18 June 2012.

length exceeds 130 kilometres and its width is more than 70 kilometres. It is claimed by both Taiwan and the Philippines.

Claims

- 1.11 Claims include those that China controls and those that are not controlled but claimed by China. Following the decision of an international tribunal in the Hague that rebukes China's expansive claims in the SCS in 2016, China issued a statement to "reaffirm China's territorial sovereignty and maritime rights and interests in the SCS";⁷ China's SCS claims thus fall into two categories, "territorial sovereignty" and "maritime rights and interests". A careful reading of the statement shows that no major changes have taken place to China's claims of "territorial sovereignty" and "maritime rights and interests" in the SCS under Xi Jinping if compared to the Chinese claims before 2012.
- 1.12 China claims "territorial sovereignty" over the major land features of the SCS, including the West Sand Archipelago (Paracels), Middle Sand Archipelago (Macclesfield Bank), East Sand Archipelago (东沙群岛 or Prata Islands) and South Sand Archipelago (Spratlys).⁸ These territorial claims also include the aforementioned land features in the Spratlys that are controlled by Vietnam, the Philippines, Malaysia and Taiwan. Similarly, Prata Islands is under the control of Taiwan but claimed by mainland China; it is located in northern SCS and consists of one island, two coral reefs and two banks.
- 1.13 China also claims the "internal waters, territorial sea and contiguous zone" that these four archipelagos generate. China follows the straight baseline principle in demarcating the baselines that serve as the geographical and legal basis for defining the internal waters, territorial sea and contiguous zone of these four archipelagos. In 1996, for instance, China declared a series of straight baselines around the Paracel

⁷ See *Statement of the Government of the People's Republic of China on China's Territorial Sovereignty and Maritime Rights and Interests in the South China Sea*, 12 July 2016. After the decision of the Hague tribunal, China also reiterated its position of not accepting Article 298 of the United Nations Convention on the Law of the Sea on dispute settlement procedures, which was specified in an statement submitted to the United Nations in 2006.

⁸ See *Statement of the Government of the People's Republic of China*.

Islands from which its territorial sea is measured. “That not only extended Beijing’s territorial sea claim by asserting it should be measured from the grouping as a whole rather than from individual islands; more importantly, it declared all the space within the baselines China’s internal waters” according to Asia Maritime Transparency Initiative.⁹ Claims based on straight baselines around an archipelago thus are more expansive than the non-straight baselines around individual islands in the archipelago.

- 1.14 China, however, has not established these baselines for the Macclesfield Bank, the Prata Islands and the Spratlys for obvious reasons. Macclesfield Bank, for instance, is completely submerged in water, while Prata Islands is controlled by Taiwan. In the meantime, unlike the Paracels, China has not established full control of the Spratlys.
- 1.15 China also claims “maritime rights and interests” in the SCS. China, for instance, claims “exclusive economic zone and continental shelf” based on the four major archipelagos it claims in the SCS. It also claims “historic rights in the SCS”, which clearly refers to the rights within the nine-dash line that it inherited from the government in Taiwan after 1949.¹⁰ These “rights and interests”, however, are narrower and more limited than “territorial sovereignty”; they refer largely to jurisdiction over maritime economic resources such as fish and oil and gas, including those within the nine-dash line.¹¹
- 1.16 China’s claim of “historic rights” within the nine-dash line in the SCS lacks the legal basis in the United Nations Convention on the Law of the Sea (UNCLOS), which China signed and ratified in 1996. On the other hand, it is incorrect to state that such claim amounts to the Chinese claim of the whole of the SCS as its “sovereign territory”. Had China claimed the whole SCS as its “sovereign territory”, it would not need to draw baselines around the Paracels in 1996 to determine its territorial

⁹ See “Reading between the Lines: the Next Spratly Legal Dispute”, 21 March 2019, Asia Maritime Transparency Initiative.

¹⁰ For the two claims, see *Statement of the Government of the People’s Republic of China*.

