



# **Senkaku Islands Tabletop Exercise Report**

March 28-30, 2017

Lockheed Martin Center for Innovation, Suffolk, Virginia



## 1. Introduction

On March 28–30, 2017, Sasakawa USA held a Tabletop Exercise (TTX) that explored the possibilities of a crisis between Japan and China over disputed claims to sovereignty of the uninhabited Senkaku (Diaoyu in Chinese) Islands in the East China Sea. A group of experienced retired U.S. and Japanese defense, intelligence, and security officials gathered at the Lockheed Martin Center for Innovation (“The Lighthouse”) in Suffolk, Virginia for an unclassified exploration of U.S.-Japan alliance coordination and possible responses to potential Sino-Japanese confrontations in the vicinity of the Senkakus.<sup>1</sup> The American and Japanese retired officials played government roles in U.S. and Japan teams. The China team was played by four experienced American China specialists. The TTX itself consisted of a series of five different scenarios, each designed to explore different ways in which a Senkaku crisis might be triggered and then evolve. The TTX provided insights on issues that will be important in an actual crisis; in addition, it identified a number of important issues that require further consideration in Track II events, especially future TTXs, as well as detailed consultation and contingency planning by government officials in both countries.

It is important to acknowledge how impressed the TTX participants were with the staff and capabilities of the Lighthouse. Lockheed Martin has developed a national treasure in Suffolk, Virginia, for gaining greater understanding of national and international security issues from the strategic to the tactical. By providing a skilled staff and an unmatched IT environment, the Lighthouse is a unique and valuable means for gathering experts in intense consultations to analyze and find solutions to difficult national security problems.

## 2. Background

China has risen as an Asian military power, and has interest in reclaiming sovereign control over all the islands and features in the East and South China Seas that it considers to be historic Chinese territory. This has created the possibility of conflict between China and other claimants over disputed sovereignty claims to small, and in some cases, uninhabited rocks, shoals, or islands. The Senkakus are one of these flashpoints, and are very significant for both Japan and the United States because the dispute has the potential to escalate to a shooting war between the two and China.

## 3. Setting the Stage: The Senkaku Islands Dispute

The five small uninhabited islets and three rocks that comprise the Senkakus are in the southern portion of the East China Sea. Today they are under the administrative control of Japan, which also claims sovereignty over the island chain—a claim that both Beijing and Taipei reject. While nationalism is an important motivation for all three claimants, sovereignty also yields a 12-nautical mile (nm) territorial sea and an additional 12 nm contiguous zone around each of the features. In turn, within its territorial sea the sovereign nation has exclusive control of fishing grounds around the features as well as economic rights to any oil or gas below the seabed.

The Japanese claim is based on a cabinet decision taken by the Imperial Japanese government in 1895, in the waning days of the Sino-Japanese War, to annex the islands and make them part of Okinawa prefecture. They did so because over the preceding ten years Tokyo had surveyed the islands and determined that they were under the control of no country; hence they met the international legal definition of *terra nullius* (a land without an owner).<sup>2</sup> Shortly

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<sup>1</sup> The findings and recommendation in this report represent the analysis and interpretations of Sasakawa USA alone and do not imply endorsement by or necessarily reflect the views of Lockheed Martin Corporation, its staff, or its board.

<sup>2</sup> Chiu, Hungdah, “An Analysis of the Sino-Japanese Dispute over the T'iao-yutai Islets (Senkaku Gunto),” School of Law University of Maryland, Occasional Paper/Reprints Series in Contemporary Asian Studies, Number 1, 1999, p 11.

after annexation in 1895, in an action that was separate from the Treaty of Shimonoseki that ended the Sino-Japanese War,<sup>3</sup> a Japanese businessman was granted a lease to the islands to establish a fish processing plant, which operated up to the eve WWII, when it was then abandoned. Since that time, the Senkakus have been uninhabited; there are no displaced indigenous peoples waiting to reclaim their island homeland.

Both China and Taiwan argue that Japan's annexation, based upon "discovery," is invalid; the islands were discovered, named, and used by the Chinese centuries before Japan's annexation in 1895, which both Taipei and Beijing say was illegal because the islands were not *terra nullius*.<sup>4</sup> They had long been considered as appertaining to Taiwan. Beijing also argues that Japan's 1895 *terra nullius* claim to the Senkaku Islands is tied to China's "century of humiliation," and Japan annexed them when China could do little to resist.

Tokyo counters that China did not protest the Japanese annexation—and ignored the Japanese incorporation of the Senkaku Islands into Okinawa prefecture—until a 1968 UN Economic Commission for Asia and the Far East (ECAFE) survey indicated that the continental shelf between China and Japan's Ryukyu Island chain may be one of the "most prolific oil reservoirs in the world." The Senkakus were never treated by the Chinese as part of Taiwan until 1970. In short, the authorities of Imperial China, the Republic of China, and the People's Republic of China never disputed Japan's ownership until Japan and Taiwan had started talks on jointly exploring the energy resources around the Senkaku Islands and the United States had indicated it intended to return the islands as part of a return of Okinawa to Japan.<sup>5</sup>



Figure 1. The Senkaku Islands. (Japan Ministry of Foreign Affairs.)

## 4. The Current Situation

In September 2012, the Japanese government purchased the islands from a private owner to ensure that they could not be used by Japanese nationalists to provoke future confrontations with China. For its part, Beijing did not accept the Japanese rationale; it was adamant that China has indisputable sovereignty over the islands, and that Tokyo's action violated the understanding Deng Xiaoping reached with Japan's Foreign Minister to put the issue aside.<sup>6</sup> According to press reporting, Chinese President Hu Jintao personally warned Japan's Prime Minister Noda not to do so during a conversation on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting

<sup>3</sup> From a Japanese perspective, this is an important point because at the end of World War II, Japan was obliged to return the territory it had gained from China as a result of the 1895 treaty.

