

# The Myth of Chinese Sanctions over South China Sea Disputes

On July 12, 2016, an international arbitration panel based in The Hague ruled in favor of the Philippines against China over South China Sea territorial disputes. This much-anticipated verdict came in the midst of China's increasingly assertive rhetoric and ambitious island-building program in the region. While the ruling steered clear of addressing the merits of sovereignty claims between China and the Philippines, it effectively nullified China's controversial nine-dash line, which is Beijing's unofficial demarcation of its claims over a significant percentage of waters in the South China Sea.<sup>1</sup> Dismissing the legal basis of China's extensive claims, the panel further ruled that China had "unlawfully interfered" with the "sovereign rights of the Philippines."<sup>2</sup>

China, which had vociferously objected to the case since the Philippines first initiated it in January 2013, predictably reacted strongly against the ruling. The Chinese Foreign Ministry issued several official statements reiterating that the ruling was "null and void," and that China would neither accept nor recognize it.<sup>3</sup> In the days and weeks that followed, media reports emerged that spoke of a nationalistic Chinese population smashing their iPhones and other products associated with the United States in protest of the ruling.<sup>4</sup> This behavior presumably reflected the widespread perception within China that the United States—and, to a lesser extent, Japan—was behind the Philippines in taking China to

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international arbitration, and that they had exerted some form of influence on the ruling.<sup>5</sup> Chinese “netizens” also called on officials to boycott U.S. and Philippine products.<sup>6</sup>

This episode brought to the fore a growing concern among many countries in the Asia–Pacific region and beyond that China can be expected to increasingly manipulate its economic power to further its political and strategic interests. Indeed, in recent years, references to a “new assertiveness” in China’s foreign policy have increased noticeably.<sup>7</sup> Many analysts claim that since 2008/2009, China has begun to adopt a more aggressive foreign policy posture as a result of Beijing’s perception that China had narrowed its power gap with the United States following the financial crisis.<sup>8</sup> Opinions regarding the extent of this development vary, and some scholars and analysts have argued that the pace and magnitude of change in Chinese foreign policy have been grossly exaggerated.<sup>9</sup> Nonetheless, the notion of an increasingly assertive China has become widely accepted in academic and policy circles. As Harvard professor Alastair Iain Johnston points out, “the new assertiveness meme has ‘gone viral’ in the U.S. media, the blogosphere, and in scholarly work.”<sup>10</sup> An expert from the Carnegie Endowment for International Peace, Michael Swaine, has also suggested that, regardless of the extent to which China is actually becoming more assertive in its behavior, “perception is reality.”<sup>11</sup>

In a 2015 article in *The Washington Quarterly*, Aaron Friedberg—a prominent international relations scholar—analyzed the basis for the perception of a more internationally assertive China and identified five factors: (1) the debate within China regarding a “new Chinese foreign policy” that is bolder and more confident than Deng Xiaoping’s “hiding and biding” (*taoguang yanghui*) strategy; (2) more “forceful” foreign policy pronouncements from China than in the past, including a celebration of China’s increasing influence in the international system; (3) more frequent threats from the Chinese government to employ sanctions over issues that it perceives as associated with its core interests; (4) more frequent and extensive displays of Chinese military capabilities; and (5) an increased willingness to employ threats or displays of force over maritime disputes.<sup>12</sup> Examining these developments against the backdrop of Chinese rhetoric and policy over recent decades, Friedberg concludes that Chinese assertiveness has entered a “new, more complex, and potentially more challenging phase.”<sup>13</sup>

Of the factors mentioned by Friedberg, one allegation has been raised with increasing frequency in media and academic circles: that China has, since 2008/2009, become more assertive in its use of economic sanctions as a tool to further Beijing’s foreign policy objectives. Evidence frequently cited include China’s reported bans on: (1) rare earth metal exports to Japan following the Diaoyu/Senkaku Islands incident in 2010;<sup>14</sup> (2) salmon imports from Norway after the Norwegian Nobel Committee awarded the Nobel Peace Prize to

Chinese dissident Liu Xiaobo in 2010;<sup>15</sup> (3) banana imports from the Philippines following the Scarborough Shoal incident in 2012;<sup>16</sup> and, more recently, (4) visas for Korean celebrities in response to Seoul and Washington's decision to deploy the Terminal High Altitude Area Defense (THAAD) system in South Korea.<sup>17</sup> Many proffered analyses of the phenomenon have also attempted to add statistical plausibility to the increasing-use-of-sanctions allegation by citing a well-known 2013 study by German economists Andreas Fuchs and Nils-Hendrik Klann on the so-called "Dalai Lama effect," in which the authors identified a 12.5 percent drop in exports to China for countries that hosted visits by the Dalai Lama between 2002 and 2008 in the two years following those visits.<sup>18</sup>

To what extent are these characterizations of China's behavior valid or accurate? Further study of the allegation of China's increased proclivity to employ sanctions is necessary for two reasons. First, repeating such an allegation may *ipso facto* be escalatory and destabilizing, and would therefore be irresponsible without a definitive basis. In other words, noisy claims of Beijing sanctioning "recalcitrant states" could stoke nationalistic sentiments within China, cause jitters among foreign investors, and narrow the policy options available to Beijing, potentially resulting in a self-fulfilling prophecy of economic aggression. Similarly, exaggerated characterizations of China as an economic "bully" could inflame suspicions within neighboring states, potentially heightening tensions and strategic rivalries in the Asia-Pacific region. Therefore, it behooves policymakers, scholars, and the media to ensure that their claims are not lightly or irresponsibly made, but are instead supported by clear empirical evidence.

