CHINA'S DECISION TO DEPLOY HYSY-981 IN THE SOUTH CHINA SEA:
BUREAUCRATIC POLITICS WITH CHINESE CHARACTERISTICS

A Thesis
submitted to the Faculty of the
Graduate School of Arts and Sciences
of Georgetown University
in partial fulfillment of the requirements for the
degree of
Master of Arts
in Asian Studies

By

Yingxian Long, B.L.

Washington, DC
December 10, 2015

Copyright 2015 by Yingxian Long
All Rights Reserved

CHINA'S DECISION TO DEPLOY HYSY-981 IN THE SOUTH CHINA SEA: BUREAUCRATIC POLITICS WITH CHINESE CHARACTERISTICS

Yingxian Long, B.L.

Thesis Advisor: Victor Cha, Ph.D.

ABSTRACT

This paper sheds light on developing a hybrid analytical construct by combining Foreign Policy Analysis (FPA) theory and modifications which are based on China. It employs the bureaucratic politics model to China's decision-making during the China-Vietnam standoff in 2014 and adjusts the traditional model with intervening variables—the party ranking system and Democratic Centralism doctrine. I introduce two premier independent variables that determine which actors will gain the advantage in the bargaining process. The first independent variable is the proximity of China and the involved country in terms of the PLA's power projection capability. The second is China's economic stake in the bilateral relations with the involved country. Sometimes the winning actors have incompatible policy objectives. Thus the intervening variables would determine which actor would eventually prevail and expect the national policy to be executed accordingly. I argue that the bargaining game among different actors who have diverse agendas led to the shift in China's strategy. It would concurrently advance FPA studies while developing a future avenue for research on foreign policy formulation of China.

The research and writing of this thesis
is dedicated to everyone who helped along the way.

In particular,

I wish to thank my friends Adam Greer and Daniel Atherton for helpful critiques and comments.
Additionally, I thank my advisors, Dr. Victor Cha, Dr. Kristen Looney, and Dr. Andrew Bennett
for mentorship.

Many thanks,
Yingxian Long

TABLE OF CONTENTS

HYSY-981, an Empirical Puzzle	1
Competing Explanations on the HYSY-981 Incident.....	3
Hypothesis: Bureaucratic Politics Model.....	6
A Bureaucratic Politics Model with “Chinese Characteristics”	8
Case Study: the HYSY-981 Incident and the China-Vietnam Standoff.....	14
Case Study: North-South Sudan Conflicts and Darfur Crisis.....	23
Conclusion	31
Bibliography	35

HYSY-981, an Empirical Puzzle

The Chinese oil rig, HYSY-981 was deployed in disputed waters of the South China Sea (SCS) in May 2014. This bold move heightened regional tensions, evoked international attention from the US and other countries, and undermined China-Vietnam economic cooperation by exacerbating Vietnamese anti-Chinese sentiment. Why did the Chinese leadership decide to deploy HYSY-981 despite these foreseeable risks? Moreover, why did the Chinese leadership decide to withdraw the HYSY-981 before the planned date, weakening China's territorial claims in the South China Sea? How can such a radical policy transition be explained?

The HYSY-981 is a semi-submersible oil platform owned and operated by the China National Offshore Oil Corporation (CNOOC). On May 2nd, 2014, the HYSY-981 started to drill in waters 120 miles off Vietnam's coast in close proximity to the Paracel Islands. Dozens of Vietnamese fishing boats and law enforcement vessels were dispatched to intervene but found themselves confronting a fleet of Chinese vessels protecting the oil platform.^a HYSY-981's deployment evoked strong anti-China sentiment in Vietnam, and even led to a mass anti-Chinese riot. According to the China's Foreign Ministry, at least four Chinese citizens were killed and more than a hundred were wounded.^b Vietnamese mobs robbed and set fire to dozens of mainland Chinese, Taiwanese and Singaporean factories.

HYSY-981's deployment also raised alarm levels around the area. The 24th ASEAN summit announced the "ASEAN Foreign Ministers' Statement on the Current Developments in the South

^a Paul J. Leaf, "Learning From China's Oil Rig Standoff with Vietnam," *The Diplomat*, August 30, 2014, thediplomat.com

^b "Vietnam Detains Hundreds after Riots Targeting Chinese Businesses," *The Guardian*, May 22, 2014, www.theguardian.com

China Sea” in which ASEAN countries expressed “serious concerns over the on-going developments in the South China Sea, which have increased tensions in the area.”^c During the standoff, other states had reason to be concerned. Japan relies heavily on SCS sea lines of communication for trade, and was additionally worried that assertive Chinese behaviors in the SCS may not bode well for Japanese disputed territories with China in the East China Sea. Similarly, India is attentive to Chinese maritime expansion and China’s assertive stance on territorial issues. The U.S. Secretary of State John Kerry said China's behavior was “provocative” and encouraged both sides to resolve the dispute through peaceful talks in accordance with international law.^d Moreover, the U.S. Senate passed a resolution that “calls on China to withdraw its Hai Yang Shi You (HYSY-981) drilling rig and associated maritime forces from their current positions, refrain from maritime maneuvers contrary to the Convention on the International Regulations for Preventing Collisions at Sea, and return to the status quo as it existed before May 1, 2014.”^e This signaled strong U.S. opposition to China's assertive maritime behaviors. The European Union similarly released a statement and announced that “the EU is concerned that unilateral actions could affect the security environment in the region.”^f

^c “ASEAN Foreign Ministers’ Statement on the Current Developments in the South China Sea,” Association of Southeast Asian Nations (ASEAN), May 10-11, 2014. Accessible via www.asean.org/images/documents/24thASEANSummit/

^d “United States’ John Kerry Says China Action in Seas Dispute ‘Provocative’,” *Reuters*, May 13, 2014. www.ndtv.com/

^e Support for Freedom of and for the Peaceful Diplomatic Resolution Territorial and Maritime Claims and Disputes, S.Res.412, 113th Cong. (2014).

^f “Statement by the Spokesperson of the EU High Representative on the recent escalation of tensions in the South China Sea,” European Union (EU), May 8, 2014. Accessible via eeas.europa.eu/

Although the EU statement did not single out China, it was obviously more sympathetic to Vietnam's position.

After a reversal of policy, HYSY-981 left the disputed waters on July 15, a month earlier than initially announced.^g Whereas the Vietnamese government overlooked initial anti-Chinese riots, officials began to crackdown on rioters and arrested several dozen radicals. One month before HYSY-981's retreat, on June 18, Chinese State Councilor Yang Jiechi, who is senior to the Foreign Minister in bureaucratic hierarchy, visited Vietnam and co-hosted the Chairmen's Meeting of the China-Vietnam Steering Committee for Bilateral Cooperation with Pham Binh Minh, Vietnamese Deputy Prime Minister and Foreign Minister.^h After several weeks of heightened tensions, China was eager to reconcile relations with Vietnam.

Competing Explanations on the HYSY-981 Incident

Different China watchers have applied various theories to explain China's behavior in the South China Sea or, in a broader sense, Chinese foreign policy. Conventional bureaucratic politics theory and rational actor models are the most widely used theories on China's behaviors in the South China Sea.

The Crisis Group's report *Stirring up the South China Sea* insightfully describes the various Chinese actors in the South China Sea—the “night dragons” —and ascribes China's SCS behaviors to ineffectual coordination and conflicting interests among China's domestic actors. In

^g “HN0033 South China Sea Drilling Work by M/V ‘HAI YANG SHI YOU 981’,” Maritime Safety Administration of the People's Republic of China, May 2, 2014. www.msa.gov.cn/Notice/

^h “Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 17, 2014,” Ministry of Foreign Affairs of the People's Republic of China, June 17, 2014. www.fmprc.gov.cn

the case of the HYSY-981 incident, however, PLA warships, law enforcement vessels and fishing boats were apparently well-coordinated rather than disjointed as a bureaucratic politics model might predict.

China's new leadership has behaved more assertive—externally and domestically—than their predecessors. Especially after Xi Jinping took over the presidency, many China watchers concluded that the era of “rule by consensus” has come to an end and been replaced a system in which Xi dominates major decisions. In the context of the SCS, many experts believe that China is following a coherent strategy. Consequently, according to rational actor explanations, recent SCS escalations, including the establishment of the Sansha Garrisonⁱ and the HYSY-981 incident, were the result of a “deliberate and systematic”^j strategy. Whereas bureaucratic politics models emphasize the nuanced nature of domestic politics in foreign policy formulation and execution, rational actor explanations define “national choices as purposive goal-directed behaviors” and “postulates that the government of a sovereign state behaves as if it were a unitary actor.”^k

Why not a Rational Actor Model in Explaining the HYSY-981 Incident?