<sup>4</sup> "Statement of the Ministry of Foreign Affairs of the People's Republic of China," (December 30, 1971), English translation in *Peking Review*, Vol. 15, No. 1 (January 7, 1972), p. 11-13, <http://www.marxists.org/subject/china/peking-review/1972/PR1972-01.pdf>.

<sup>5</sup> The current Japanese position in English is found on Japan's Ministry of Foreign Affairs website along with a plethora of supporting documentation, [http://www.mofa.go.jp/region/asia-paci/senkaku/pdfs/senkaku\\_en.pdf](http://www.mofa.go.jp/region/asia-paci/senkaku/pdfs/senkaku_en.pdf).

<sup>6</sup> During the Sino-Japanese normalization negotiations, Deng Xiaoping told Japan's Foreign Minister on August 10, 1978: "There is the problem of what you call the Senkaku Islands and what we call the Diaoyu Islands, and there is also the problem of the continental shelf. In Japan, there are some people who use these issues to obstruct the signing of the Treaty. In our country, there are also people who want to obstruct [the Treaty] ... But it is better not to dwell on it. In the spirit of the Peace and Friendship Treaty, it does not matter to put the issue to the side for some years." Cited in Drifte, Reinhard, "Japanese-Chinese territorial disputes in the East China Sea – between military confrontation and economic cooperation," Working paper, Asia Research Centre, London School of Economics and Political Science (London UK: 2003).

in Vladivostok. Hu reportedly told Noda that “it is illegal and invalid for Japan to buy the islands via any means. China firmly opposes it.”<sup>7</sup>

Beijing moved quickly to challenge Tokyo’s long-held position that its sovereignty claim “was indisputable.” On the same day that Tokyo declared it would make the purchase, China issued an updated claim to its territorial baselines, which for the first time included the Senkaku islands.<sup>8</sup> Three days later, in accordance with the requirements of the UN Convention on the Law of the Sea (UNCLOS), Beijing filed a claim with the United Nations on an extended continental shelf beneath the East China Sea all the way to the Okinawa Trough. (The Senkaku islands are on the newly-declared continental shelf of China.) China’s State Oceanic Administration (SOA) issued names and coordinates for the features it deemed to be included in the grouping of islands and “affiliated islets.” The purpose of these actions was to demonstrate its effective administration of the Senkaku islands and, therefore, strengthen China’s sovereignty claim.<sup>9</sup>

Beijing also deployed China Coast Guard vessels to waters near the disputed islets on the same day as the Japanese announcement. Three days later, six ships were dispatched with the stated purpose of defending China’s maritime rights and interests, and both entered the 12 nm territorial waters of the islands. These deployments set a pattern that continues today.<sup>10</sup>

By frequent deployments of its constabulary maritime forces to waters that Japan considers its territorial seas and Exclusive Economic Zone (EEZ) around the Senkakus, China is using routine maritime presence by official government ships to challenge what it deems an illegal sovereignty claim and to illustrate Chinese jurisdiction over the islands’ waters. The Japanese have not been idle while China has attempted to create a “new normal” with its routine “violations” of what Japan considers its territorial seas around the Senkakus. The very capable Japanese Coast Guard has also been routinely present in the waters around the disputed islets, warning Chinese vessels away. Neither Japan nor China has directly involved their naval warships. This has kept the threshold of interaction at the law enforcement rather than naval level, which provides a check on inadvertent escalation that neither country wants.

Were the territorial dispute to grow beyond interactions among coast guards and become a military conflict, Japan would be expected to lead the defense of its territory before the United States became directly involved. Tokyo is clear on this point. During a February 2013 visit to Washington, Japan’s Prime Minister Abe, in response to a question following a presentation at a Washington-based think tank, indicated that Japan would defend the Senkakus. He said, “On the Senkakus, our intention is not to ask the U.S. to say or do this or that. We intend to protect our own territory now and in the future.”<sup>11</sup>

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<sup>7</sup> Kiyoshi Takenaka and Sui-Lee Wee, “Japan infuriates China by agreeing to buy disputed isles,” *Reuters*, September 10, 2012, <http://www.reuters.com/article/2012/09/10/usus-china-japan-idUSUSBRE8890AU20120910>.

<sup>8</sup> “Statement of the Government of the People’s Republic of China on the Baselines of the Territorial Sea of Diaoyu Dao and its Affiliated Islands,” <http://www.fmprc.gov.cn/eng/zxxx/t968769.htm>.

<sup>9</sup> “Island Dispute Stirs Sino-Japanese Tensions,” *Strategic Comments*, Institute of International Strategic Studies, <http://www.iiss.org/publications/strategic-comments/past-issues/volume-18-2012/september/island-dispute-stirs-sino-japanese-tensions/>.

<sup>10</sup> For an informed analysis of China’s strategy, see Glaser, Bonnie, “People’s Republic of China Maritime Disputes,” statement before the U.S. House Armed Services Subcommittee on Seapower and Projection Forces and the House Foreign Affairs Subcommittee on the Asia Pacific, January 14, 2014, [www.csis.org/files/attachment/ts14014\\_glaser.pdf](http://www.csis.org/files/attachment/ts14014_glaser.pdf).

<sup>11</sup> Quoted in Nelson, Chris, “The Nelson Report for February 23, 2013.”