Second, such a study has real and immediate policy relevance. China has become a major trading partner (if not the largest trading partner) for most states in the Asia-Pacific region, even as it continues to engage in frequent political disputes with many of them. It is particularly important for states in this region to assess the likelihood of China—which has traditionally maintained a rhetorical stance *against* the use of unilateral sanctions as a foreign policy tool—aggressively manipulating its economic power in order to further its political and strategic interests.<sup>19</sup>

Given significant international attention over the 2016 arbitral tribunal ruling, this article examines allegations of China's economic aggression in its disputes with the Philippines and Vietnam over the South China Sea. The selection of these two cases is natural as China's relations with the Philippines and Vietnam have been severely challenged by the South China Sea disputes in recent years.

**Repeating such an allegation without a definitive basis may be escalatory and destabilizing.**

This is especially as compared to the other territorial claimants, such as Brunei and Malaysia, which have sought to resolve their differences with China on a much lower profile. In addition, both the Philippines and Vietnam have much smaller economies than China. They would therefore be relatively “easy targets” for China to economically coerce, should it wish to do so.

Drawing on a range of primary written sources, as well as interviews with current and former policymakers, diplomats, and stakeholders from the Philippines and Vietnam, this article examines two widely publicized incidents in particular detail. The first revolves around China’s alleged sanctions against the Philippines

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following the Scarborough Shoal incident in 2012, which is now widely considered a “classic example” of China’s employment of sanctions to further foreign policy objectives. The second concerns China’s dispute with Vietnam over the deployment of the HD-981 oil rig in 2014, which provides an interesting point of comparison as Vietnam is much more economically dependent on China than

is the Philippines.<sup>20</sup> Therefore, the HD-981 oil rig incident of 2014 would appear to have presented, at the least, a “likely” opportunity for China to use (or threaten) economic sanctions in order to gain policy concessions, even though there are admittedly significantly fewer allegations to date that China used sanctions in this case than there are in the case involving the Philippines.<sup>21</sup>

In this article, I examine these two identified cases within a framework based on principles of “coercive sanctions” as employed in the work of several sanctions scholars.<sup>22</sup> More specifically, I examine sanctions as the efforts of a government to disrupt the trade, aid, finance, currency, or assets<sup>23</sup> of a target state for the sole purpose of coercing the latter into changing its behavior when important political interests are at stake.<sup>24</sup> To claim that China has been more inclined in recent years to employ economic coercion against states with which it has had disputes, one would need to show that China has intentionally undertaken actions to disrupt, or threaten to disrupt, economic benefits derived from cooperation—or from any financial and/or military aid—in the event that its target states continued with a line of action perceived as contrary to China’s interests. Alternatively, one would have to show that China’s actions can be expected to generate significant political costs for the leaders of its target states, i.e., that they stand a significant chance of losing their positions through electoral defeat or popular revolt. Given that a key component of coercive sanctions is the so-called “pain-gain formula”—i.e., the expectation that the higher the economic costs for the targets, the more likely it is for them to give in to the senders’ political

demands—one should also expect China to apply pressure to the extent that it expects to successfully prompt a behavioral change from its targets.<sup>25</sup>

I argue that China's behavior toward the Philippines following heightened tensions in the South China Sea did not meet these criteria. In the case of Vietnam, moreover, it would appear that, contrary to popular expectations, China did not even threaten economic consequences. Claims regarding China's "mounting use of unilateral economic sanctions,"<sup>26</sup> at least in these cases, would therefore appear to be exaggerated and, at least to some degree, misleading. Indeed, many claims of this kind have been put forward without sufficient acknowledgment of the ambiguity of the data on which the analyses were based, or of the presence of confounding variables. There is therefore a need for deeper, more careful analyses of evidence regarding China's behavior in the international sphere since 2008/2009.