A rational actor could hardly overlook the obvious risks that deploying HYSY would have result. First of all, the 2014 annual ASEAN summit would be held in May. China’s provocative

ⁱ Center for a New American Security (CNAS), *East and South China Seas Bulletin 5* (Washington, DC: CNAS, 2012.)

^j House Committee on Foreign Affairs, Beijing as an Emerging Power in the South China Sea, 112th Cong., 2nd sess., 2012.

^k David Knoke and Xinxiang Chen. “Political Perspectives on Inter-organizational Networks.” In Steve Cropper, Mark Ebers, Chris Huxham, and Peter Smith Ring, eds., *The Oxford Handbook of Inter-organizational Relations* (Oxford: University of Oxford Press, 2008), pp.460.

behavior in the South China Sea during the summit might bring the ASEAN countries together in the SCS disputes, which is the last thing China wants.

Additionally, President Xi does not enjoy the absolute power necessary to meet the assumptions of rational actor explanations. In mid-2014—when the oil rig was deployed—Xi was still busy consolidating control over the military. According to a People's Liberation Army (PLA) press release about a high-level PLA conference, the directors of four General Headquarters (General Staff Department, General Political Department, General Logistic Department, and General Armament Department) called for strengthening the “Central Military Commission Chairman Responsibility System”^l—the CMC is chaired by President Xi and he was trying to mobilize support from the PLA through senior generals’ swearing allegiance. This insight reveals limitations of Xi’s authority within the PLA. Xi's 2014 visit to Indian Prime Minister Modi’s hometown further highlights this. During the visit, a group of PLA soldiers trespassed on the disputed Sino-India border area, leading to a confrontation with the Indian army lasting several days and eclipsing Xi’s benevolent visit in the Indian media.^m

Another indicator of the weakness of rational actor models is that thus far, Xi’s administration has been inconsistent on foreign policy. The 18th CCP Congress in late 2012 concluded China is still operating within a period of “Strategic Opportunity” (战略机遇期).ⁿ

^l “PLA General Headquarters Learn and Follow Xi's Speech in 18th Central Discipline Inspection Commission Conference [in Chinese],” *PLA Daily*, January 19, 2015.

^m “Chinese Incursion in Ladakh: A Little Toothache Can Paralyze Entire Body, Modi Tells Xi Jinping,” *The Times of India*, September 20, 2014. timesofindia.indiatimes.com.

ⁿ “The Change and Handle of the Strategic Opportunity Period [in Chinese],” *People's Daily Online*, December 18, 2012. theory.people.com.cn.

Moreover, when Xi gave his 2014 speech, he emphasized the “peaceful rise” and the importance of building friendly relations with neighboring countries (periphery diplomacy).^o In these two important key notes, one of them was during the oil rig crisis, President Xi expressed firmly that China still desperately needs a peaceful environment, particularly in the periphery, for economic development. Therefore, the HYSY-981’s deployment is more likely the outcome of bureaucrats’ bargaining game.

Using China’s economic demand for natural resources to explain the deployment of HYSY-981 is similarly insufficient. China's economy is slowing, and environmental pressures are mounting leading the government to call for green production and consumption. Moreover, China signed a huge oil contract with Russia in June 2013 worth 270 billion USD.^p Furthermore, this argument cannot explain the early retreat of the HYSY-981.

Hypothesis: Bureaucratic Politics Model

I advance a bureaucratic politics model to explain the above empirical puzzle. In conventional bureaucratic politics theory, policy outcomes are the result of “bargaining games” between representatives of different government agencies.^q Policy preferences are determined by the interests of subordinate agencies; “where you stand depends on where you sit.” The ability of

^o Xi Jinping, “Carry Forward the Five Principles of Peaceful Coexistence to Build a Better World through Win-Win Cooperation [in Chinese].” Keynote address, Meeting Marking the 60th Anniversary of the Initiation of the Five Principles of Peaceful Coexistence, Beijing, Jun 28, 2014.

^p “China and Russia Signed 270 Billion USD Oil Contract, Resource Trade Has Become Priority [in Chinese].” *China Economy*, June 23, 2013.

^q Graham Allison, *Essence of Decision; Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971).

bureaucratic decision-makers to influence outcomes is assumed to be a function of their relative bargaining power.[†] Furthermore, no preponderant individual or organization can dominate outcomes; the relationship between actors is diffuse. Lastly, “a considerable slippage usually exists between the formulated policy and the implementation.”[§]

Many influential China watchers, including Michel Oksenberg, Kenneth Lieberthal[‡] and David Lampton,[¶] have applied a bureaucratic politics model to explain Chinese foreign policy. Even the Congressional Research Service report noted that “a related governance issue is unproductive competition among official entities. It is not uncommon in China for multiple entities to attempt to assert jurisdiction over the same issue, competing with each other for scarce budget resources, power, and recognition from higher government officials.”[¶]

In regard to the South China Sea, some recent studies have employed the bureaucratic politics theory to explain China’s behaviors and concluded that different bureaucratic actors behave according to their own interests.[¶] For instance, the People's Liberation Army Navy

[†] Institute of Peace and Conflict Studies (IPCS), *Emerging Security Architecture in Southeast & East Asia: Growing Tensions in South China Sea*. (New Delhi: IPCS, 2013).

[§] Jerel Rosati, “Developing a Systematic Decision-Making Framework: Bureaucratic Politics in Perspective,” *World Politics* Vol. 33, No. 2 (1981), pp 234-52.

Thomas Preston and Paul 't Hart. "Understanding and Evaluating Bureaucratic Politics: The Nexus between Political Leaders and Advisory," *Political Psychology* Vol. 20, No. 1 (1999), pp 49-98.

[‡] Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (New Jersey: Princeton University Press, 1988).

[¶] Kenneth Lieberthal and David Lampton, *Bureaucracy, Politics, and Decision Making in Post-Mao China* (Berkeley and Los Angeles: University of California Press, 1992).

[¶] U.S. Congressional Research Service (CRS), *Understanding China's Political System* (Washington, DC: CRS, 2013)

[¶] International Crisis Group, *Asia Report: Stirring up the South China Sea* (Washington, DC: International Crisis Group, 2012).

(PLAN) has always been a key player in the South China Sea since the 1970s. In 1988, the PLAN, with assistance from the State Oceanographic Administration, drafted a plan that called for the occupation of nine vacant features in the Spratly Islands. The fleet commander, Senior Colonel Chen Weiwen, gave the order to engage enemies without prior approval from the senior commander.^x

Limitations

Two understudied factors complicate the application of the model in the case of the HYSY-981 incident, delimiting the conditions under which the insights of conventional bureaucratic politics theory hold. First, the “high degree of interagency coordination involving civilian maritime agencies, the People’s Liberation Army and the oil companies”^y hardly fits into the “common slippage between the formulated policy and the implementation” in bureaucratic politics theory. Second, neglect of the impact of hierarchy in the conventional bureaucratic model severely harms its credibility when analyzing Chinese cases. The dual-track political system and the additional systems of hierarchical ranks identify the relative importance of officials and their influence.

A Bureaucratic Politics Model with “Chinese Characteristics”

I develop a model of Chinese foreign policy formulation, based on refined logic derived from existing bureaucratic politics models. Different domestic actors in the decision-making process

^x Taylor Fravel, "The PLA and National Security Decisionmaking: Insights from China's Behavior in Its Territorial Disputes" (paper presented at the 2013 CAPS-RAND-NDU Conference on the PLA, Taipei, October 1, 2013).

^y Austin Ramzy, “A View from the Sea, as China Flexes Muscle,” *New York Times*, August 9, 2014. www.nytimes.com.

have their own agenda. They compete with each other “for the attention of the supreme leader, gaining his blessing for their approach which they are then hard pressed to demonstrate is a successful approach.”^z They move the balance during the process and shape the outcomes. Economic interdependence, the distance in terms of military power projection capability, and in some certain cases the ranking of bureaucratic representatives determines who holds the bargaining advantage. Once the decision is reached, however, all government branches are disciplined to execute the national policy accordingly. The deployment and withdrawal of HYSY-981 were outcomes of this bargaining game. Additionally, I introduce another case study on China’s policy transition on Sudan Crisis to further demonstrate my model.

The Actors in the Model

The actors include but are not limited to: the Foreign Service (includes the International Department of the CCP Central Committee and the Ministry of Foreign Affairs)^{aa}; the Ministry of Commerce (MOFCOM); the People’s Liberation Army (PLA); the National Development and

^z Gaye Christoffersen, "Building a Sino-centric Order in Southeast Asia: The Energy Dimension of China's Maritime Silk Road" (working paper, Resident Professor of International Politics, Johns Hopkins University, Nanjing, 2015).