## 5. American Involvement

After World War II, the United States occupied Japan's main islands until the 1951 peace treaty, but Okinawa prefecture, including the Senkakus, remained under U.S. military administration for another twenty years. It was not until May 15, 1972 that Washington and Tokyo reached agreement on the reversion of Okinawa prefecture to Japan.<sup>12</sup> When the agreement went to the Senate for advice and consent, The Republic of China (ROC), which at the time was still a formal U.S. ally, complained about including the Senkakus in the reversion. In response, the Senate included a minute that said, "The Committee reaffirms that the provisions of the agreement do not effect claims of sovereignty with respect to the Senkaku or Tiao Yu Tai [sic] islands by any state."<sup>13</sup> This statement forms the basis of the current U.S. policy of taking no position on sovereignty. Thus, the State Department said the United States took a neutral position regarding the claims of Japan, Taiwan, and China to the Senkakus. Rather, it was merely returning the administrative rights which it received from Japan to Japan.

The State Department Legal Advisor wrote:

*The United States cannot add to the legal rights Japan possessed before it transferred administration of the islands to us, nor can the United States, by giving back what it received, diminish the rights of other claimants. The United States has made no claim to the Senkaku islands and considers that any conflicting claims to the islands are a matter for resolution by the parties concerned.*<sup>14</sup>

Significantly, during the same hearings some forty-six years ago, Secretary of State William Rodgers made clear that with the reversion of Okinawa and the rest of the islands considered part of Okinawa prefecture, "...that the Treaty of Mutual Cooperation and Security between Japan and the United States...becomes applicable."<sup>15</sup> In short, Washington has concluded that, so long as the islands are under Japanese administrative control, they are part of the Japanese territory that the United States is treaty-bound to defend.

Any ambiguity regarding the U.S. position was removed in October of 2010 when Secretary of State Clinton publicly affirmed that, in fact, the Senkakus *were* covered under Article 5 of the U.S.-Japan Security Treaty.<sup>16</sup> She repeated this position three days later saying, "...with respect to the Senkaku Islands, the United States has never taken a position on sovereignty, but we have made it very clear that the islands are part of our mutual treaty obligations, and the obligation to defend Japan."<sup>17</sup>

Since that time both Presidents Obama and Trump have publicly repeated that pledge to reassure Japan and to deter Chinese aggression.

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<sup>12</sup> Chiu, "An Analysis of the Sino-Japanese Dispute," p.21. As part of the reversion treaty, the United States retained certain military facilities, in Okinawa prefecture, including two of the rocks in the Senkaku chain which were used for aerial bombing practice. The United States still retains administrative control of these features, although they have not been used as training ranges since 1979.

<sup>13</sup> At the time, the U.S. Government recognized the Republic of China (ROC) government on Taiwan as the legitimate government of China, and Chiang Kai-shek regime had many friends on Capitol Hill.

<sup>14</sup> Okinawa Reversion Treaty Hearings, p.11. Cited in Manini, Mark E., "Senkaku (Diaoyu/Diaoyutai) Islands Dispute: U.S. Treaty Obligations," *Congressional Research Service*, 7-5700 R42761, January 22, 2013.

<sup>15</sup> *Ibid*, p 5.

<sup>16</sup> Clinton, Hilary, "Press Availability with Japanese Foreign Minister Seiji Maehara, Honolulu, Hawaii, October 27, 2010," <http://www.state.gov/secretary/rm/2010/10/105110.htm>.

<sup>17</sup> Clinton, Hilary, "Remarks following signing ceremonies," Hanoi, Vietnam, October 30, 2010, <http://m.state.gov/md150189.htm>.

## 6. The Tabletop Exercise Summary

There were separate teams playing the roles of Japan, the United States, and China. The organization within each team depended on the number of participants, but at a minimum included separate players for the military leadership and the national command authorities. A control cell played the other countries of Asia and all other roles in the exercise. An observation team monitored and recorded the actions within each team, and each participant had ample opportunity to record their observations and opinions on exercise issues on an internal system provided by Lockheed-Martin.

All game participants were in one, large room with removable dividers between each of the three teams. Thus, the teams were segregated physically during game play, and communication was only allowed by the phones or exercise email system. Face-to-face meetings between teams were possible if requested, and took place at a conference table in a nearby, neutral location. In this way, with unrealistic, informal conversations between teams prevented, it was possible to approximate the kind of friction inherent in official communications among the three countries. For plenary sessions, the dividers between the teams were removed, enabling group discussion of the game's events. The control cell sat in a gallery above the game floor, giving the TTX organizers a good view of all three teams. The controllers also had real-time visibility of all electronic communications within and between each team, providing excellent situational awareness.

The TTX was set on May 1, 2018. The player teams were informed that the thirteen months from the actual to the TTX dates had been relatively uneventful: The 19th Chinese Communist Party Congress had been a “triumph” for General Secretary and President Xi Jinping. The situation in Korea remained tense with no obvious pathway in place for resolution of the North Korean nuclear weapons and long range missile development issues. Tensions were high between China and Japan in the East China Sea, but there had been no major incidents. The May 1 exercise start date was also selected as a period of high readiness of the People's Liberation Army (PLA), based on its annual training cycle.

### Scenario 1

- The first TTX run postulated that Beijing had decided to take the initiative using civil, military, and diplomatic maneuvers short of landing on the islands to enhance its diplomatic position on the Senkaku issue. Its goal was to stay below the threshold of U.S. involvement, while forcing Japan to acknowledge China also had a claim to the islands, and intimidating Tokyo into discussions leading to a diplomatic solution.
- China deployed a significant number of coast guard and naval units. Its gambit turned out to be counterproductive, because it so alarmed both Tokyo and Washington, that the United States almost immediately began to improve readiness and deploy resources. Rather than keeping Washington out, Beijing's actions involved it from the very beginning.
- Beijing did cause great concern by using cyberattacks against an operating Japanese nuclear power plant. This alarming action was counterproductive in that it fully alerted the allies and caused Washington to issue a stern warning about the possibility of conflict.
- Beijing's plan was that in the absence of diplomatic concessions from Japan, it would gradually de-escalate. Japan did not waver, the United States was firm in its support, and both sides eventually began to de-escalate as this scenario run ended.