¹¹ For definition of China’s “historic rights” within the nine-dash line in the SCS, it is based on author’s conversations with Chinese legal experts in China and American legal experts at the US Naval War College over the years.

sea around the archipelago. A limited interpretation of the “historic rights” may also explain China’s insistence that its claims in the SCS have not impeded freedom of navigation.

- 1.17 What China inherited from the government in Taiwan after 1949 was the 11-dash line, which extended into the waters of the Beibu (Tonkin) Gulf and which Taiwan still insists on to define its claims in the SCS. China lost the two dashes of the line because it made concessions to Vietnam in settling the maritime boundary dispute with Vietnam in the Beibu Gulf in 2000. China, for instance, did not insist on the dash lines to define its position in negotiating with Vietnam to settle the boundary dispute in the Beibu Gulf.¹²
- 1.18 Moreover, to build radar facilities against US air threat from the sea and the south, Mao Zedong transferred the China-controlled Bailongwei Island (白龙尾岛), which is located in the middle of the Beibu Gulf between China and Vietnam, to Ho Chi Min as a “gift” in 1957.¹³ This island was used by Vietnam as the Vietnam-controlled territory to define its position in negotiating with China in 2000, thus placing China in a disadvantageous position in settling its maritime boundary dispute with Vietnam in the Beibu Gulf. Due to the Chinese concessions, China reportedly lost 32,000 square kilometres of fishing grounds in the Beibu Gulf and the resultant loss of jobs for about 100,000 Chinese fishermen.¹⁴
- 1.19 Finally, even though claims may reflect foreign policy assertiveness and can be used to mobilise domestic support for such policy, they may also be used as levers in diplomatic negotiations to settle territorial disputes. In the Sino-Indian territorial disputes, for instance, China’s territorial claim of Southern Tibet in the eastern sector, which is controlled by India, is largely understood as a lever that China uses to negotiate India’s recognition of China’s sovereign control of Aksai Chin in the western sector. Similarly, China gave up its claim of 1.54 million square kilometres

¹² For the settlement, see “Introduction to the China-Vietnam Beibu Gulf Delimitation Agreement”, 25 December 2000, Ministry of Foreign Affairs of the People’s Republic of China.

¹³ See “Revealing the Historical Origins of Bailongwei Island”, *Global Times*, 27 January 2015.

¹⁴ See “Life of the Fishermen after Delimitation of the Beibu Gulf”, *Southern Metropolis News*, 21 July 2004.

of territories in Russia's Far East in the diplomatic settlement of its territorial disputes with Russia from 1991 to 2004.¹⁵ China also gave up its territorial claims in exchange for reciprocal concessions in settling the territorial disputes with Burma in 1960 and with Central Asian countries in the 1990s.

What Has Changed in China's South China Sea Policy under Xi?

- 2.1 There are three major changes in China's SCS policy under Xi Jinping. First, beginning in 2013, China embarked on a massive project to reclaim land and build infrastructure on the islands and reefs that China controls in the Spratlys and the Paracels in the SCS. Second, China introduced policies to consolidate administrative control of China's maritime possessions and claims in the SCS. Other policy changes that Xi introduced, which are not confined to the SCS but have major implications for China's SCS policy, include the reorganisation of the PLA regional force and command structure and integration of China's maritime law enforcement agencies.

Land reclamation and infrastructure development

- 2.2 Massive land reclamation was primarily carried out on the seven coral reefs that China controls in the Spratlys. Since these reefs were submerged in water in high tide, China's earlier control of them was established by building stilts-supported, makeshift structures that would remain elevated above water even in high tide. These structures, however, were small and fragile and therefore limited in accommodating more permanent presence of facilities and manpower for fulfilling functional missions. These structures thus were gradually replaced by more permanent, cement-fortified structures based on expanded but still limited land through small-scale land reclamation. By 2010, for instance, Subi Reef was expanded to 1,200 square metres and Fiery Cross Reef to about 8,000 square metres; the latter thus could accommodate the deployment of sea and air surveillance radars

¹⁵ See Jiangyi, "Origins of Sino-Russian Border Issues and Great Significance of Their Settlement", *European Studies*, No. 2, 2006.

and about 200 PLA troops.¹⁶ These expansions, however, had remained piecemeal and limited until 2013.