^{aa} The International Department of CCP Central Committee is in charge of party-to-party exchanges and many times the foreign relations with communist countries like DPRK, Vietnam, Laos and Cuba. For instance, former Chinese ambassador in DPRK, Liu Hongcai, is now the deputy Minister of International Department.

The Minister of International Department is Wang Jiarui, who is the vice chairman of CPPCC at the same time. Thus he is higher than Foreign Minister in bureaucratic rank. This probably means he is more influential in managing foreign relations, particularly the relations with communist countries. In contrast with the Foreign Ministry, the International Department of CCP doesn’t bear the burden of managing routine business such as visa, consular protection, etc. It focuses on high politics. Furthermore, as a branch of CCP but not Chinese government, it has incomparable advantage in dealing with communist countries because of ideological similarity and maybe loneliness.

Because of the uniqueness of Chinese foreign affairs system, when I refer to Chinese Foreign Service in this article, it means both the International Department of CCP and the Ministry of Foreign Affairs.

Reform Commission (NDRC); state-owned enterprises (SOEs); in particular the three national oil companies (NOCs); and provincial governments (especially that of Hainan). We have reason to believe that the leaders from most of the above agencies are members of Leading Small Groups (LSGs), which are important high-ranking coordination and decision-making agencies in China chaired by Politburo standing committee members.^{bb} Three of them, the National Security LSG, the Foreign Affairs LSG and the Protection of Maritime Interests LSG (founded in 2012) share the same members and chaired by Xi Jinping himself.^{cc} The LSGs are probably the forum where the bargaining game happens.

The Dyad in the Model: Economic and Military

In the bargaining process, two primary independent variables determine which actors will gain the advantage. The first independent variable is the proximity of China and the involved country in terms of the PLA's power projection capability. The second is China's economic stake in bilateral relations with the involved country.

When the involved party or parties are far from China—beyond China's power projection capability—the Ministry of Foreign Affairs may play the leading role because of their experience in international affairs. Conversely, when the incident is near China's border or the involved country falls into the PLA's power projection range, the military dominates the decision-making process. In terms of economic factors, if China's economic stake is high in its bilateral relations with the involved party or parties—for instance, if China relies on the export market, FDI or the

^{bb} “Media Analyze Eighteen CCP Central Committee Small Groups, Xi Jinping Chairs Four of Them [in Chinese],” *People.cn*, June 23, 2014. politics.people.com.cn.

^{cc} “Foreign Affairs, National Security and Maritime interests LSGs Merge Together, Protect China's Maritime Interests [in Chinese], *Takungpao*, September 6, 2013. news.takungpao.com.

natural resources of that country, or when China has substantial investment in that country—the

The Bargaining Game: Bureaucratic Politics with Chinese Characteristics

X= China's Economic Stake in the Bilateral Relations

Y= The Proximity between China and the Involved Country
in Terms of the PLA's Power Projection Capability

Source: By author

Ministry of Commerce, NDRC and involved SOEs will claim their interests in the decision-making process. When an incident occurs in a country which is far from, and not crucial to

China's interests, it will be left to the bureaucrats in the Foreign Service and may not even be reported to the top leadership.

A Intervening Variable: Ranking of Bureaucratic Representatives

Nevertheless, sometimes the leading actors predicted by the model have opposite preferences, in particular between the military and the Foreign Service; in that case, this coalition doesn't automatically produce a coherent policy. Thus an intervening variable has to be introduced to supplement the matrix.

Systems of ranking in the Chinese political system identify the relative importance of positions. There are two parallel ranking systems in China, the civil service system and the party cadre system. Although provincial Party Secretaries share the same civil service ranks with central Ministers, leaders of important provinces have higher party grades (党内职务级别). The members of Politburo are sub-national leaders. Official introductions in government websites place the member of Politburo before other government titles, even if those titles are sub-national leader level. For instance, the Party Secretaries of Chongqing, Xinjiang, Guangdong, Beijing and Shanghai are current members of the 25-member Politburo; while State Councilor Yang Jiechi, Foreign Minister Wang Yi and other ministers are just members of the 205-member CCP Central Committee.^{dd} The two vice-chairmen of the Central Military Committee (they are the highest ranking servicemen in the PLA) are Politburo members as well. This arrangement empowers military and key provincial leaders in the bargaining game. Although ministries have provincial

^{dd} "18th CCP Central Committee Structure [in Chinese]," *People.cn*, accessed May 3, 2015. cpc.people.com.cn.

branches, these branch offices report to both their respective ministries in Beijing *and* the provincial leadership. Since provincial leaders control personnel assignments and the budget, local bureaus always prioritize provincial interests first.^{ee} Provincial leaders in Hainan are frequently vocal on issues of “exploit[ing] resources in South China Sea” and “protect[ing] maritime interests,” especially when the current governor of Hainan was previously the director of the State Oceanic Administration.^{ff}

To put it simply, when the prevailing actors in the model have divergent preferences, their relative positions in the ranking system determine the outcomes.

Democratic Centralism in Execution of Formulated Policy

The traditional bureaucratic politics model expects “a considerable slippage...between the formulated policy and the implementation” which is at odds with China’s disciplined interagency coordination in protecting the oil rig.^{gg} This contradiction incubated the argument that this incident is a part a deliberate and systematic strategy. However, as a Leninist party, the CCP always uphold the principle of Democratic Centralism which preserves “freedom of discussion” but disciplines “unity of action.” The harmonious appearance could disguise fierce infighting during decision-making. Thus the Democratic Centralism doctrine explains the near absence of slippage in policy implementation at the early stage.

^{ee} CRS, “Understanding China's Political System,” pp 10.

^{ff} “Liu Cigui: Accelerate the Construction of Sansha on the Premise of Protecting Ocean and Reef Ecosystem [in Chinese],” *People.cn*, February 10, 2015. politics.people.com.cn.

^{gg} Preston and 't Hart, "Understanding and Evaluating Bureaucratic Politics".

Case Study: the HYSY-981 Incident and the China-Vietnam Standoff

China deployed the HYSY-981 oil rig in disputed waters off the Paracel Islands on May 2, 2014 only to encounter a strong backlash from Vietnam. The evidence I provide indicates that the military, SOEs and Hainan government were advocating for this bold move. Their prominence in the Chinese leadership fits nicely in the model. Eventually, as the bilateral China-Vietnam crisis escalated to a regional concern—if not a global one—the balance shifted as the number of involved countries increased. The Foreign Service, especially the International Department of the CCP, tried to bridge the gap between the two countries and reconcile the crisis. The PLA, although reluctant, followed suit. The HYSY-981 withdrew on July 15, a month earlier than expected.

The Economic and Military Perspectives Before the Escalation

In terms of proximity, the disputed waters fell into PLA's power projection range. The two neighboring countries fought a bloody war in 1979 and military confrontation still broke out occasionally until 1990. Vietnam People's Army currently has more than 450,000 men and women enlisted, which, in relation to its population, is disproportionately large.^{hh} The Paracel Islands is under China's jurisdiction and near Hainan Island. Chinese law enforcement agencies and the PLAN have been able to establish a long-time presence in this area.

Regarding bilateral economic relations, China comprises the preponderance of trade in Vietnam. According to the newest data (trade data from the first eight months of 2014), China is

^{hh} "Vietnam People's Army, Foundation and Development," Ministry of National Defence, Socialist Republic of Vietnam. bqp.gov.vn

the biggest trade partner of Vietnam.ⁱⁱ China is Vietnam's largest import market and second largest export market. Surprisingly, China's share in Vietnam's foreign trade increased in 2014 in spite of the tension and it surpassed Japan as the second largest export market for Vietnam in 2014. The share would be even higher if Hong Kong was included.^{jj} Vietnam's trade deficit with China accounts for 62 percent of its total trade deficit in 2008 and it increased from 10.7 billion USD to 18 billion USD between 2008 and 2012.^{kk}

In terms of the trade structure, inter-industrial trade is much more prosperous than intra-industrial trade. Chinese products are mainly composed of various types of machinery, steel and textile while Vietnam largely exports primary commodities to China.^{ll} This indicates that China and Vietnam are not at the same stage of economic development. Many foreign-invested plants in Southeast China have moved to Vietnam due to the lower labor cost, but many of them are assembly factories which still rely on the supply chains in China.^{mm}

Vietnam heavily relies on investment for its economic development. The portion of investment in Vietnam's GDP is always high and the annual growth rate of investment was higher than that of GDP from 1995 to 2007, except for 1999.ⁿⁿ By April 2014, as stated by Deputy Minister of Planning and Investment Dang Huy Dong, Vietnam had 16,323 valid

ⁱⁱ "Preliminary Assessment of Vietnam International Merchandise Trade Performance in August and the 8 Months of 2014," Vietnam Customs Statistics, August 10, 2014. www.customs.gov.vn

^{jj} Vietnam Customs Statistics, "Trade Performance in the 8 Months of 2014."