## Scenario 2

- This scenario was intended to be an evolutionary step from the first run. Instead, because of a game play misunderstanding, it evolved into some more interesting developments. A Japan Self Defense Forces (JSDF) secret contingency plan to recapture the islands from the Chinese was publicly leaked, giving the impression to China and the United States that Japan was contemplating occupying the island using paratroops.
- Beijing was alarmed, and despite Japanese diplomatic interactions to the effect that Japan “would never” initiate the occupation of the islands, Beijing was not reassured, and was considering military options of its own.
- Face-to-face Sino-Japanese discussions made the matter worse. The Japanese side was unwilling to unilaterally foreclose any possible future course of action, maintaining that Beijing had no right to tell Japan what it could or could not do in the Senkakus. China’s reaction was deeper suspicion of Japan’s intentions and concern about its future actions. Eventually Beijing was persuaded that Japan was not going to seize the islands in the near term and the scenario run ended before final resolution was reached.
- Although Japan has made no secret of its intention to recapture islands that are seized, Beijing was surprised at this confirmation of Japanese aggressive plans and threatened to respond militarily. The United States was convinced that the leaked plan had caused a misunderstanding and was trying to be a supportive ally while working hard to facilitate de-escalation.

## Scenario 3

- The third scenario started when a Chinese Coast Guard (CCG) cutter tried to shoulder a Japan Coast Guard (JCG) cutter that was chasing off Chinese fishing vessels. The CCG cutter misjudged the distance and as result was rammed by the JCG vessel. The collision resulted in Chinese sailors overboard. Other on-scene forces became involved and a PLA Navy helicopter crashed just after making a very low pass on a Japanese Maritime Self Defense Force (JMSDF) ship. The Chinese became convinced that the Japanese had shot the helicopter down.
- The pace of events and lack of clear information caused considerable confusion and suspicion in the teams of all three countries. As a result, China and Japan failed to agree on a coordinated search and rescue effort for the missing helicopter aircrew.
- The U.S. team attempted to reassure Beijing that Japan had not fired on the helicopter and that the crash was an accident. Beijing was looking to Washington to pressure the Japanese to withdraw, which the United States refused to do. Washington was working hard to persuade the Chinese not to escalate. Washington was in constant contact with both Beijing and Tokyo, which were not in good communication with each other. For example, the Japanese government did not directly inform any Chinese officials directly that its ship had not engaged the helicopter.

## Scenario 4

- This scenario evolved from the previous one. Once it appeared that everything had calmed down, and China had grudgingly acknowledged that the helicopter crash had probably been an accident, the situation returned to a crisis state when a group of about twenty Japanese nationalists managed to slip past both Japanese and Chinese Coast Guards and land on the largest of the Senkakus.
- Equipped with video equipment, satellite communications, and, as the Japanese police subsequently found out, sophisticated weapons, they began to stream live video calling for Japan to physically occupy the islands. This was seen in China and began to cause Chinese nationalist responses. Beijing immediately suspected the

worst, that at least an element of the Japanese government was behind this “incident;” Beijing considered it was a pretext to gain control, and put the onus of escalation on China.

- Tokyo for its part was greatly concerned at this turn of events and promptly dispatched National Police by JCG helicopter to arrest the nationalist group. When they attempted to land, the “nationalists” opened fire, causing casualties and forcing the helicopters to turn back. Since Japanese law prohibits the employment of the Self Defense Force against civilians, Tokyo felt legally bound to use law enforcement forces to deal with the problem. Waiting them out was rejected because it took too long and Beijing was becoming very impatient. The Japan team was prepared to authorize direct fire on the nationalist group from the deck guns of Coast Guard vessels.
- Beijing was becoming worried about Chinese public reaction, and began to pressure Washington to force the Japanese to act decisively; Beijing gave the Japanese forty-eight hours to remove the nationalist group, and prepared to reinforce its presence in the area, including early planning for a force to land and remove the Japanese nationalist group. Washington tightly focused on de-escalation, while hedging against a violent turn of events by increasing the readiness of a number of forces. The scenario ended with everyone agreeing to a Japanese plan to deal with the nationalists.

## Scenario 5

- After the conclusion of scenario 4, the teams were asked to reevaluate their earlier moves in the TTX, assuming the force posture and equipment planned for 2028 (ten years after game-time) to be in place.
- Each team briefed its conclusions in a plenary session. There was no actual game play.

## Synthesis

The morning of the third day was devoted to drawing insights from both game participants and observers. Each team briefed its plans for each move of the previous days, whether its plans succeeded or fell short of expectations, and any insights the team members gained from the exercise. The observation team then presented its insights and conclusions.

## 7. Primary TTX Insights

- None of the three teams involved—Japan, China, and the United States—wanted a war over the Senkakus. During the TTX, the overall thrust of Chinese and Japanese actions was to use military forces to seek a diplomatic way to resolve issues. Washington was anxious to do whatever was necessary to facilitate a peaceful solution while maintaining its strong alliance with Japan. No team was looking for a pretext to start shooting.
- Tokyo and Beijing did not trust one another when it came to the Senkakus sovereignty dispute and were nervous about domestic political backlash if they failed to act strongly during a crisis. All three teams were primed to reinforce their military presence rapidly to signal their resolve and to deter any attempt to resolve sovereignty claims by physical seizure of the Senkakus.
- De-escalation was difficult because each side tried to deter the other by ordering additional military deployments, raising suspicion in the other country about its ultimate intentions.
- The TTX reinforced the experience of many real-world events that in an emerging crisis it is very difficult to get all facts straight early on and thus there is a reluctance to engage with other governments until there is certainty about what really happened.
- The PLA leadership within the China team prepared plans for a military operation to seize the islands on the pretext of removing the Japanese nationalist group, and believed that their plan would succeed. However, the

communist party leadership players on the China team did not decide to authorize a landing. They were very aware of the high risks of combat operations, and were prepared to launch an invasion only if Japan occupied the islands, or if the American guarantee to support Japan under Article 5 wavered.