The body of this article is organized into three sections. The first revisits the Scarborough Shoal incident between China and the Philippines in 2012, including both the background to and aftermath of this incident, and concludes that the dominant narratives regarding this incident have been constructed on the basis of data that are in fact inconclusive. The second section reviews the dispute between China and Vietnam in 2014 over China's deployment of the HD-981 oil rig in disputed waters in the South China Sea. Based on primary sources gathered in Vietnam, I show that, contrary to the expectations of Vietnamese policymakers and elite, China has exercised restraint in employing economic pressure against Vietnam, even during the height of tensions. The third section argues that the media and, to some extent, academic discourse have responded to China's assertive posture regarding the South China Sea by promulgating an ill-founded "sanctions myth." In it, I suggest several hypotheses that might explain China's exercise of restraint in employing economic coercion against its smaller and more dependent neighbors, despite its obvious and increasing power to use economic coercion. Finally, in the conclusion, I assess the implications of the present study, and suggest avenues for further research.

### Scarborough Shoal Incident, 2012

On April 8, 2012, a Philippine Air Force reconnaissance plane discovered eight Chinese vessels in a lagoon at the Scarborough Shoal—a triangular-shaped chain of reefs and rocky islets covering an area of about 150 square kilometers, approximately 120 miles west of Subic Bay in the Philippines. This prompted the Philippines to deploy its then-newly acquired U.S. patrol cutter, the BRP *Gregorio del Pilar*—also the Philippine Navy (PN)'s largest warship—to the area. Two days later, the PN dispatched a boarding team to inspect the Chinese vessels,

discovering “illegally collected corals and live sharks in one of the fishing boats.”<sup>27</sup> As the PN subsequently moved to apprehend the Chinese fishermen and vessels, two Chinese maritime surveillance ships—*Haijian 75* and *Haijian 84*—interfered by positioning themselves between the Chinese vessels and the BRP *Gregorio del Pilar* to prevent the arrests. These Chinese maritime surveillance vessels then allegedly informed the captain of the Philippine warship that he was in Chinese territorial waters and should leave the area immediately.<sup>28</sup> This series of events marked the beginning of the two-month standoff between China and the Philippines in the Scarborough Shoal.

In an attempt to reduce tensions, the Philippines subsequently replaced the BRP *Gregorio del Pilar* with a coast guard vessel. Instead of reciprocating the gesture, an angered Beijing sent China’s most advanced fishery patrol ship, the *Yuzheng 310*, to the Scarborough Shoal, joining *Haijian 75* and *Haijian 84*, which were still in the area.<sup>29</sup> The situation escalated rapidly over the next ten weeks, with the Foreign Ministries of both nations issuing a series of confrontational official statements. Diplomatic negotiations also failed to ease the tensions, with both parties accusing each other of escalating the dispute. Rejecting the Philippines’ suggestion to seek international arbitration, then-Chinese Vice Foreign Minister Fu Ying summoned the then-*chargé d’affaires* at the Philippine Embassy in Beijing on May 9, 2012, demanding that the Philippines withdraw its vessels from the area. By then, there were allegedly four Chinese surveillance ships and ten fishing boats in the disputed area, confronting a Philippine coast guard ship and a vessel from the fisheries bureau.<sup>30</sup>

After the incident, analysts pointed to how Beijing and Manila’s inability to establish effective communication throughout the affair had forced the United States to step in. Both parties allegedly engaged in private negotiations with U.S. officials, who then reluctantly assumed a mediating role.<sup>31</sup> U.S. officials, for their part, watched with concern as tensions in the Scarborough Shoal escalated, fearing that the Philippines would activate the Mutual Defense Treaty, which would require U.S. intervention. In mid-June 2012, U.S. officials allegedly brokered a deal with then-Chinese Vice Foreign Minister Fu Ying for a mutual withdrawal.<sup>32</sup> The standoff ended on the evening of June 15, 2012, when both parties withdrew their vessels under the threat of an oncoming typhoon.<sup>33</sup> Chinese vessels, however, returned to the Shoal shortly thereafter, and they maintained a regular presence there until late 2016.<sup>34</sup>

### **Banana Wars?**

The threatening rhetoric emerging from Beijing, especially in hawkish editorials in Chinese publications such as the *People’s Liberation Army Daily* and the *Global Times*, set the stage for the widespread expectation that China would employ all

available means—diplomatic, economic, and military—to retaliate against the Philippines.<sup>35</sup> On May 15, 2012, in the midst of the Scarborough Shoal standoff, the London-based *Financial Times* suggested that there were “signs that the confrontation was beginning to have an economic impact, with Chinese tour groups cancelling trips to the Philippines and shipments of Philippine bananas blocked from entering China for food safety reasons.” The article then cited the Philippines Banana Growers and Exporters Association’s warning that “up to 200,000 banana farmers and ancillary workers could lose their livelihood if China, the industry’s second biggest export market, stop[ped] importing bananas from the Philippines.”<sup>36</sup>

Many variations on this theme then followed in English-language media from around the world. For example, *The Washington Post*, interviewing “a victim of sudden Chinese restrictions on banana imports from the Philippines,” suggested that his plight was indicative of “how quickly quarrels rooted in the distant past can disrupt the promise of a new era of shared prosperity and peace between rising China and its neighbors.”<sup>37</sup> Both Chinese and Filipino authorities, however, have consistently denied that there was any ban on Philippine bananas in China, or that any fluctuations that might have occurred in the banana trade between China and the Philippines had any connection with the Scarborough Shoal incident.<sup>38</sup>