^{kk} Thien-dai Truong and Shougui Luo, "An Empirical Study on Trade Relations between China and Vietnam [in Chinese]," *Areal Research and Development* Vol.33, No. 3 (2014), pp 49-53.

^{ll} Truong and Luo, "An Empirical Study on Trade Relations between China and Vietnam [in Chinese]."

^{mm} "Foreign Media: Japan Invests Heavily in Vietnam [in Chinese]," *Foreign Investment in China*, No. 6 (2015).

ⁿⁿ Chuantian He, Haizhou Wang and Song Zhou, "Changes of Vietnamese Demand Structure after the International Financial Crisis." *Journal of Strategy and Decision-Making*, no. 2 (2014), pp 27-39.

foreign-invested projects, with a total registered capital of 237 billion USD. Korea, Japan and Singapore topped the list of foreign investors.^{oo} By February 20, 2013, China was the ninth largest foreign investor in Vietnam with a total amount of 7.29 billion USD.^{pp}

At the same time, China-Vietnam trade shares just less than two percent of China's total foreign trade.^{qq} A recent study by a Chinese scholar used the Trade Interdependence Rate (TIR) and the Investment Interdependence Rate (IIR) to measure the economic interdependence between China and Vietnam. The figure is between zero and one; the less the figure is, the less the two economies have integrated with each other. The average IIR between China and ASEAN countries is above 0.01 while the IIR between China and Vietnam increased from 0.0021 in 2002 to 0.006 in 2012.^{rr} The growth of China's export is much faster than Vietnam's. The IIR increased from 0.0003 in 2003 to 0.0012 in 2012.^{ss} In the same period, Vietnam's annual investment to China did not increase while China's investment in Vietnam skyrocketed. The increase of the Investment Interdependence Rate reflected the increase of China's investment in Vietnam.

As a result, China is in a favorable position in bilateral economic relations and the disputed waters or Vietnam is within range of Chinese power projection. These two factors put the

^{oo} "237 Billion USD in FDI Poured into Vietnam," *Vietnam Exporten*.vietnamexport.com.

^{pp} "The Current Situation of Chinese Enterprises in Vietnam [in Chinese]." *China Economic Weekly*, February, 2014. paper.people.com.cn.

^{qq} "December 2014 Exim Value with Different Countries (USD)," General Administration of Customs of the PRC, January 13, 2015. www.customs.gov.cn.

^{rr} Jianghong Chen, "A Study on China-Vietnam Economic Interdependence [in Chinese]," *Industrial Economy* Vol. 484, No. 2 (2015), pp 23-24.

^{ss} Chen, "China-Vietnam Economic Interdependence."

incident in the fourth quadrant in the matrix, in which the PLA and the Ministry of Foreign Affairs lead the decision-making process.

In terms of the HYSY-981 incident, the military leadership, with its higher position in party rank, dominated decision-making. PLA's national security concern eclipsed MFA's concern on benign foreign relations.

Chinese vessels around HYSY-981 were clearly well-coordinated by the PLA. More than a hundred fishing boats and several law enforcement vessels confronted the Vietnamese vessels. It is a fair to say that fishermen were not ordinary civilians, but trained militias (People's War is still important in China's military strategy). Fishermen militias were assembled to supplement law enforcement agencies. In addition, at least one Chinese Navy vessel (Type 071 Amphibious Transport Dock) accompanied the HYSY-981,^{tt} and according to the Vietnam News (Vietnam's national media) more Chinese warships were in the area.

The PLAN South Sea Fleet is the only authority able to organize this scale of cross-agency collaboration; no civil authority agency can command navy warships. The PLAN South Sea Fleet conducted several joint exercises with law enforcement vessels and fishing boats for related missions before the HYSY-981 incident. For instance, in 2009, the PLAN South Sea Fleet Type 037 corvette division conducted a joint exercise that included various maritime law enforcement agencies. The missions of the drill included protecting Chinese fishing boats in the scenario that they would be harassed by foreign armed vessels and protecting the oil rig platform from

^{tt} Tomlinson, Simon. "China Is Trying to Build Its Own ISLAND in Our Waters, Claim the Philippines| as Tensions Rise in Vietnam over Another Territory Dispute That Sparked Riots in Hanoi," *Mail*, May 19, 2014. www.dailymail.co.uk.

terrorist attack^{uu}. Thus the PLAN did not only follow the order from above, it has prepared for a long time and probably framed the policy.

The CNOOC has analogous preference with the navy. CNOOC chairman Wang Yilin said in 2012 that the deep-water oil rig is China's "mobile national territory," and that it would contribute to China's energy security, maritime power strategy and protecting sovereignty over territorial waters^{vv}. In the same speech, Mr. Wang thanked the military for its assistance.

The Foreign Service's policies were at odds with those of the military. Amid the crisis, spokeswoman Hua Chunying answered a question on Chinese warships around the oil rig. During an 11 June Foreign Ministry regular press conference, Hua said, "We have sent government vessels (政府公务船) to the site for security," which basically refer to law enforcement vessels rather than navy warships in Chinese. Another journalist asked about the news that a Vietnamese fishing boat was rammed and sunk by a Chinese vessel. Hua Chunying answered curtly, "I have not seen the report you mentioned and have no information on that."^{ww} These responses from the Foreign Ministry indicate that the Foreign Service was not informed by the military in advance or that it had reservations with military's actions, or probably both.

^{uu} Yanwen Si and Zhihua Hu, "South Sea Fleet Conducted Exercise of Assisting Maritime Law Enforcement [in Chinese]," *Xinhua*, August 5, 2009. news.xinhuanet.com.

^{vv} Huang Ye, "The 'Mobile National Territory' Opens the 'Digging' Age for the South China Sea [in Chinese]," *Industrial Economy*, May 14, 2012. paper.people.com.cn

^{ww} "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 11, 2014," Ministry of Foreign Affairs of the People's Republic of China, June 11, 2014. www.fmprc.gov.cn.

We can confirm that at least two groups of senior Vietnamese party cadres had visited Beijing during the crisis, and they were invited by the International Department of the CCP.^{xx} One of them visited on July 10^{yy} before the oil rig withdrew.

Escalation of the HYSY-981 Crisis and the Shifting of Chinese Policy

The HYSY-981 incident immediately raised alarm levels among the major powers. As the involved countries increase, the dependent variable moves toward the upper left in the matrix. Therefore, the Foreign Service restored its role before the central leadership and took steps to engage the issue.

On June 18, the Chinese State Councilor Yang Jiechi held a meeting with Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh in Hanoi and had a constructive conversation in which both sides agreed on subordinating the current conflict to the big picture of cooperative bilateral relationship.^{zz} Eventually, the HYSY-981 retreated from its position on July 15. It should be noted that July 15 is not the ending point of the crisis, the China-Vietnam relations were still at a breaking point.

Even after the balance decisively shifted to the unfavorable side, the PLA still responded with its own voice---the PLAN South Sea Fleet joint drill. On August 23, the South Sea Fleet conducted a large-scale joint exercise in which the navy, air force, law enforcement forces and

^{xx} "Chen Fengxiang Meets with Vietnamese Study Group from Hanoi [in Chinese]," International Department, Central Committee of CPC, July 22, 2014 www.idcpc.gov.cn.

"Chen Fengxiang Meets Vietnamese Study Group [in Chinese]," International Department, Central Committee of CPC, July 10, 2014. www.idcpc.gov.cn.

^{yy} International Department of the CPC, "Chen Fengxiang Meets Vietnamese Study Group."

^{zz} Ye Yang, "The Chairmen's Meeting of China-Vietnam Steering Committee for Bilateral Cooperation Was Hosted [in Chinese]," *People's Daily*, June 19, 2014.

militias participated. This move was likely a response from the military to Vietnam and to “doves” within the Chinese government.

As I demonstrated above, as early as 2009, the PLAN had organized joint exercises imitating the similar scenario. During the HYSY-981 incident, the PLA coordinated the confrontation with Vietnam around the oil rig and kept sending warships to surrounding waters. It insisted on its strong stance by conducting a joint exercise despite the Foreign Service’s effort to defuse the tension and its own landslide losing in the bargaining game (the oil rig had already retreated). Given the fragmented decision-making patterns, the PLA has played a leading role in encouraging the deployment of the HYSY-981. From the policy outcome, we can safely argue that in early May (when the decision of deploying the HYSY-981 was made), the PLA dominated the decision-making process.