- Beijing had the advantage when it comes to innovative “deployments.” China’s maritime militia, which consists of hundreds of fishing boats, provided Beijing with the ability to organize a “maritime crowd” that could steam to the Senkakus and numerically swamp the Japanese Coast Guard presence. It would be very hard for the JCG to cope with some 250 maritime militia fishing boats, as was played in the TTX, particularly if the JCG rules of engagement prohibit the use of deadly force.
- Tokyo’s position that its claim was “indisputable” created an interesting dynamic during TTX play. The Japanese team was very cautious when it came to any direct discussion with the Chinese about the Senkakus lest they inadvertently compromise the “indisputable” policy. The result was a very stilted and vague dialogue that hindered and thwarted de-escalation. There was a tension between this policy inflexibility and the objective of de-escalating a crisis.
- During the TTX, Washington was willing to honor its alliance commitments to the Senkakus. Japan acted to take the lead in the defense of its territory, while the United States played a supporting role. During the TTX, U.S. naval and air deployment posture changes—moving maritime and air forces closer to the East China Sea and increasing readiness of other forces—were made to signal resolve and improve deterrence. Enhancing deterrence through deployment activity is an important but often not well appreciated aspect of Washington’s contributions in a supporting role. During the TTX, a frequent communication from Washington to Tokyo was “what can we do to help?”

## 8. Detailed TTX Insights on Specific Questions

### a. Peacetime Confrontations

- What sustained diplomatic advantages can either China or Japan gain from its peacetime deployments around the Senkakus?
- Can either country make a short-term political gain by innovative deployments and activities? What would be the nature of the short-term gain? Can either country make a long-term political gain?
- What are the advantages and disadvantages of unusual deployments by other side?

### Background

For the past five years both countries have been involved in an almost ritualistic use of coast guard vessels to demonstrate sovereignty. Chinese state-owned, non-military vessels and fishing boats routinely enter Japanese claimed waters around the Senkakus, and in turn, the Japan Coast Guard vessels show up to warn them to leave. Eventually the Chinese vessels depart Japanese-claimed waters. According to Japanese data, China’s sovereignty assertions into the contiguous zone around the islets (12–24 nm from the Senkakus) have remained constant for the past five years, while China Coast Guard presence in the territorial sea around the Senkakus (0–12 nm) has been steadily increasing. From a monthly norm of around nine intrusions there was a dramatic uptick in August 2016 to twenty-three. Both countries use state-owned vessels to demonstrate support for assertions of sovereignty. Japan uses its coast guard to “protect” sovereignty by “running off” Chinese interlopers, while the Chinese use its coast guard and State Oceanic Administration vessels to challenge Japan’s claim to sovereignty while asserting its own.

So far, these deployments and counter-deployments have not caused any discernible change in either Japan's or China's national position on the status of the islands. Any dispute over sovereignty can only be resolved peacefully by negotiation or agreed upon third-party arbitration (use of force is prohibited by the UN Charter). Deployments and activities conducted at sea and in the air around the islands would have no bearing on the legal merits of either party's claims. Only if Japan were to completely withdraw its sea and air patrols from the islands, and if China were to maintain a continuous and numerous presence, might there be an international perception that China has successfully challenged Japanese sovereignty. Even in this case, China and Japan's cases in negotiations or arbitration would not be affected substantially. Nonetheless, Beijing appears determined to continue to assert its claims to sovereignty indefinitely, employing its very large and growing coast guard as well as a large navy and air forces that quantitatively far outnumber Japanese forces. Beijing apparently believes it is in control of the pace and scope of intrusions into Japanese territorial seas and air space around the features, and these operations therefore run a low risk, and promise potential rewards.

### TTX Insights

In the TTX neither the Chinese nor the Japanese team intended or wanted competitive deployments around the Senkakus to escalate to conflict.

Both the Chinese and Japanese teams felt compelled to react resolutely in the face of escalated deployments by the other to support sovereignty claims, but each was careful not to cross what it estimated to be the other's red lines that would trigger conflict.

Based on the TTX, Beijing has the advantage when it comes to innovative "deployments." China's maritime militia, which consists of hundreds of fishing boats, provides Beijing with the ability to organize a "maritime crowd" that could steam to the Senkakus and numerically swamp the Japan coast guard presence. It would be very hard for the JCG to cope with some 250 maritime militia fishing boats, as was played in the TTX, particularly if the JCG rules of engagement prohibit the use of deadly force. The TTX did not examine how long China could maintain maritime military deployments of this size. The inability to promptly force the maritime militia boats to leave its territorial waters could provide a perception of Japanese weakness in defending its claims against higher level challenges from China.

While its inability to police the waters around the Senkakus against a sustained high level of Chinese maritime militia activity would be humiliating for Japan, it would not provide China with any inherent advantage in a legal resolution of the sovereignty dispute.

On the other hand, Beijing's reputation would likely suffer regionally and internationally for embarking on an aggressive course of action that has a real possibility of triggering an escalatory spiral to conflict. It would be seen as an exceptionally assertive course of action by Beijing in pursuit of its sovereignty assertions. Both countries in the region and beyond would likely take measures to increase their capability against further Chinese aggression.

Resoluteness over the Senkakus issue does potentially have a political downside if it becomes an impediment to a major improvement in Sino-Japanese bilateral relations, especially economic understandings that would benefit Japan. The government could be seen by its public as being obdurate because it is unwilling to attempt to negotiate a lasting resolution to the issue.