Primary data suggest that the link between the alleged banana imports ban and the dispute over Scarborough Shoal is tenuous. The “restrictions” on banana imports appear to have started before the Scarborough Shoal dispute, and have stemmed from Chinese unhappiness over the quality of Philippine banana imports. The Bureau of Plant Industry (BPI) in Manila indicated that it first received notification of non-compliance from the Director General of China’s General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) on March 5, 2012, more than one month before the Scarborough Shoal incident.<sup>39</sup> In addition to suspending purchase of bananas exported by the companies concerned due to the presence of insects,<sup>40</sup> AQSIQ issued a circular entitled “Strengthening of the Inspection and Quarantine of Bananas Imported from the Philippines,” which asked that BPI provide lists of banana export orchards and packing facilities in the Philippines—also more than one month before the Scarborough Shoal incident.<sup>41</sup>

Following a series of consultations with banana stakeholders in Davao City (Mindanao), as well as sustained written correspondence with AQSIQ, the Director of the BPI led a delegation to China in May 2012 to visit Chinese ports and

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examine quarantine procedures, as well as to meet with the organization's Chinese counterparts in order to discuss solutions to the issue. This bilateral technical meeting took place during the peak of the Scarborough Shoal dispute between China and the Philippines, a fact that may have contributed to the perception of a connection, but that in reality suggests that the management of import-export relations in this regard was proceeding unaffected by the maritime dispute. Meeting records from the BPI indicate that AQSIQ took the initiative to propose a regular meeting once every two years to address any issues and concerns from both sides. Moreover, while certain cargo containers of bananas were shipped back to the Philippines during the period of the Scarborough Shoal incident, containers with bananas from the Philippines that were not infested with insects continued to flow through Chinese ports. In addition, AQSIQ assured the Filipino delegation that it would release the fruit from the respective Chinese ports on a daily basis as long as no insects were found upon inspection.<sup>42</sup>

Stephen Antig, President of the Philippines Banana Growers and Exporters Association, also acknowledged that while some exporters faced problems exporting bananas to China in the aftermath of the Scarborough Shoal incident, "there was never a ban on the banana industry as a whole." Antig, who was part of the Filipino delegation that visited China to negotiate with AQSIQ, further indicated that Chinese quarantine officials gave their assurance to only restrict exporters whose produce carried insects and mealybugs, and that no ban would be imposed if inspection measures were properly implemented.<sup>43</sup>

As noted, the timing of the two incidents makes it tempting to perceive a connection between China's tightening of regulations regarding Philippine bananas and the dispute in the Scarborough Shoal. However, a detailed examination of the chronology of events as well as trade statistics suggests that: (1) there is no evidence of China imposing a ban on the Philippine banana industry during the Scarborough Shoal incident—in fact, the total volume of banana exports from Mindanao to China in 2012 exceeded that for 2011 (see Figure 1); (2) China began to issue notifications of non-compliance (i.e., suspending bananas from specific Filipino exporters due to the presence of insects) to the Philippines *prior to* the Scarborough Shoal incident; and (3) Chinese authorities did not suspend communication on this issue with their Filipino counterparts, even during the peak of tensions over the Scarborough Shoal. A senior Filipino diplomat confirmed that: "At no point were there threats of sanctions from China ... this issue [of the bananas] was never discussed at the political level, and was treated by both sides as purely a technical issue."<sup>44</sup>

Thus, while it remains possible that China tightened its phytosanitary requirements against Philippine bananas as a retaliatory measure as tensions regarding the Scarborough Shoal heightened, empirical evidence has minimally problematized the dominant narratives about this episode.



**Figure 1: Mindanao's Export of Banana-Related Products to China, 2011–2015**

Region	2011	2012	2013	2014	2015*
IX	N.A.	N.A.	N.A.	N.A.	N.A.
X	5,966,005	6,089,410	3,937,241	5,507,670	8,474,880
XI	74,950,054	89,711,741	88,099,014	80,657,009	90,327,290
XII	N.A.	2,720,031	1,391,311	5,848,746	9,933,700
Caraga Region	N.A.	N.A.	47,172	N.A.	N.A.
Mindanao Total	80,916,059	98,521,182	93,474,738	92,013,425	108,735,870