As for the ending of this crisis, on August 26, a Vietnamese party leader, Lê Hồng Anh (Standing Secretary of the Secretariat of the Central Committee of the Communist Party of Vietnam) visited China as the envoy of the General Secretary of the Communist Party of Vietnam. In Beijing, he met with Wang Jiarui, Liu Yunshan and finally, Xi Jinping.^{aaa} This was a momentous milestone which signified the end of the HYSY-981 crisis. The press release after the Lê-Liu meeting confirmed that the two sides reached a three-point consensus (although the press releases from China and Vietnam are slightly different which reflects the remaining contradictions): first, leaders on both sides will further consolidate their direct guidance over

^{aaa} Liu Yunshan is a standing member of politburo who is in charge of ideology and party affairs (党务). He doesn’t have any governmental title. According to public information, in his two days visit, Lê Hồng Anh met with Wang Jiarui, Liu Yunshan and Xi Jinping who are all important party leaders. Foreign Minister Wang Yi was not in Beijing, State Councilor Yang Jiechi only presented the Lê-Xi meeting.

bilateral relations and facilitate the healthy and stable development of relations. Second, both sides will deepen bilateral exchanges, restore and strengthen cooperation on multiple-domains, such as national defense, trade, law enforcement, security and culture. Third, both sides will comply with the important consensus between the leaderships, particularly the *Agreement on Basic Principles of Solving Maritime Dispute between China and Vietnam*. They will explore a mutually-acceptable solution which is permanent and fundamental not make any provocative moves and preserve the big picture of China-Vietnam relations and the peace in South China Sea.^{bbb}

During the meetings, Lê mentioned several times about the “direct guidance of the leaders.”^{ccc} It reflects that Vietnam worries about the “slippages” of policy implementation in China, which is a common characteristics of bureaucratic politics. Vietnam suspected that the oil rig crisis was initiated without authorization from the Chinese leadership.

The press releases may shed some light on the covert exchanges before this visit. One day before his meetings with Liu Yunshan and Xi Jinping, Lê Hồng Anh talked with Wang Jiarui, the Minister of the International Department of the CCP. Lê highly praised the International Department of CCP and Minister Wang for their contribution to consolidating bilateral

^{bbb} "Liu Yunshan Held Talks with the Envoy of General Secretary of the Communist Party of Vietnam [in Chinese]," International Department, Central Committee of CPC, August 27, 2014. www.idcpc.gov.cn.
"Comrade Lê Hồng Anh Held Talks with Standing Member of CCP Politburo, Member of the Secretariat of the Central Committee Liu Yunshan [in Chinese]" *The People (Nhân Dân)*, August 28, 2014. cn.nhandan.org.vn.
^{ccc} *The People (Nhân Dân)*, “Lê Hồng Anh Held Talks Liu Yunshan”

"Comrade Lê Hồng Anh Met with General Secretary of CCP, Chinese President Xi Jinping [in Chinese]," *The People (Nhân Dân)*, August 27, 2014. cn.nhandan.org.vn.

relations.^{ddd} Lê's praise and the arrangement of meetings (according to public information, Wang is the only Chinese official who held a meeting with Lê apart from Xi and Liu Yunshan) demonstrates that the International Department of the CCP played a big and unique role behind the détente.

The visit of Lê Hồng Anh shows that the central leadership decided to repress the military and restore China-Vietnam relations, partly by reaffirming the importance of the Foreign Service. The balance of bargaining game totally shifted. On August 27, the *People's Daily* Overseas Edition published an editorial (editorials of the *People's Daily* are regarded as important political signals) and said China and Vietnam shared a consensus that the big picture of bilateral relations is more important than the current conflicts.^{eee} Two month later, the Vietnamese Defense Minister visited China. And Chinese State Councilor Yang Jiechi paid a return visit to Vietnam in the same month.

^{ddd} "Comrade Lê Hồng Anh Met with Vice Chairman of CPPCC Wang Jiarui [in Chinese]," *The People (Nhân Dân)*, August 26, 2014. cn.nhandan.org.vn.

^{eee} Yisheng Hua, "Don't Let the South China Sea Issue Jeopardize the Big Picture of China-Vietnam Relations [in Chinese]," *People's Daily Overseas Edition*, August 27, 2014.

China-Vietnam Standoff in 2014

Case Study: North-South Sudan Conflicts and Darfur Crisis

China's involvement in the North-South Sudan conflicts and the Darfur crisis lasted almost a decade. During this period, substantial policy transitions took place that revealed heated

competition within Chinese government. The Foreign Service, the PLA, the Ministry of Commerce and SOEs competed with each other and tried to frame the issue in their own way.^{fff}

The Economic and Military Perspectives before 2004

The PRC and Sudan established diplomatic relations in 1959, but massive economic cooperation and Chinese investment has only taken place since the 1990s. In 1993, China became a net importer of oil for the first time.^{ggg} The Chinese government initiated a new strategy of utilizing the foreign market and resources. In 1995, China and Sudan signed a production sharing agreement, and on August 30, 1999, Sudan became a net oil exporter.^{hhh}

In 2004, 64.3 percent of Sudan's total exports went to China and China was also Sudan's top source of imports.ⁱⁱⁱ During the same period, Sudanese oil accounted for around six percent of Chinese oil imports.^{jjj} Sudan moved up from the fourth largest to the largest foreign oil provider for China between 2002 and 2004.^{kkk} In 2002, Sudan was number five on the list of China's contracted projects and labor services.^{lll} There are different figures about Chinese FDI in Sudan. Several Chinese media sources suggest China has invested to 20 billion USD.^{mmm} A

^{fff} Fanie Herman, "The Role and Influence of Chinese Bureaucrats Towards Peacekeeping Decision Making in the United Nations Mission in Darfur (UNAMID): 2005 To 2012," *International Journal of Multidisciplinary Academic Research*, Vol.2, No.2 (2014), pp 9-22. www.multidisciplinaryjournals.com.

^{ggg} Ning Gao, "Opening Up the Black Gold-the Exim Bank of China's Concessional Loan Fund Sudan Oil [in Chinese]," *International Financing*, No. 5 (2001), pp 14.

^{hhh} Yitzhak Shichor, "Sudan: China's Outpost in Africa," *The Jamestown Foundation*. www.jamestown.org.

ⁱⁱⁱ Yitzhak Shichor, "Sudan: China's Outpost in Africa."

^{jjj} Jiang Lu and Jialing Xiao, "The Chinese Oil Diplomacy to Sudan: The Role of Government and Enterprises [in Chinese]," *Arab World Studies*, No. 5 (2011), pp 48.

^{kkk} Lu and Xiao, "The Chinese Oil Diplomacy to Sudan: The Role of Government and Enterprises."

^{lll} Yitzhak Shichor, "Sudan: China's Outpost in Africa."

^{mmm} Xinyu Mei, "Chinese Companies have to Stay in Sudan [in Chinese]," *The Peoples*, March 27, 2012. energy.people.com.cn.

Chinese scholar said that by 2014, China had invested 6 billion USD in Sudan.ⁿⁿⁿ Regarding Chinese investment in the Sudanese oil industry, one Chinese study indicated that by 2003, Chinese SOEs had invested 2.7 billion USD in Sudan and established a complete oil industry.^{ooo} According to a 2010 paper by two Sudan-based scholars, Chinese FDI flowing to oil sector amount to nearly 7.6 billion USD and this figure was echoed by other Chinese media.^{ppp} Although China has better leverage in its trade with Sudan, any severe damage to China's economic presence in Sudan will be unbearable to the involved Chinese companies.

In terms of the military, Sudan is obviously beyond the PLA's power projection capability. There is no evidence of Chinese military action in Africa apart from the multilateral missions under the UN.^{qqq} And Africa is apparently not a priority among Chinese security concerns. Accordingly, Sudan should fall in the second quadrant in which the economic sections and Foreign Service lead the decision-making process. In other words, the PLA is not a prominent actor.

The PLA generals never appeared on the list of Chinese representatives (as shown in the media) accompanying Li Changchun (2005) or Hu Jintao (2007) when they visited Sudan or met

Yijie Yin, "The Tension between North and South Sudan Continues, CNPC Watches for its 7 Billion Dollars Investment [in Chinese]," *21st Century Business Herald*, March 25, 2012. m.21jingji.com.

ⁿⁿⁿ Chen Mo, "The Internationalization Strategy of Chinese Oil Companies from Case Studies of Sudan and Saudi Arabia [in Chinese]," *West Asia and Africa*, No. 5 (2014), pp 116-28.

^{ooo} Xiangui, Deng, "Challenges and Measures of Petroleum Cooperation between China and Sudan [in Chinese]," *Journal of China University of Petroleum (Edition of Social Sciences)*, Vol.26, No. 2 (2010), pp 12-16.