As a general proposition, based on the TTX, unusual and large Chinese deployments that have as their objective surprising or disadvantaging Japan seem to be high risk, low reward. They have a low probability of legally

resolving sovereignty once and for all, and a high probably of generating an escalation to the use of force, including deadly force, an outcome that neither the Chinese nor the Japanese team considered in its interest.

## b. Escalation and De-escalation

- What are the dangers of escalation from operations around the Senkakus, if Sino-Japanese relations are otherwise calm?
- Are the dangers different if there are increased tensions between the countries in other areas?
- What are the factors and objectives that would cause either or both countries to escalate military deployments during a crisis arising from an incident?

## Background

It is never wise to discount the possibility of escalation when public vessels of two countries with tense relations are maneuvering near each other to assert or defend sovereignty. Collisions at sea do happen. So far, the interactions between Chinese and Japanese coast guard vessels have been professional and predictable, but Tokyo is concerned about the growing tempo of incursions by China coast guard vessels in Japanese territorial seas around the Senkaku Islands and the JASDF's need to "scramble" fighters based in Okinawa to react to People's Liberation Army Air Force (PLAAF) and Naval Aviation flights (including airborne early warning, surveillance, and combat aircraft) around the Senkakus. The growth of the PLA's anti-ship missile capabilities, its amphibious capabilities, as well as advanced air defense capabilities purchased from Russia that can cover the islands from bases on the Chinese mainland, are worries for Japan, as is the growth of China's coast guard. The Chinese coast guard, already the largest in the world, is twice the size of Japan's and continues to grow. Conversely, the measures that Japan is taking to re-orient its force deployments to the southwest, and to build its capability for maritime conflict concern China.

## TTX Insights

When the Chinese team initiated an extremely large East China Sea buildup of China Coast Guard and the PLA Navy, including surging approximately eighteen submarines, the primary concern in Washington and Tokyo was that Beijing was planning to seize the Senkakus.

The Chinese buildup triggered both Japanese and American naval deployments towards the East China Sea and readiness increases for additional forces to deter a Chinese attack on the islands. Washington's quick and positive response was very reassuring to Tokyo.

The China team was also worried about escalation. For example, in one case the China team suspected, mistakenly as it turned out, that Japan was going to employ paratroops to occupy the features. Beijing reacted very aggressively, making statements using traditional Chinese formulations warning of deployment of the PLA, such as "the brink of the precipice" and "China will not stand idly by."

In the TTX, de-escalation was initially difficult because each side was attempting to deter the other through additional military deployments. Beijing was very concerned that Chinese public opinion could force it to take further escalatory steps. On the other hand, Beijing was shaken by an explicit threat of war from Washington if it seized the features.

During the TTX the assumption was that overall relations between China, on the one hand, and Japan and the United States, on the other, were good. High level diplomatic exchanges flowed smoothly, and the main

impediments to resolving the crisis were suspicions on both sides, and the imperative on both sides not to appear weak.

On at least one occasion, one government refused to accept a call from the other's foreign minister. Although this was in part an artifact of game play, it illustrated the point that in an emerging crisis it is very difficult to get all facts straight early on to form policy responses and thus there is a reluctance to engage with the other party.

An already fraught relationship between China and Japan and the United States would likely make the danger of escalation worse because routine communications would already be more strained and suspicions of the other country would be higher.

The Chinese team in the TTX played General Secretary and President Xi Jinping as an authoritative "decider." Therefore, the China team could act quickly and decisively. This contrasted with the speed of reactions observed in previous crises, for example the EP-3 incident in 2001, when it was even hard to establish high-level contacts with China quickly because the collective leadership had not reached consensus.

The bottom line insight from the TTX is that Tokyo and Beijing do not trust one another when it comes to the Senkakus. While the teams on both sides (and the United States) did not believe conflict would serve their interests, the lack of trust and fears of domestic political backlash made de-escalation difficult. All sides considered or carried out further force buildups both to warn the other side and to be ready in case conflict broke out, and these additional deployments further fueled suspicion.

- What are the factors and objectives that would cause either or both countries to deescalate military deployments during a crisis arising from an incident?

## TTX Insights

Since no side wanted war, during the TTX the three teams were continually looking for ways to deescalate, despite immediate reactions to push more force toward the Senkakus to signal resolve and deter the other side.

The primary factor in supporting the Chinese team's determination to deescalate was Washington's support for Japan, both in public statements and by its military force movements. The Chinese team assessed that the PLA was still short of a capability to defeat the combined Japanese-U.S. forces.

The Chinese team privately approached the U.S. team to signal its intention to avoid conflict, and was reassured by the American response that it shared the intention, although it was committed to supporting Japan should conflict occur.

Although withdrawals of force were not negotiated by the teams in the TTX, the crisis was deescalated by mutually observed halting of further deployments, with projected future reductions.

- During the 2010 incident in the Senkakus involving the arrest of a Chinese fishing boat captain by the Japanese Coast Guard the crisis was resolved by diplomacy backed on both sides by economic sanctions and pressure. The military responses on both sides were restrained. Would reactions be different in 2017?

## Background

The primary development since 2010 has been Prime Minister Noda's announcement in September 2012 that the Government of Japan, rather than the municipality of Tokyo, would buy the islands. This set off a train of events that led directly to the current tense situation around the Senkakus.

## TTX Insights

TTX play suggested the more likely involvement of military forces today than in 2010.

That said, neither side wanted conflict in 2010 just as neither wants it today. Thus, a diplomatic solution is just as likely today.

### c. Military Conflict in the Senkakus

- What are the rewards and risks for China of an operation to seize the Senkakus by surprise?
- How would Japan react to a threat of Chinese seizure of the Senkakus by surprise?
- How would the United States react to potential conflict over the Senkakus?
- How long would a confrontation last between Japan and China arising from an incident in the Senkakus? Would both countries seek to resolve the crisis quickly, or is there an advantage to one side for prolonging it?