Source: Philippines Statistics Authority

Note: \*Data for 2015 is lacking July, November, and December

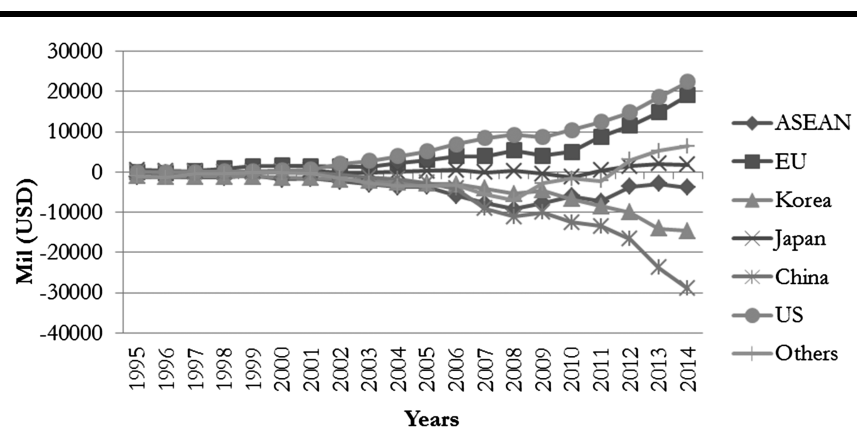
If China did in fact intend to use economic pressure to obtain favorable outcomes in the Scarborough Shoal incident, it would be curious as to why its actions in connection with the alleged “banana ban,” and their impact on the Philippines, were so limited. According to Filipino officials and government statistics, bilateral trade between China and the Philippines in 2012 was unaffected by the Scarborough Shoal incident. Even had the banana trade been affected, moreover, bananas constitute a negligible portion of the overall China–Philippines trade account.<sup>45</sup> Of course, as many sanctions scholars have noted, states could employ sanctions for symbolic purposes, primarily as a gesture intended to gratify nationalistic interests at home.<sup>46</sup> Such an explanation, however, is unlikely in this case since China’s constant official denials that it was sanctioning the Philippines would have severely undermined the symbolic effect for any such target audience.

**Bilateral trade between China and the Philippines in 2012 was unaffected by Scarborough Shoal.**

### HD-981 Oil Rig Incident, 2014

While China is a major and growing market for the Philippines, it is not the Philippines’ largest trading partner and does not have the ability to “make or break” the Philippines’ economy.<sup>47</sup> This is not the case for Vietnam, which is much more economically reliant on China than the Philippines (see Figure 2).<sup>48</sup> This section examines the dispute between China and Vietnam in May 2014 over China’s deployment of the HD-981 oil rig in waters within Vietnam’s Exclusive Economic Zone (EEZ). It focuses on considerations mooted among policymakers and other

**Figure 2: Vietnam’s Trade Balance by Countries, 1995 to 2014**



Source: General Statistics Office of Vietnam (2015), Vietnam Institute for Economic and Policy Research

elites in Hanoi during and in the immediate aftermath of the incident, and examines whether China employed—or threatened to employ—any form of sanctions against Vietnam during the incident.

The dispute between China and Vietnam began on May 2, 2014, when the Chinese state-owned China National Offshore Oil Corporation (CNOOC) moved the *Haiyang Shiyou 981* oil rig to waters within Vietnam’s EEZ, not far from the disputed Paracel Islands. Tensions between Vietnam and China escalated rapidly, as both parties promptly dispatched numerous surveillance and fishing vessels to the area, accusing each other of aggressive actions such as ramming vessels and firing water cannons.<sup>49</sup>

As the situation unfolded, violent protests against China began to take place within Vietnam. Crowds set fires to industrial parks and factories that were owned not only by mainland Chinese nationals, but also by Taiwanese and Singaporeans, resulting in significant casualties.<sup>50</sup> China evacuated thousands of its citizens from Vietnam following the attacks,<sup>51</sup> and the governments of China, Taiwan, and Singapore all issued calls for Vietnam to protect their citizens.<sup>52</sup> While Vietnamese authorities moved quickly to end the protests, the standoff and tense encounters between China and Vietnam continued for two months, after which China claimed that drilling work had been completed ahead of schedule (i.e., in July instead of August 2014) and removed the oil rig from the area.<sup>53</sup>

### Vietnam’s Contingencies

Throughout—and in the immediate aftermath of—the incident, analysts from around the globe described China’s actions as “unprecedented”;<sup>54</sup> “a strategic

mistake”;<sup>55</sup> and evidence of China’s “increasing assertiveness.”<sup>56</sup> A *New York Times* article suggested that the tensions between China and Vietnam had “choked off” tourism to Vietnam.<sup>57</sup> Other analysts cited Vietnam’s economic dependency on China as a point of vulnerability that could be exploited by China. An article in *The Atlantic*, for example, which referenced the commonly perceived 2012 Chinese banana ban against the Philippines, stated: “Vietnam has to weigh its response to Chinese provocation with great care, given the two countries’ increasing economic integration. In 2012, at a particularly tense moment with Manila, China suspended imports of bananas from the Philippines, causing huge quantities of the crop to rot on docks. And as soon as tensions rose once the oil rig had been towed into Vietnamese waters, trade between the two countries declined sharply, with Chinese state media warning of possible long term economic consequences.”<sup>58</sup>