^{ppp} Deng, "Challenges and Measures of Petroleum Cooperation between China and Sudan."

African Economic Research Consortium (AERC), *An assessment of the Impact of China's investments in Sudan*, (Nairobi: AERC, 2010). www.africaportal.org.

^{qqq} Saferworld, *China's growing role in African peace and security*, (London: Saferworld, 2011).

with Omar al-Bashir in Beijing (2006) and Jakarta (2005). In contrast, the senior officials from the Foreign Service such as the State Councilor in charge of foreign affairs, Foreign Minister or Minister of the CPC International Department, showed up for all these meetings.

Military cooperation is certainly a part of China-Sudan relations, as Assistant Foreign Minister Zhai Juan said.^{mtt} High-level exchanges between Chinese and Sudanese military leaders are frequent (at least four meetings took place among the highest-ranking service members between 2003 and 2007) and both sides highly praised the military cooperation. Sudan's firm support for the "one-China" policy was highlighted every time. Compared with its salient role in the China-Vietnam relationship, the PLA is quiet in China-Africa relationships. "Beijing's military ties with Africa are relatively insignificant when compared with China's economic and political engagement. Bilateral military co-operation with African states is restricted to high-level political meetings, military level exchanges and military attachés. This engagement has led to China's loan and aid financing of military infrastructure projects, de-mining assistance, training programs for African personnel and very limited joint exercises."^{sss} These military-level relations are "a strategic level activity in support of the larger foreign, diplomatic, economic, and security agenda set by China's leadership. The PLA does not engage in freestanding military initiatives conducted by military professionals for military reasons. In other words, the PLA is

^{mtt} "China Defend its Economic Ties with Sudan," *Financial Times*, January 25, 2007. m.ftchinese.com.

^{sss} The Chinese arm sale to Sudan is always controversial. It has been condemned by western world as helping the slaughtering in Darfur. At least one thing has to be clarified: the arm sales are determined by commercial consideration. Chinese military industry is largely commercialized and cut off from the PLA.

David Shinn, "Chapter 8: Military and Security Relations: China, Africa and the Rest of the World," in Robert Rotberg, eds., *China into Africa: Trade, Aid, and Influence* (Cambridge: Brookings, 2008), pp. 161.

not an independent actor. It must coordinate its activities with the party and the state bureaucracy.”^{ttt} In Sudan’s case, the military ties are subordinate to commercial interests and a more powerful Foreign Service.

Escalation of the Darfur Crisis and the Shifting of Chinese Policy

The domestic conflicts in Sudan further deteriorated. In Darfur, tribal conflicts escalated into a humanitarian disaster and raised global concerns. In his famous “Stakeholder” speech in 2005, Deputy Secretary of State Robert Zoellick urged China to put pressure on Khartoum to intervene. He identified Chinese policy on Darfur as a standard of judging China’s “responsible stakeholder” status.^{uuu}

Thus three significant policy transitions occurred in 2004, early 2007, and late 2007 through early 2008, respectively. During this process, the Foreign Service and business sectors dominated the policy agenda. The PLA had to comply with them. Moreover, the Foreign Service became particularly vocal.

In 2004, China did not block UN Resolution 1556 which demanded that Sudan disarm the Janjaweed militia in Darfur. It signified the transformation of China’s Sudan policy. Before that, China backed Sudan’s stance of refusing UN peacekeeping forces and only engaged with Khartoum.^{vvv} In February 2007, President Hu visited Sudan and convinced President Bashir to accept the UN peacekeeping forces which was initially rejected by the Sudanese government and

^{ttt} Shinn (2008), pp 162.

^{uuu} Robert B. Zoellick, "Whither China: From Membership to Responsibility?"(Lecture, National Committee on U.S.-China Relations, New York City, NY, September 21, 2005).

^{vvv} International Crisis Group, *China's New Courtship in South Sudan* (Brussels: International Crisis Group, 2012).

endorsed by China in the Security Council. The outcome of this mutual understanding was the UN Resolution 1769. During this visit, President Hu also met with Sudanese Vice-President Kiir. Nevertheless, in his summit with President Bashir, President Hu noted that the first principle in tackling the Darfur crisis is respecting Sudan's territorial integrity.^{www} Even when he met with Kiir, the leader of South Sudan, President Hu said that national unity is a prerequisite for prosperity.^{xxx} China's preference for a "one-Sudan" policy apparently had reversed when Kiir came to Beijing in July 2007. The rhetoric on territorial integrity was absent in the press release after the meeting. Instead, the Comprehensive Peace Agreement, the core of which is the 2011 referendum on South Sudan independence, became the headline. Kiir obviously put himself in the position of South Sudan leader rather than his official title, the deputy president of Sudan, and the Chinese side seemingly has taken it for granted.^{yyy} In this year the CCP established a party-to-party relationship with the SPLM.^{zzz} In 2008, China established a Consulate General in Juba, the capital of South Sudan. Chinese Special Envoy Zhai Juan attended the opening ceremony with many South Sudan leaders while Khartoum did not send any representatives.^{aaaa}

^{www} Hegao Chen and Yunfei Liu, "President Hu Jintao met with President Bashir [in Chinese]," *Xinhua*, February 2, 2007. news.xinhuanet.com.

^{xxx} "Hu Jintao Met with First Deputy President of Sudan Kiir and Vice President Taha [in Chinese]," Ministry of Foreign Affairs of the People's Republic of China, February 4, 2007. www.fmprc.gov.cn.

^{yyy} Pengcheng Cao, "Hu Jintao Met with First Deputy President of Sudan [in Chinese]," *People's Daily*, July 20, 2007. paper.people.com.cn.

^{zzz} "Representatives of SPLM of South Sudan Discussed their Visit in China [in Chinese]," International Department, Central Committee of CPC, July 27, 2015. www.idcpc.gov.cn.

^{aaaa} "Chinese Government Special Envoy, Assistant Foreign Minister Zhai Juan Attended the Opening Ceremony of Chinese Consulate General in Juba [in Chinese]," Embassy of the PRC in South Sudan, September 1, 2008. ss.chineseembassy.org

The policy transition is significant and even rapid to some extent. China's position shifted from "non-interference" to actively engaging the issue and introducing UN peacekeeping forces but insisting on the territorial integrity of Sudan to fully embracing the SPLM and the foreseeable independent South Sudan.

The PLA was compliant. In April 2008, months before the Consulate General in Juba was established, the PLA hosted a mine-sweeping training session for the Sudanese military. The quota of trainees was equally distributed to North and South Sudan.^{bbbb}

Since 2004, distribution of power between the Foreign Service and the business sectors (SOEs and the Ministry of Commerce) became more in favor of the former. Since the first summit between President Bashir and President Hu in 2005, commercial cooperation has been the theme of all high-level talks. When President Hu met with Kiir in Khartoum in 2007, economic cooperation was still the priority in China's agenda. But when Kiir visited Beijing in July, the Comprehensive Peace Agreement and the Darfur crisis replaced the economic issues as most urgent in the press release.

At the same time, the Chinese Foreign Service started to vigorously engage the Sudan crisis. Senior Chinese diplomats were appointed as Special Envoys and visited Khartoum and other related countries frequently since August 2004. Assistant Foreign Minister Zhai Juan paid a visit to Darfur refugee camps in 2007.^{cccc} Moreover, from the Chinese Foreign Ministry's webpage,

^{bbbb} "Chinese Government Hosts Humanitarian Mine-Sweeping Training Session for Sudan in Nanjing [in Chinese]," Ministry of Foreign Affairs of the People's Republic of China, April 7, 2008. www.fmprc.gov.cn

^{cccc} Gaafar Karrar Ahmed. "The Chinese Stand in Darfur Conflict in Western Sudan." *World Outlook* (2009), pp 105-117.

we can find that from 2000 to 2004, Sudan appeared in the Foreign Ministry's press releases only five times, and none of them involved Foreign Ministry Officials. The first press release involving the Foreign Ministry was issued in June 2004: Foreign Minister Li Zhaoxing had a telephone conversation with the Sudanese Foreign Minister over the ongoing peace process. Within a year, Foreign Minister Li had twelve telephone conversations with the Sudanese Foreign Minister, British Foreign Secretary and US Secretary of State and met with many others in person.^{dddd}

For the involved Chinese businesses, the partition of Sudan is certainly bad news. For China National Petroleum Corporation (CNPC), the entire oil industrial chain it built in Sudan over the years will be divided between two hostile countries. For Chinese construction contractors, their client, the Sudanese government, lost its major source of revenue. For the same reason, the Chinese banks have to face possible debt defaults. Thus, from the perspective of business sectors, assisting the Sudanese government to fight the war might have been a more beneficial option.