## Background

China has the capability secretly to deploy, by ship or helicopter, a substantial landing force on the main Senkaku islands, presenting a *fait accompli* to the United States and Japan. Japan has stated unequivocally that it will react by using force to remove the landing party, and it has organized, trained, equipped, and stationed forces to do so. Both the Obama and Trump administrations have gone out of their way to state unequivocally that the Senkakus are covered by the U.S.-Japan mutual defense treaty. It is difficult to argue rationally that there are any rewards for China in risking war with the Japan and the United States by seizing the Senkakus, which amount to a handful of strategically inconsequential features. Some observers argue the impressive build-up of Chinese military power in and around the East China Sea, if continued unabated, will soon make U.S. policymakers reluctant to get involved in a fight over the Senkakus because the U.S. forces would sustain high casualties. However, American failure to respond to Chinese aggression against Japanese territory (even uninhabited “rocks”) risks completely undermining the alliance, which in turn would put the overall U.S. military forward posture in East Asia, sustained by bases and facilities in Japan, in jeopardy. At the same time, Washington would want to assure itself that the conflict was not triggered by Tokyo, but instead by an act of Chinese aggression. The United States would insist that Japan’s military response was appropriate and proportionate, that Tokyo was taking the lead in the fight, and not holding back expecting the United States to “take charge.” Finally, Washington would be very insistent on quickly reaching an end to combat, before the situation escalated.

## TTX Insight

The final scenario of the TTX, involving a Japanese nationalist group landing on the Senkakus, brought China, Japan, and the United States closest to war, and provided insights into potential conflict motivations and reactions.

There was intense discussion within the China team about the risks and rewards of seizing the Senkakus. The PLA leadership within the China team prepared plans for a military operation to seize the islands on the pretext of removing the Japanese nationalist group, and believed that their plan would succeed. However, the communist party leadership players on the China team did not decide to authorize a landing. They were very aware of the high risks of combat operations, and were prepared to launch an invasion only if Japan occupied the islands, or if the American guarantee to support Japan under Article 5 wavered.

Because of their estimate of the high risks of conflict, throughout the TTX the primary objective of the China team was official acknowledgement that Chinese claims to the islands formed a subject of dispute. A further Chinese objective was an indication from Tokyo that it would agree to enter bilateral negotiations regarding sovereignty.

The China team suspected that the nationalist group that had landed on the Senkakus had the secret support of at least some in the Japanese government, and was suspicious of the pace and scope of Japanese efforts to remove them. The leaders of the China team reviewed a landing plan prepared by the PLA, but did not consider the risks acceptable. They were prepared to authorize a landing only when they were convinced that the nationalist group was a cover for a prolonged Japanese presence on the islands.

At one point, the China team asked the U.S. team to prod Tokyo to move faster. This was one of several attempts by the China team during the TTX to split the U.S.-Japan Alliance, hoping that Washington would shy away from risking conflict with China over the Senkaku.

The U.S. team did request that Japan remove the nationalist group quickly, but at the same time it offered assistance to Japan, moved its maritime and air forces to higher levels of readiness and closer to the region, and made clear its basic support of Japan in the crisis with China. The U.S. team was aware of the dangers of a split with Tokyo, and refused to assume the role of mediator between China and Japan.

The Japan team considered the nationalist group on the Senkakus as a law enforcement issue, and attempted to use police and coast guard units to remove them. China did not accept this civil/military distinction, and was only concerned with rapid removal of the group. The Japanese team did not understand China's impatience with the delays in removing the well-armed and entrenched nationalist group, and did not involve the self-defense forces in contingency planning. They underestimated the risks of a Chinese landing caused by the slow pace of their own response.

The China team was very aware of the pressure of nationalist sentiment within China, and wanted to end any crisis quickly, while achieving their objectives. The Japanese team did not pay much attention to popular sentiment, even when the nationalist group that had landed on the Senkakus was generating sympathy in some segments of the Japanese public. The U.S. team was aware of the role of public opinion in both China and Japan, but American public opinion was not a factor for them in the near term.

#### d. Communications

- What would be the nature of communication among China, Japan, and the United States during crisis or conflict? Would the United States have an incentive for bilateral communications with China?

#### Background

During time-sensitive crises, leadership hotlines have been used in real-world situations with mixed results, as well as urgent representations from the embassies in respective capitals that can telephone or meet with counterparts to begin urgent and, as near as possible, real-time dialogues. During the EP-3 crisis between China and the United States in 2001, it took several days for an effective communications channel to be established between Beijing and Washington. The Chinese government has taken steps to improve its capabilities for crisis management in the seventeen years since then, and the more centralized regime of General Secretary and President Xi should be able to react more quickly and smoothly. Chinese-Japanese communications during crisis have not been tested yet and decision-making processes are relatively new in both governments; therefore, the chances for delays and misunderstandings are high. In cases when lives are at risk in the Senkakus, it will be up to on-scene forces to take the initiative to save lives. The Chinese

and Japanese coast guards have five years of practice communicating with one another around the Senkakus. The two navies use the agreed upon procedures of the Code for Unplanned Encounters at Sea (CUES) as well as normal bridge-to-bridge voice radio on international channel 16. Aviators have international air distress radio frequencies as well. Depending on specific circumstances it is likely in a Senkakus crisis that the United States would have an incentive for bilateral communications with China. Washington would be in constant communication with Tokyo, but would be eager to gain insight into Chinese intentions and reactions, particularly if it appears that the crisis was caused by deliberate Chinese actions.

## TTX Insights

Communications between the Chinese and Japanese teams were hampered by suspicion and lack of mutual understanding. At one point, for example, the Japanese foreign minister player declined to take a call from his Chinese counterpart. Part of the reason may have been a game artifact, but the suspicions and misunderstandings were genuine.