Indeed, interviews with Vietnamese officials suggest that as soon as the oil rig incident occurred, the concerned leadership in Hanoi asked for an “urgent stock take” across government agencies and government-linked research institutions. Government agencies were to account for their respective interactions with China, including China’s economic activities in Vietnam.<sup>59</sup> Government-linked research institutions were tasked to look into the possibility of Chinese sanctions including China’s actions against the Philippines after the 2012 Scarborough Shoal incident, specific areas of potential vulnerability that could be targeted by China, as well as possible scenarios and contingency plans.<sup>60</sup> An official pointed out that the issue of Vietnam’s economic dependence on China “was always a major source of concern, especially during the oil rig incident...some of the reports and accounts [from government agencies and research institutions] were even discussed at the National Assembly [because] many expected that China would initiate sanctions soon after the oil rig incident blew up.”<sup>61</sup>

While China had an aggressive show of presence in the area of dispute, and its public rhetoric against Vietnam escalated rapidly, Vietnamese officials and analysts noted that China did not use—or even threaten to use—economic sanctions against Vietnam. In fact, the trade account between China and Vietnam in 2014 continued to increase (see Figure 2). One exception was the dip in Vietnam’s inbound tourism market that can be seen over several months after the incident began. This reduced economic activity occurred as a result of cancelled chartered flights and travel advisories issued by several countries (not just mainland China) after the deadly riots in Vietnam, which therefore constitute a confounding variable to the reduction of Chinese tourism to Vietnam.<sup>62</sup>

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Given the fact that using or threatening economic coercion against Vietnam could have been a very powerful weapon for China to gain policy concessions during the HD-981 oil rig incident, it would appear that Beijing had exercised considerable restraint in not doing so, or at least significantly limited the extent to which economic tools were being used. According to a Vietnamese government analyst, this restraint was anything but coincidental. Rather, it was his understanding that local officials in China—such as those in Yunnan and Guangxi—were “specifically instructed” to ensure that economic interactions along the border between China and Vietnam were not affected by the dispute. These local Chinese officials, the source further alleged, proactively approached their Vietnamese counterparts to ensure that economic interactions were sustained, even as bilateral tensions continued to rise.<sup>63</sup> Another Vietnamese official summarized Hanoi’s surprise with China’s lack of economic pressure against Vietnam during that very politically contentious period: “We were very prepared for Chinese sanctions, but it did not happen. There were no sanctions, not even threats of sanctions. Some people in Vietnam think that China knows if they applied sanctions on Vietnam, Vietnam would escape the China orbit in the long run. Vietnam would have been severely affected if sanctions had been applied: we could even go into a recession for several years. But perhaps we would be forced into restructuring our economy. But of course, no one hopes for sanctions, the effects of Chinese sanctions for Vietnam in the short-term are too huge.”<sup>64</sup>

In short, contrary even to Hanoi’s expectations, China did not employ economic pressure against Vietnam in any meaningful way. This striking fact should not be dismissed as a coincidence or “statistical outlier,” but needs to be accounted for at least minimally if one is to seriously put forward the claim that China has been, in recent years, increasingly inclined to employ economic sanctions against states with which it is engaged in political disputes.

### **Origins of the Sanctions Myth**

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The case analyses presented here suggest that while China may have adopted an aggressive diplomatic and military posture in the South China Sea, economic ties between China–Vietnam and China–Philippines remained largely “business as usual” during recent periods of heightened tension. This finding challenges the currently widespread narrative that depicts China as increasingly using economic pressure as a tool to further its foreign policy objectives. Given this challenge, an important question emerges: how did this characterization of China emerge?

#### **Misguided Expectations?**

As noted earlier, many influential early manifestations of the now dominant narrative of China employing sanctions against target states during periods of political

tension derive from prominent Western media outlets.<sup>65</sup> Many of these media reports fed into the broad theme of China's growing assertiveness and increasing tendency to use economic retaliation as a policy tool.

In addition to the two cases discussed in this essay, other instances are not included here but are worthy of further research. These include the alleged impact on trade after countries have hosted visits from the Tibetan Dalai Lama against Beijing's protests since the 2000s,<sup>66</sup> China's banning of salmon imports from Norway following the award of the Nobel Peace Prize to Liu Xiaobo and ceasing rare earth metal exports to Japan after disputes in the Diaoyu/Senkaku Islands in 2010,<sup>67</sup> and the shelving of the NorthRail project in Manila (once touted as China's largest piece of overseas development assistance) in the midst of the Scarborough Shoal incident in 2012<sup>68</sup>—all of which have been alleged to be real, palpable effects linked to Beijing's supposed policy shift.

Similarly, academic discourses have carried the torch of the belief in China's increasing assertiveness.<sup>69</sup> After all, many strands of realism share the common belief that powerful states are, compared to weaker ones, more likely to achieve a net benefit through acting aggressively in economic terms, and can therefore be expected to do so. This is just as powerful states are conventionally expected to be more prone than weaker ones to employing military coercion against weaker targets when it serves their interests. Hence, it would not be surprising for realist scholars to see recent events as evidence supporting the expectation that China will act more assertively in accordance with its own interests, including by employing economic sanctions more extensively.