- 2.3 The land reclamation that began in 2013 was massive and took about two years for it to wind down. Total reclaimed land amounts to more than 10 square kilometres. Subi Reef, for instance, was expanded to about four square kilometres and became the second largest island among the reefs in the SCS. In the meantime, Fiery Cross Reef was enlarged to 2.83 square kilometres. Similarly, Mischief Reef was expanded to 5.52 square kilometres and became the largest island in the SCS. In comparison, the natural size of Ito Aba, the biggest island in the Spratlys, is only about 0.51 square kilometres. Finally, Woody Island, the biggest island of the Paracels, was expanded from 2.13 square kilometres to 3.16 square kilometres.¹⁷
- 2.4 The massive land reclamation thus resulted in an enlarged land mass that can sustain the building of major infrastructure facilities in Chinese-controlled reefs in both the Spratlys and the Paracels. These facilities include major airfields, deep-water harbours, and major surveillance and communications installations.
- 2.5 Three airfields with 3,000-metre runways and aircraft hangers, for instance, were built on the Subi, Fiery Cross and Mischief Reefs of the Spratlys respectively; they can accommodate take-off and landing, and deployment of military aircraft including heavy transports and aerial-refuelling and surveillance aircraft as well as bombers and fighter jets. The airfield in the Paracels was also expanded, with its runway extended from 2,500 to 3,000 metres. The harbours of Fiery Cross Reef in the Spratlys and Woody Island in the Paracels can accommodate 5,000-ton ships, while the enlarged land mass allows for the deployment of a larger military force. Subi Reef alone, for instance, reportedly accommodates 3,330 PLA troops.¹⁸

¹⁶ See Jin Yanan, "Jin Yanan Reveals China's Strategic Deployment by Building Nansha Islands", retrieved on 1 September 2020 from <https://www.youtube.com/watch?v=10qOJjR9qA0>.

¹⁷ Ibid.

¹⁸ Ibid.

Consolidating administrative control

- 2.6 Another major policy change under Xi Jinping is consolidating administrative control of Chinese possessions and claims in the SCS. In July 2012, just before Xi took the helm, China established Sansha or Three-Sands City (三沙市) of Hainan province to run the disputed Paracel, Spratly and Macclesfield Bank Archipelagos. Headquartered in Woody Island, Sansha City now covers a land area of about 13 square kilometres, with a registered civilian population of 621 and another 1,800 non-registered civilians. The city is a prefecture-level authority which is higher than the old county and township-level authorities that ran the three archipelagos. Due to its higher administrative grade, the new city is entitled to more civilian and military resources; a PLA prefecture-level garrison district, for instance, was established in Sansha City to handle issues of national defence mobilisation.¹⁹
- 2.7 A new policy introduced under Xi Jinping is to substantiate the Sansha City by establishing two subordinate, county-level administrative districts, namely, the Xisha district and the Nansha district, in April 2020.²⁰ Headquartered in Woody Island, the government of Xisha district runs the Paracel and Macclesfield Bank Archipelagos; it has jurisdiction over the land area, adjacent maritime zones and civilian population of the two archipelagos.
- 2.8 The government of Nansha district headquartered in Fiery Cross Reef is tasked to run the Spratly Archipelago; it thus has jurisdiction over the land area, associated maritime zones and civilian population of the archipelago. Chinese-controlled reefs in the Spratlys, however, were too small to be inhabited by a civilian population with the exception of Mischief Reef. Traditionally serving as a shelter for fishermen, about 50 fishermen from Guangdong and Fujian reportedly lived on this reef. These civilian inhabitants were likely to have been relocated in 2013 when the land reclamation began on Mischief Reef.

¹⁹ See “China Establishes Sansha City”, *China Daily*, 24 July 2012 and “Sansha Military Garrison Established”, *China Daily*, 27 July 2012.