^{dddd} “Related Press Releases (Sudan) [in Chinese],” Ministry of Foreign Affairs of the People's Republic of China. www.fmprc.gov.cn

Sudanese Civil War and Darfur Crisis

X= China's Economic Stake in the Bilateral Relations
Y= The Proximity between China and the Involved Country
in Terms of the PLA's Power Projection Capability
Source: By author

Conclusion

China watchers have created a variety of theories to explain China's foreign policy formation, especially after President Xi Jinping took over and seemingly changed all assumptions about

Chinese politics almost overnight. Recent scholarship, however, overlooks subtle contradictions among President Xi's policies, which leads scholars to accept the oversimplified conclusion that a deliberate and systematic strategy made by a powerful leader is accurately implemented by well-coordinated Chinese authority.

Why did China deploy the HYSY-981 in the disputing waters and pull it back before the announced date? In this article I have argued that a bureaucratic politics model with Chinese characteristics best explains such a policy transition. I introduce two premier independent variables that determine which actors will gain the advantage in the bargaining process. The first independent variable is the proximity of China to the involved country in terms of the PLA's power projection capability. The second is China's economic stake in the bilateral relations with the involved country. Sometimes winning actors have incompatible policy preferences. Thus an intervening variable—the ranking of bureaucratic representatives—determines which actor eventually prevails. Finally, the Democratic Centralism doctrine prevents large-scale slippages in policy implementation from happening.

There are three avenues of future research that can help to refine the bureaucratic politics model with Chinese characteristics. To begin with, in my model and many other researchers' works, the role of the Ministry of Foreign Affairs (or the International Department of the CCP Central Committee) is underplayed and largely treated as a tool of conducting national policies without its own agenda. Compared with the PLA and the commercial sector, the Chinese Foreign Service seemingly lacks a coherent policy preference or strategy. Although such ambiguity might be determined by the nature of foreign relations and Chinese diplomats' counterparts in

other countries are accused of the same opacity, scholars should have researched deeper into the Chinese Foreign Service, its preferences and also its culture.^{eeee}

Second, the Chinese political structure, although not as transparent as the American structure, is highly porous. Amounts of valuable information are on the internet and are embedded in perfunctory official press releases. With language capability and theoretical understanding of Chinese politics, well-trained scholars are able to discover rich resources to further the research on Chinese politics.

Lastly, the implication of American politics theories to Chinese politics might be more relevant than what many scholars have expected. Behind the “bamboo curtain,” China's leadership shares significant similarities with political leaders in the United States. By applying American politics theories, such as presidential power and principle-agent theory, further insights into Chinese politics might emerge.

The bureaucratic politics model with Chinese characteristics might augment scholars' understanding of China's foreign policy formation and Chinese politics per se because it shed lights for certain empirical and conceptual puzzles regarding China's foreign policy. With two case studies, I explain why the policy transitions happened and which actors, under what conditions, actually played a central role in different periods. Moreover, the similar outcomes of the HYSY-981 crisis and the Sudan crisis indicate the consistency of Chinese politics. In particular, the two case studies and the model reveal the power of Chinese bureaucracy. In both Sudan and the South China Sea, bureaucracy's lobbying shapes the national strategy, sometimes

^{eeee} Duncan L. Clarke, "Why State Can't Lead," *Foreign Policy* No. 66(1987), pp 128-142.

even at the expense of national interests. This gigantic bureaucratic system plays an important role in the decision-making process and it can hardly be overruled by powerful individual leaders.

Bibliography

- Allison, Graham. *Essence of Decision; Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971).
- Cao, Pengcheng, "Hu Jintao Met with First Deputy President of Sudan [in Chinese]," *People's Daily*, July 20, 2007. paper.people.com.cn.
- Chen, Hegao and Liu Yunfei. "President Hu Jintao met with President Bashir [in Chinese]." *Xinhua*, February 2, 2007. news.xinhuanet.com.
- Chen, Jianghong. "A Study on China-Vietnam Economic Interdependence [in Chinese]." *Industrial Economy* Vol. 484, No. 2 (2015), pp 23-24.
- Chen, Mo. "The Internationalization Strategy of Chinese Oil Companies from Case Studies of Sudan and Saudi Arabia [in Chinese]," *West Asia and Africa*, No. 5 (2014), pp 116-28.
- Christoffersen, Gaye, "Building a Sino-centric Order in Southeast Asia: The Energy Dimension of China's Maritime Silk Road." Working paper, Resident Professor of International Politics, Nanjing Center, Johns Hopkins University, Nanjing, 2015. web.isanet.org.
- Clarke, Duncan L. "Why State Can't Lead." *Foreign Policy* No. 66(1987), pp 128-142.
- Deng, Xiangui. "Challenges and Measures of Petroleum Cooperation between China and Sudan [in Chinese]," *Journal of China University of Petroleum (Edition of Social Sciences)*, Vol.26, No. 2 (2010), pp 12-16.
- Fanie, Herman. "The Role and Influence of Chinese Bureaucrats Towards Peacekeeping Decision Making in the United Nations Mission in Darfur (UNAMID): 2005 To 2012," *International Journal of Multidisciplinary Academic Research*, Vol.2, No.2 (2014), pp 9-22. www.multidisciplinaryjournals.com.
- Fravel, Taylor, "The PLA and National Security Decisionmaking: Insights from China's Behavior in Its Territorial Disputes" (paper presented at the 2013 CAPS-RAND-NDU Conference on the PLA, Taipei, October 1, 2013).
- Gaafar Karrar Ahmed. "The Chinese Stand in Darfur Conflict in Western Sudan." *World Outlook* (2009), pp 105-117.
- Gao, Ning. "Opening Up the Black Gold-the Exim Bank of China's Concessional Loan Fund Sudan Oil [in Chinese]." *International Financing*, No. 5 (2001), pp 14.
- He, Chuantian, Wang, Haizhou and Zhou, Song. "Changes of Vietnamese Demand Structure after the International Financial Crisis." *Journal of Strategy and Decision-Making*, no. 2 (2014), pp 27-39.
- Hua, Yisheng. "Don't Let the South China Sea Issue Jeopardize the Big Picture of China-Vietnam Relations [in Chinese]." *People's Daily Overseas Edition*, August 27, 2014.
- Knoke, David and Chen, Xinxiang. "Political Perspectives on Inter-organizational Networks." In Steve Cropper, Mark Ebers, Chris Huxham, and Peter Smith Ring, eds., *The Oxford Handbook of Inter-organizational Relations* (Oxford: University of Oxford Press, 2008), pp.460.
- Leaf, Paul J. "Learning From China's Oil Rig Standoff with Vietnam." *The Diplomat*, August 30, 2014. thediplomat.com
- Lieberthal, Kenneth and Lampton, David. *Bureaucracy, Politics, and Decision Making in Post-Mao China* (Berkeley and Los Angeles: University of California Press, 1992).

Lieberthal, Kenneth and Oksenberg, Michel. *Policy Making in China: Leaders, Structures, and Processes* (New Jersey: Princeton University Press, 1988).

Lu, Jiang and Xiao, Jialing. "The Chinese Oil Diplomacy to Sudan: The Role of Government and Enterprises [in Chinese]," *Arab World Studies*, No. 5 (2011), pp 48.

Mei, Xinyu. "Chinese Companies have to Stay in Sudan [in Chinese]." *The Peoples*, March 27, 2012. energy.people.com.cn.

Preston, Thomas and Hart, Paul 't. "Understanding and Evaluating Bureaucratic Politics: The Nexus between Political Leaders and Advisory." *Political Psychology* Vol. 20, No. 1 (1999), pp 49-98.

Ramzy, Austin, "A View from the Sea, as China Flexes Muscle," *New York Times*, August 9, 2014. www.nytimes.com.

Rosati, Jerel. "Developing a Systematic Decision-Making Framework: Bureaucratic Politics in Perspective." *World Politics* Vol. 33, No. 2 (1981), pp 234-52.

Shichor, Yitzhak. "Sudan: China's Outpost in Africa." *The Jamestown Foundation*. www.jamestown.org.

Shinn, David. "Chapter 8: Military and Security Relations: China, Africa and the Rest of the World," in Robert Rotberg, eds., *China into Africa: Trade, Aid, and Influence* (Cambridge: Brookings, 2008), pp. 161.

Si, Yanwen and Hu, Zhihua. "South Sea Fleet Conducted Exercise of Assisting Maritime Law Enforcement [in Chinese]," *Xinhua*, August 5, 2009. news.xinhuanet.com.