#### **China's Assertive Rhetoric and Posture**

Beijing is certainly not without blame for the apparent misperception of its actual proclivity to flexing its economic muscles. The assertive posturing that has come out of Beijing in connection with disputes in the South China Sea since 2008/09 has fueled widespread trepidation in the international community regarding China and its foreign policy. Since China appended its nine-dash line map to the *Notes Verbales* that it sent to the Secretary General of the United Nations in May 2009, there have been renewed concerns over the extent of China's claims in the South China Sea.<sup>70</sup> In the following year, an article in *The New York Times* cited a U.S. government source claiming that China had for the first time "labeled the South China Sea as a 'core interest, on par with Taiwan and Tibet'."<sup>71</sup> While analysts subsequently pointed to the lack of corroborating evidence for this claim,<sup>72</sup> such discourse nevertheless resulted in significant concerns in the

**Beijing is certainly not without blame for the apparent misperception of its activity.**

international community regarding China's position and claims in the South China Sea.

Without doubt, China has been much more aggressive regarding its territorial claims in both the East and South China Seas in recent years, both rhetorically and in stepping up its military and paramilitary presence. Soon after Chinese President Xi Jinping assumed the top leadership position in 2012, he made high-profile visits to fishermen who worked in disputed waters in the South China Sea, as well as to the strategic bases of the People's Liberation Army (Navy) [PLAN] South Sea Fleet. In his address to the PLAN, he called on soldiers to be "better prepared for military struggle," and to "nurture fighting spirit," words that sent a strong message to the international community that China was determined to safeguard its territorial claims.<sup>73</sup> China also made significant structural changes to its maritime law enforcement agencies.<sup>74</sup> These developments—along with China's rapidly increasing defense spending and naval modernization efforts—have been a legitimate cause for anxiety about Beijing's intentions and ambitions in the South China Sea.

China's resetting of the status quo over the Scarborough Shoal, as well as its aggressive reclamation, construction, and militarization activities in disputed areas of the South China Sea, have also resulted in increasing concerns throughout the Asia-Pacific region and beyond.<sup>75</sup> China's rhetoric and assertive posture over territorial disputes, including its more recent efforts to denigrate the arbitral tribunal in The Hague, have undercut its attempt to portray itself as a benign and responsible power, fueling concerns and suspicions that China would similarly employ its economic tools more aggressively when it suits its interests to do so.

### **Possible Explanations of China's Behavior**

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It is beyond the scope of this article to test causal mechanisms and conclusively point to why China might have exercised restraint in employing sanctions against countries with which it has had disputes—namely, in the present examples, the Philippines and Vietnam. Nonetheless, several possibilities can be noted. First, notwithstanding Beijing's seemingly assertive posture in its foreign policy, Chinese leaders continue to be preoccupied with longstanding concerns such as mounting domestic problems, as well as with sustaining China's economic growth. China requires the support of its neighbors in order for its current initiatives—such as the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB)—to be successful, and it cannot afford to adopt an overly aggressive policy in making its economic influence felt, as doing so could undermine international support for its ambitious economic plans.

Second, Beijing continues to place significant emphasis on strengthening relations with countries on its periphery, including its smaller neighbors in

Southeast Asia. This intent was made clear with the conduct of the major work forum held on Chinese diplomacy toward the periphery in October 2013, which was allegedly the first forum held specifically on periphery diplomacy since the establishment of the People's Republic of China in 1949. The meeting was attended at the very highest levels, involving "the entire Standing Committee of the Politburo, various organs of the Central Committee, State Counselors, the central leading small group with responsibility for foreign affairs, and Chinese ambassadors to important countries."<sup>76</sup> In the same month, Chinese Premier Li Keqiang also proposed the ASEAN–China Treaty on Good Neighborliness, Friendship and Cooperation,<sup>77</sup> echoing the concept of "good neighborhood, secure neighborhood, and wealthy neighborhood" put forward by then-Premier Wen Jiabao in 2003.<sup>78</sup> Many analysts have also suggested that China's diplomatic efforts since 2013, including promises of significant investment projects under the AIIB framework, are signs that China has been embarking on a new "charm offensive" round.<sup>79</sup> In this regard, any attempts by China to employ sanctions against its neighbors would be counterproductive to the apparently overall positive tenor of its peripheral diplomacy.

Finally, China's longstanding rhetoric against the use of sanctions could also play a restraining role on its employment of sanctions. Having been a target of Western sanctions, China has sought to differentiate itself from what it has for decades denounced as "Western imperialism" and the "hegemonism" practiced by the United States.<sup>80</sup> China's efforts to distinguish itself from Western practices of economic statecraft have also resulted in key Chinese foreign policies such as the "Eight Principles for Economic Aid and Technical Assistance to Other Countries."<sup>81</sup> It would therefore be difficult for China to justify its use of unilateral sanctions against smaller and more dependent countries, such as the Philippines and Vietnam, in a similar fashion to further its foreign policy objectives.