²⁰ See “China’s State Council Approves Establishing of Two Districts in Sansha City”, Xinhuanet, 18 April 2020.

2.9 Finally, one day after the establishment of the two administrative districts in the SCS, China's Ministry of Civil Affairs and Ministry of Natural Resources gave "standard names" to the features in the SCS, including 25 shoals and reefs and 55 undersea oceanic mountains and ridges.²¹ This is clearly an attempt to consolidate the authority of the two newly established administrative districts by fleshing out the specific features of their jurisdictions in the SCS. This move also serves to reassert China's maritime claims in the SCS, even though international law prohibits national governments to claim undersea land features. The last time China named 287 similar features in the SCS was in 1983.

PLA restructuring and integration of maritime law enforcement agencies

2.10 Other policy changes under Xi that are not confined to the SCS but have major implications for China's SCS policy include the reorganisation of the PLA regional force and command structure and integration of China's maritime law enforcement agencies.

2.11 PLA restructuring that began in late 2015 is an attempt to change the army-centric nature of the PLA, the legacy of the old military strategy centred on continental defence. The restructuring serves to accommodate the expanding PLA naval, air and conventional missile forces and capabilities to provide security to what China perceives to be its evolving maritime "territorial sovereignty" and "rights and interests" including those in the SCS.

2.12 Xi, for instance, replaced the seven army-dominated military regions (MR) with five "joint" regional theatres. Unlike the army-dominated MRs where non-army service forces and officers were marginalised and had to report primarily to their headquarters in Beijing, all theatre-level service forces, including the army, naval, air and conventional missile forces deployed in a particular theatre, are now mandated to report to the commanding officers of their theatres on all operational matters.²²

²¹ See "Names of Islands, Reefs in South China Sea Released", *Global Times*, 19 April 2020.

²² See Li Nan, "Xi Jinping and PLA Restructuring", *East Asian Policy*, Vol. 8, No. 4, 2016.

- 2.13 Another rationale for restructuring the PLA regional combatant commands is to reduce the overlap of missions among these commands. As a result of the restructuring, for instance, “safeguarding (Chinese) rights and interests in the South China Sea has become the most important mission that the Southern Theatre shoulders” (“维护南海权益是战区肩负的最重要使命”).²³
- 2.14 For these reasons, for the first time in PLA history, non-army service officers are appointed to command the newly established “joint” theatres. Admiral Yuan Yubai, a naval officer and a nuclear submariner by training and experience, for instance, has been appointed to command the Southern Theatre since 2017.²⁴ This appointment suggests that the PLA regards its southern theatre as a strategic and operational arena that is predominantly maritime in nature. Its command thus is dedicated to safeguarding what China perceives to be its “territorial sovereignty” and “rights and interests” in the SCS.
- 2.15 This appointment also implies that supporting sea-based nuclear deterrence is a critical mission of this theatre, as reflected in the construction of the PLAN’s second nuclear ballistic missile submarine base in Yalong Bay of Sanya in Hainan. The evolving force and command structure of the PLA Southern Theatre thus may have major implications for the military balance in the SCS.
- 2.16 Another organisational change under Xi Jinping that has major implications for China’s SCS policy is the integration of China’s maritime law enforcement agencies. Traditionally, China’s maritime law enforcement system was fragmented to the extent that it was commonly known as one where “five dragons contend for the jurisdiction of the seas” (“五龙闹海”). Such jurisdiction, for instance, was divided by law enforcement agencies under five different ministries.
- 2.17 These five “dragons” include China Marine Surveillance (CMS, or 中国海监总队) which reported to the State Oceanic Administration (SOA), a subordinate

²³ See “A Special Interview with Southern Theatre Commander Wang Jiaocheng”, *People’s Daily*, 28 February 2016.