Tomlinson, Simon. "China Is Trying to Build Its Own ISLAND in Our Waters, Claim the Philippines| as Tensions Rise in Vietnam over Another Territory Dispute That Sparked Riots in Hanoi," *Mail*, May 19, 2014. www.dailymail.co.uk

Truong, Thien-dai and Luo, Shougui. "An Empirical Study on Trade Relations between China and Vietnam [in Chinese]." *Areal Research and Development* Vol.33, No. 3 (2014), pp 49-53.

Xi Jinping, "Carry Forward the Five Principles of Peaceful Coexistence to Build a Better World through Win-Win Cooperation [in Chinese]." Keynote address, Meeting Marking the 60th Anniversary of the Initiation of the Five Principles of Peaceful Coexistence, Beijing, Jun 28, 2014.

Yang, Ye. "The Chairmen's Meeting of China-Vietnam Steering Committee for Bilateral Cooperation Was Hosted [in Chinese]." *People's Daily*, June 19, 2014.

Ye, Huang. "The 'Mobile National Territory' Opens the 'Digging' Age for the South China Sea [in Chinese]," *Industrial Economy*, May 14, 2012. paper.people.com.cn

Yin, Yijie. "The Tension between North and South Sudan Continues, CNPC Watches for its 7 Billion Dollars Investment [in Chinese]," *21st Century Business Herald*, March 25, 2012. m.21jingji.com.

Zoellick, Robert B. "Whither China: From Membership to Responsibility?" Lecture, National Committee on U.S.-China Relations, New York City, NY, September 21, 2005

African Economic Research Consortium (AERC), *An assessment of the Impact of China's investments in Sudan*, (Nairobi: AERC, 2010). www.africaportal.org

Association of Southeast Asian Nations (ASEAN). "ASEAN Foreign Ministers' Statement on the Current Developments in the South China Sea." May 10-11, 2014. Accessible via www.asean.org/images/documents/24thASEANSummit/

Center for a New American Security (CNAS), *East and South China Seas Bulletin 5* (Washington, DC: CNAS, 2012.)

European Union (EU). "Statement by the Spokesperson of the EU High Representative on the recent escalation of tensions in the South China Sea." May 8, 2014. Accessible via eeas.europa.eu/

Institute of Peace and Conflict Studies (IPCS), *Emerging Security Architecture in Southeast & East Asia: Growing Tensions in South China Sea*. (New Delhi: IPCS, 2013).

International Crisis Group, *Asia Report: Stirring up the South China Sea* (Washington, DC: International Crisis Group, 2012).

International Crisis Group, *China's New Courtship in South Sudan* (Brussels: International Crisis Group, 2012).

Maritime Safety Administration of the People's Republic of China, "HN0033 South China Sea Drilling Work by M/V 'HAI YANG SHI YOU 981'". May 2, 2014. www.msa.gov.cn/Notice/

Ministry of Foreign Affairs of the People's Republic of China. "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 17, 2014." June 17, 2014. www.fmprc.gov.cn

Saferworld, *China's growing role in African peace and security*, (London: Safeworld, 2011).

U.S. Congress. House. Committee on Foreign Affairs. *Beijing as an Emerging Power in the South China Sea*. 112th Cong., 2nd sess., September 12, 2012.

U.S. Congressional Research Service (CRS), *Understanding China's Political System* (Washington, DC: CRS, 2013)

"Chen Fengxiang Meets Vietnamese Study Group [in Chinese]," International Department, Central Committee of CPC, July 10, 2014. www.idcpc.gov.cn.

"Chen Fengxiang Meets with Vietnamese Study Group from Hanoi [in Chinese]," International Department, Central Committee of CPC, July 22, 2014 www.idcpc.gov.cn.

"China and Russia Signed 270 Billion USD Oil Contract, Resource Trade Has Become Priority [in Chinese]." *China Economy*, June 23, 2013.

"China Defend its Economic Ties with Sudan," *Financial Times*, January 25, 2007. m.ftchinese.com.

"Chinese Government Hosts Humanitarian Mine-Sweeping Training Session for Sudan in Nanjing [in Chinese]," Ministry of Foreign Affairs of the People's Republic of China, April 7, 2008. www.fmprc.gov.cn

"Chinese Government Special Envoy, Assistant Foreign Minister Zhai Juan Attended the Opening Ceremony of Chinese Consulate General in Juba [in Chinese]," Embassy of the PRC in South Sudan, September 1, 2008. ss.chineseembassy.org

"Chinese Incursion in Ladakh: A Little Toothache Can Paralyze Entire Body, Modi Tells Xi Jinping," *The Times of India*, September 20, 2014. timesofindia.indiatimes.com.

"Comrade Lê Hồng Anh Held Talks with Standing Member of CCP Politburo, Member of the Secretariat of the Central Committee Liu Yunshan [in Chinese]" *The People (Nhân Dân)*, August 28, 2014. cn.nhandan.org.vn.

"Comrade Lê Hồng Anh Met with General Secretary of CCP, Chinese President Xi Jinping [in Chinese]," *The People (Nhân Dân)*, August 27, 2014. cn.nhandan.org.vn.

"Comrade Lê Hồng Anh Met with Vice Chairman of CPPCC Wang Jiarui [in Chinese]," *The People (Nhân Dân)*, August 26, 2014. cn.nhandan.org.vn.

"December 2014 Exim Value with Different Countries (USD)," General Administration of Customs of the PRC, January 13, 2015. www.customs.gov.cn.

"Foreign Affairs, National Security and Maritime interests LSGs Merge Together, Protect China's Maritime Interests [in Chinese]," *Takungpao*, September 6, 2013. news.takungpao.com.

"Foreign Media: Japan Invests Heavily in Vietnam [in Chinese]," *Foreign Investment in China*, No. 6 (2015).

"Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on June 11, 2014," Ministry of Foreign Affairs of the People's Republic of China, June 11, 2014. www.fmprc.gov.cn.

"Hu Jintao Met with First Deputy President of Sudan Kiir and Vice President Taha [in Chinese]," Ministry of Foreign Affairs of the People's Republic of China, February 4, 2007. www.fmprc.gov.cn.

"Liu Cigu: Accelerate the Construction of Sansha on the Premise of Protecting Ocean and Reef Ecosystem [in Chinese]," *People.cn*, February 10, 2015. politics.people.com.cn.

"Liu Yunshan Held Talks with the Envoy of General Secretary of the Communist Party of Vietnam [in Chinese]," International Department, Central Committee of CPC, August 27, 2014. www.idcpc.gov.cn.

"Media Analyze Eighteen CCP Central Committee Small Groups, Xi Jinping Chairs Four of Them [in Chinese]," *People.cn*, June 23, 2014. politics.people.com.cn.

"PLA General Headquarters Learn and Follow Xi's Speech in 18th Central Discipline Inspection Commission Conference [in Chinese]," *PLA Daily*, January 19, 2015.

"Preliminary Assessment of Vietnam International Merchandise Trade Performance in August and the 8 Months of 2014," Vietnam Customs Statistics, August 10, 2014. www.customs.gov.vn

"Related Press Releases (Sudan) [in Chinese]," Ministry of Foreign Affairs of the People's Republic of China. www.fmprc.gov.cn

"Representatives of SPLM of South Sudan Discussed their Visit in China [in Chinese]," International Department, Central Committee of CPC, July 27, 2015. www.idcpc.gov.cn.

"The Change and Handle of the Strategic Opportunity Period [in Chinese]," *People's Daily Online*, December 18, 2012. theory.people.com.cn.

"The Current Situation of Chinese Enterprises in Vietnam [in Chinese]." *China Economic Weekly*, February, 2014. paper.people.com.cn.

"United States' John Kerry Says China Action in Seas Dispute 'Provocative'." *Reuters*. May 13, 2014. www.ndtv.com/

"Venezuela Gained 5 Billion USD New Loan from China [in Chinese]." *Sina Economics*, April 29, 2015. finance.sina.com.cn.

"Vietnam Detains Hundreds after Riots Targeting Chinese Businesses." *The Guardian*. May 22, 2014. www.theguardian.com

"Vietnam People's Army, Foundation and Development," Ministry of National Defence, Socialist Republic of Vietnam. bqp.gov.vn

“18th CCP Central Committee Structure [in Chinese].” *People.cn*. Accessed May 3, 2015.
cpc.people.com.cn.

"237 Billion USD in FDI Poured into Vietnam," *Vietnam Exporten*. vietnamexport.com.

A Resolution Reaffirming the Strong Support of the United States Government for Freedom of Navigation and Other Internationally Lawful Uses of Sea and Airspace in the Asia-Pacific Region, and for the Peaceful Diplomatic Resolution of Outstanding Territorial and Maritime Claims and Disputes, S.Res.412, 113th Cong. (2014).