All three teams attempted to use their public announcements to signal resolve, to warn against escalation by the other side and to influence public opinion. Neither the Japanese nor the Chinese team effectively integrated its public pronouncements with its private communications. For example, two Chinese public announcements used phrases that indicated China was on the verge of using military force, yet did not reinforce its message with equally strong official and private communications to the Japan and U.S. teams directly.

There was frequent communication between the Chinese and U.S. teams. Chinese communications to the U.S. team were designed both to put pressure on Japan, and to split the Alliance. The U.S. team recognized the Chinese motivations, and in their dialog with Beijing maintained support for Japan, while offering cooperation to de-escalate the crisis.

In one case during the TTX, Washington directly warned Beijing to back off or risk the possibility of war. This direct warning shocked the China team, and reinforced the caution of the leadership of the China team.

- How well did Japanese-U.S. communications operate during confrontations and crises involving the Senkaku Islands?

## Background

The Senkakus represent the first potential military confrontation or conflict in which Japan is expected to take the lead, rather than the United States. In previous combined planning and exercises between Japan and the United States involving crisis or conflict in Taiwan or Korea, the United States has been in the lead, and Japan in the reactive mode. Another complicating factor in Alliance planning and communications is the involvement of the Japanese Coast Guard, and, potentially, the National Police Agency of Japan, in contingencies involving the Senkakus. While the ministries of defense and foreign affairs, as well as the self-defense forces of Japan have extensive contacts with their counterparts in the United States, these contacts are not developed for the Japanese Coast Guard or police in national security crises.

## TTX Insights

Although it may have been a game artifact, the Japan team did not effectively integrate coast guard and police planning with self-defense force planning. The Japan team approach was to separate the civil and military phases of the crisis

reaction, leaving the coast guard and police forces to undertake a difficult operation against the nationalist group for which they were not trained or adequately capable.

The Japan team did not develop a “battle rhythm” of consulting with the U.S. team, forming its own plan, then coordinating with the U.S. team to ensure a unified Alliance approach. The U.S. team often felt it necessary to ask Japan about its intentions and plans. It may have been an artifact of a very fast-paced game, and eventually the U.S. and Japan teams formed a coordinated approach to the crises, but the TTX pointed out the importance of rapid effective communications between the United States and Japan, with Japan taking the lead.

## 9. Recommendations

- Japan’s coast guard and maritime and air self-defense forces are currently stretched by the requirement of reacting to every Chinese deployment and flight to the Senkakus. Japan should consider reaction on a less frequent, irregular basis, or with fewer forces. To do so would not prejudice its legal and diplomatic positions on the question of sovereignty, and would ease the strain on its forces.
- It may be time for allied discussions to explore pros and cons of a change in U.S. policy to one that recognizes Japanese sovereignty. Such a change would have no practical change to today’s circumstances; the treaty commitment remains, while the deterrent value of the pledge to treat the Senkakus as territory to be defended against aggression is probably strengthened. Beijing’s reaction would have to be carefully considered. Further, such an acknowledgement might make it easier for Tokyo to work out some sort of *modus vivendi* with Beijing regarding the Senkakus.
- During the TTX the newly established Alliance Coordination Mechanism (ACM) was not established as a central point to manage Japan–U.S. communications, and bilateral consultation was ad hoc. The ACM as currently constituted does not have standing staff and communications networks, but is convened with different members for different purposes. Japan and the United States need to establish and exercise a system of rapid and effective bilateral communications, using a more capable ACM or other center, for handling a range of Senkakus crises, in which Japan takes the lead and the United States acts in support.
- In one of the scenarios both China and Japan deployed significant numbers of submarines to the East China Sea. Given that U.S. submarines might also be in the area, there could be major undersea water management issues. With surface ships from all three countries also potentially in the area, and tensions high, the chances for incidents arising from sonar tracking or periscope sightings is high. To avoid inadvertent incidents, all three countries should progress from the Code for Unplanned Encounters at Sea (CUES) agreements to “unidentified submarine contact” procedures for the East China Sea. The navies of all three countries have procedures for surface/sub-surface communication between their own surface vessels and submarines that could be used for this purpose. A related recommendation is to extend appropriate elements of the current naval CUES to coast guards.

## About the Author



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RADM (ret) Michael McDevitt is a Senior Fellow at CNA, a Washington DC area non-profit research and analysis company. During his twenty years at CNA, he served as a Vice President responsible for strategic analyses, especially in East Asia and the Middle East. He has been involved in U.S. security policy and strategy in the Asia-Pacific for the last twenty-five years, in both government policy positions and, following his retirement from the U.S. Navy, as an analyst and commentator. During his thirty-four-year navy career he had four commands at sea, including an aircraft carrier battle group. His last assignment before retirement was a Commandant of the National War College in Washington DC. He is a graduate of the University of Southern California and Georgetown University where his MA focused on U.S. East Asian diplomatic history. He also attended the National War

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His most recent research includes a study on U.S. Policy Options and the South China Sea<sup>18</sup>, and a study on maritime security issues along the Indo-Pacific littoral.<sup>19</sup> He has recently completed a two-year study on “China as a Maritime Power”.<sup>20</sup>

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<sup>18</sup> [https://www.cna.org/CNA\\_files/PDF/IOP-2014-U-009109.pdf](https://www.cna.org/CNA_files/PDF/IOP-2014-U-009109.pdf)

<sup>19</sup> [https://www.cna.org/CNA\\_files/PDF/IRP-2013-U-004654-Final.pdf](https://www.cna.org/CNA_files/PDF/IRP-2013-U-004654-Final.pdf)

<sup>20</sup> <https://www.cna.org/news/events/China-Maritime-Power-Conference>