²⁴ See Li Nan, “The Southern Theatre Command and China’s Maritime Strategy”, *China Brief*, Vol. 17, No. 8, 2017.

organisation of the Ministry of Land and Resources; the China Fishery Law Enforcement Command (FLEC, or 中国渔政指挥中心) of the Ministry of Agriculture; the Coast Guard Force (海警部队) of the Border Defence Force of the People's Armed Police (PAP), which also reported to China's Ministry of Public Security; the Maritime Anti-Smuggling Police (海上缉私警察) of the China Customs; and the Maritime Safety Administration (MSA) of the Ministry of Transportation.²⁵

- 2.18 Since CMS and FLEC handled issues related to economic resources in China's expansive EEZs, their ships were larger but unarmed, and staffed by civilians. The Maritime Counter-Smuggling Police was a civilian police force. MSA, which handles safety issues of commercial shipping, is a civilian institution as well. In comparison, the PAP Coast Guard Force was a para-military organisation which was staffed by conscripts and voluntary soldiers like the PLA. Since it dealt with crimes and terrorism in coastal waters, its ships were smaller but armed with guns.
- 2.19 The existence of multiple agencies for implementing jurisdiction of the seas led to redundancy and waste of resources. These law enforcement agencies were also known to engage in "bureaucratic entrepreneurship" to compete for scarce resources, or undertake individual agency-based policy initiatives that may not have the coordination from the central authorities. FLEC ships took control of the Mischief Reef in 1995 and remained so until 2013 when land reclamation began. Similarly, the 2012 Scarborough Shoal Incident was initiated by CMS ships. It is unclear whether these individual agency-based initiatives were centrally coordinated.
- 2.20 In 2013, CMS, FLEC, PAP Coast Guard Force and the Maritime Anti-Smuggling Police were merged and placed under the command of the newly established China Coast Guard (CCG) Bureau (中国海警局), which remained a civilian agency under the State Council.²⁶ In 2018, CCG was transferred to become an arms branch of the

²⁵ See Lyle J Goldstein, *Five Dragons Stirring up the Sea* (US Naval War College Press, China Maritime Study No. 5, 2010). Other major players in China's SCS policy include the PLAN, Hainan Provincial Government and China National Offshore Oil Corporation. These organisations, however, do not specialise in maritime law enforcement.

²⁶ "China Coast Guard Bureau Is Formally Unveiled", *New Beijing News*, 23 July 2013.

PAP, known as PAP Coast Guard Corps (武警海警总队) internally but CCG Bureau externally; CCG thus became completely para-militarised in 2018.²⁷

- 2.21 The integration of the “dragons” into a single organisation helped to achieve more efficient use of resources and a more balanced force capabilities and structure of the CCG. CCG ships now run the gamut from under 1,000-ton, 1,500-ton, 3,000-ton, 4,000-ton, 5,000-ton to 12,000-ton classes; they are also armed with guns of various calibres. The CCG also has a fleet of maritime surveillance and patrol aircraft and helicopters.
- 2.22 The new CCG has three regional commands, namely, North Sea, East Sea and South Sea Area Commands. Headed by a PAP major general, the South Sea Area Command (南海海区指挥部) has six coast guard flotillas (支队) under its command, including the Guangdong, Guangxi and Hainan provincial flotillas and the directly led 3rd, 4th and 5th Flotillas; it also has an aviation group (航空大队) under its command.
- 2.23 Traditionally, the PAP reported to both the Central Military Commission (CMC) and the State Council under the so-called dual-leadership system. Beginning in 2018, however, the PAP was mandated to report to the CMC only.²⁸ With integration of the PAP into the command and control structure of the PLA, the CCG South Sea Area Command, which is a subordinate organisation of the PAP, is likely to be integrated into the command and control structure of the PLA Southern Theatre. Therefore, unlike the old situations where various dragons contended discretely for the jurisdiction of the seas, any CCG operations in the SCS may now be coordinated by the command and control of the PLA Southern Theatre.

Accounting for China’s SCS Policy Changes under Xi

- 3.1 Several critical factors may account for China’s SCS policy changes under Xi Jinping. The land reclamation and infrastructure development on the Chinese-

²⁷ “Establishing the PAP Coast Guard Corps”, Xinhuanet, 29 June 2018.

²⁸ See “CCP (Chinese Communist Party) Central Decides to Adjust the Leadership and Command Structure of the PAP”, Xinhuanet, 27 December 2017.

controlled reefs in the SCS, for instance, clearly reflect the institutional interests and preferences of the PLA; they serve to “gain initiative” for the PLA in reducing the vulnerability of these reefs, and in enhancing PLA infrastructure, surveillance and logistical capabilities for securing the vital sea lanes and “choke points” of the SCS. They also help to reinforce PLA capabilities in securing “bastions” for its strategic nuclear submarine force in the SCS.²⁹

- 3.2 In an article commemorating the 70th anniversary of the founding of the PLAN in 2019, for instance, the commander and political commissar of the PLAN praised Xi for “pushing forward the construction of the islands and reefs (岛礁) in the South China Sea with firm will, which has improved the strategic posture of the military struggle in the maritime direction and demonstrated the strong determination to fight for every inch of the sea”.³⁰
- 3.3 However, since the PLA had a strong strategic interest in the SCS even before Xi came to power in 2012, the change of top leadership is a critical factor that accounts for changes in China’s SCS policy. As early as since 2009, for instance, PLA leaders had advocated infrastructure development in the SCS to sustain PLA air and naval operations there.³¹ Hu Jintao, however, did not endorse the PLA plan as the CMC chair from 2004 to 2012.
- 3.4 Critical differences in personality styles of the top leaders may account for different policy choices. Hu, for instance, was well known for his caution-driven hands-off and conflict-avoidance personality style in handling both domestic and foreign policy issues. In comparison, Xi is much more hands-on in handling these issues; he is also not afraid of confrontation and even conflict. Moreover, in his early tenure as the top leader, Xi was incentivised to consolidate power by currying favour with the PLA, or do what the PLA wants including building artificial islands in the SCS.

²⁹ See Li, “The Southern Theatre Command”.

³⁰ See Vice Admiral Shen Jinlong and Vice Admiral Qin Shengxiang, “PLA Navy: Setting Sail and Forging Ahead for 70 Years”, *Qiushi*, No. 8, 2019.

³¹ See “Former Deputy Chief of PLA General Staff Proposes to Build Air and Sea Ports in the South China Sea”, *Global Times*, 21 June 2009.

- 3.5 Finally, Xi takes a more non-compromising position in handling China's territorial disputes with its neighbours likely because of his strong personal belief in the inviolability of "Chinese sovereignty, security and development interests". Xi, for instance, regularly warns that "no country should expect the Chinese people to swallow the bitter fruit that is harmful to our sovereignty, security and development interests" ("任何国家不要指望中国人民会吞下损害主权, 安全, 发展利益的苦果").³² This non-compromising personality style is in sharp contrast to that of Jiang Zemin who made major concessions in settling China's territorial disputes with most of its land neighbours when he served as the top leader from 1989 to 2002.³³
- 3.6 Another critical factor that helps to explain island-building in the SCS is the availability of critical technologies. When the PLA's Naval Engineering Group (海军工程大队) played a critical role in building islands in the SCS, the most important player is the CCCG (China Communications Construction Group), a civilian state-owned enterprise that has substantial experience, organisational capacity and critical technologies in developing China's infrastructure including its major deep-water harbours. CCCG, for instance, owns *Sky Whaler* (天鲸号), the gigantic self-propelled cutter-suction dredger. Based on German technologies and launched in 2010, *Sky Whaler* played a critical role in building islands in the SCS.³⁴ The artificial islands that China built in the SCS thus can also be seen as an accomplishment of Xi Jinping's military-civilian fusion policy.
- 3.7 Some analysts of Chinese foreign policy suggest that Chinese leaders may use foreign policy issues to divert popular discontent from domestic governance crisis or instigate domestic populist and nationalist sentiment for support. A necessary condition for such an explanation to work, however, is wide official publicity of these policy issues in order to agitate and mobilise domestic public opinion support. Such an explanation, however, may not explain well China's island-building in the

³² See, for instance, "Xi: China Loves Peace, but never Compromises on Sovereignty", Xinhuanet, 1 August 2017.

³³ See M Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton University Press, 2008).

³⁴ See "A Close Look at China's Island-building Divine Instrument 'Sky Whaler'", *Global Times*, 28 July 2017.

SCS mainly because there was no media report of island-building until it was completed. The policy was carried out in complete secrecy; all those who were contracted for the project, for instance, were mandated “not to spread related news and record related activities on video and in voice”.³⁵

- 3.8 For the policy to establish two administrative districts under the Sansha City and declare the “standard names” for the 80 reefs and undersea mountains and ridges in April 2020, an important driver is likely to be the completion of the island-building, particularly in the Spratlys. The newly built artificial islands, for instance, can now accommodate more civilian facilities, people and activities; establishing administrative districts and defining their jurisdictions thus are intended to exercise civilian governance of these facilities, people and activities on these islands and in the adjacent maritime zones.
- 3.9 External factors also play a critical role in driving China’s SCS policy changes. Some observers, for instance, believe that Xi exploited US President Obama’s weak SCS policy to build artificial islands in the SCS from 2013 to 2015. Similarly, China allegedly exploited the distraction of the United States and some Asian governments in combating COVID-19 by establishing two administrative districts and declaring the “standard names” for the 80 reefs and undersea mountains and ridges in the SCS in April 2020.
- 3.10 An underlying logic of this view is that had the United States adopted a tougher policy towards China, China would have moderated its behaviour. As a result, the US government issued the *US National Security Strategy* in 2017 and the *US National Defence Strategy* in 2018 after Donald Trump became US president in 2017; both highlight great-power competition where China is regarded as a major strategic competitor against the United States. The US military also increased the tempo of its freedom of navigation operations by having more transits of its naval ships and overflights of its aircraft in the SCS.
- 3.11 In July 2020, US Secretary of State Mike Pompeo expressed US support for the 2016 UNCLOS-based arbitration of the Hague tribunal on the SCS and declared

³⁵ See Jin, “Jin Yinan Reveals China’s Strategic Deployment”.

China's SCS claims "unlawful". In the meantime, the US Navy deployed two aircraft carrier strike groups to the SCS to conduct "dual-carrier" operations.³⁶ Instead of moderating its behaviour, China responded by increasing its military exercises in the SCS and shooting anti-ship ballistic missiles into the SCS.

- 3.12 Rather than seeing China as the instigator who attempts to gain advantages in the SCS by exploiting the vulnerability of the United States and some Asian countries, most analysts inside China see China as the victim of US-led challenges and threats to what it perceives as China's security interests in the SCS. They believe that these external challenges and threats drive changes in China's SCS policy, including fortification of the reefs that it controls in the SCS, consolidating administrative control of the Chinese possessions and claims in the SCS, restructuring the PLA regional force and command structure, and integrating the Chinese maritime law enforcement agencies.
- 3.13 According to this narrative, since the United States and some Asian countries exploit China's vulnerability for advantages in the SCS, China's policy adjustments serve the purpose of "defence", or reducing China's vulnerability. This narrative, however, may not explain some of China's capabilities deployed to the SCS are offensive in nature; China's SCS posture may also be perceived by the United States and some Asian countries as being offensive.
- 3.14 Finally, rather than blaming the United States for the rising tension in the SCS, China may reflect on its own policy behaviour as a source of such tension. China's nine-dash line claim, for instance, may be excessive and lacks the legal basis in international law; the overlap of China's nine-dash line claim and the EEZ claims of the coastal states is a major source of rising tension in the SCS. At the minimum, China's island-building policy also disrupted the status quo in the SCS.

³⁶ See "Two U.S. Aircraft Carriers Enter South China Sea as China Conducts Its Own Military Exercises", *Japan Times*, 4 July 2020.