### **Beware Claims of Economic Coercion**

The July 2016 tribunal ruling in The Hague has indeed refreshed concerns about the possibility of China employing coercive economic measures to further its foreign policy objectives. These concerns have been exacerbated by a nationalistic Chinese public engaging in behavior such as smashing iPhones and calling for boycotts of products from the United States, the Philippines, and Japan.<sup>82</sup>

However, the Chinese leadership appears to be keen to start a clean slate with the Duterte administration, which assumed office at the end of June 2016. Despite harsh rhetoric against the tribunal ruling, for example, senior Chinese officials have brushed off calls for boycotts of products from the Philippines, and have instead voiced willingness to further cooperation with them in the fields of

trade and investment.<sup>83</sup> China has also welcomed the appointment of the Philippines' former President, Fidel Ramos, as a special envoy to China to discuss ways to resolve the disputes,<sup>84</sup> and lauded Duterte's visit to China in October 2016 as a "milestone." While it remains to be seen whether China will back up its rhetoric with action, China is likely to employ more economic carrots than sticks in bringing the Philippines back to the bilateral negotiating table in order to move forward on the South China Sea disputes.

There is no denying that China has displayed more confidence in adopting an aggressive and at times escalatory rhetoric and foreign policy posture in recent years, especially with regard to maritime disputes in the South China Sea. It is not, moreover, the objective of this article to claim that China has not employed—or will not employ—economic sanctions to further its rapidly growing strategic

**F**urther research will be needed before an explanation about China's approach to sanctions can be made.

and political ambitions. At a minimum, it would indeed be unwise to predict China's future use of economic leverage based on the two identified cases alone. Thus, further research will still be needed into alleged Chinese sanctions against other states before a legitimate case can be made or a definitive explanation put forward regarding China's overall approach to sanctions.<sup>85</sup> Nevertheless, the case studies employed in the present article should help to shed some light on whether China has a newfound proclivity for sanctioning

its smaller Southeast Asian neighbors in the pursuit of political outcomes favorable to Beijing, particularly in light of heightening tensions in the South China Sea.

In fact, analysts should be aware of the implications of even propagating such a viewpoint. After all, significant policy implications come into play when such allegations are taken as "conventional wisdom." Such narratives can, for example, fuel nationalistic sentiments within China, making it more challenging for the Chinese leadership to publicly distance itself from a hardline approach—economic or otherwise—to what certain domestic voices regard as "recalcitrant states."<sup>86</sup>

In this regard, it is instructive to note that even in instances in which China's leaders have explicitly and consistently denied the use of sanctions, as in the case of the alleged ban on the importation of bananas from the Philippines examined above, the widespread discourse that characterizes China as using economic sanctions in such cases and as increasingly likely to do so has caused considerable anxiety among stakeholders. Both outside of and even within China, there is evidence that private interests are hesitant to invest where such speculation runs high, for fear of fallout from political disputes.<sup>87</sup> The potentially self-fulfilling



prophecy of China as the new economic bully on the block is therefore neither at present well-founded nor likely to bring benefit to any of the stakeholders in the region.

## Notes

1. A U.S. Department of State report notes that China's nine-dash line encompasses approximately 2,000,000 square kilometers of maritime space, an area equal to about 22 percent of China's land area. See United States Department of State, Bureau of Ocean and International Environmental and Scientific Affairs, "China: Maritime Claims in the South China Sea," no. 143 (Dec 2014), pp. 15-17.
2. See *The Republic of the Philippines vs. The People's Republic of China*, Award, July 12, 2016, Permanent Court of Arbitration Case (PCA), no. 2013-19, <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.
3. See e.g., Ministry of Foreign Affairs of the People's Republic of China, "Statement of the Ministry of Foreign Affairs of the People's Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines," July 12, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1379492.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1379492.shtml); and "Remarks by Chinese Foreign Minister Wang Yi on the Award of the So-called Arbitral Tribunal in the South China Sea Arbitration," July 12, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1380003.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1380003.shtml).
4. See e.g., Lee Han Soo, "Chinese Smash iPhones in Anti-US Protest," *The Korea Times*, July 21, 2016, [http://www.koreatimes.co.kr/www/news/nation/2016/07/120\\_209945.html](http://www.koreatimes.co.kr/www/news/nation/2016/07/120_209945.html).
5. See e.g., Bethany Allen-Ebrahimian, "Beijing: Japanese Judge Means South China Sea Tribunal Is Biased," *Foreign Policy*, June 21, 2016, <http://foreignpolicy.com/2016/06/21/beijing-japanese-judge-means-south-china-sea-tribunal-is-biased-china-philippines-maritime-claims/>.
6. Michael Martina and Ben Blanchard, "China Brushes off Calls for Philippines Boycott after South China Sea Ruling," July 19, 2016, <http://www.reuters.com/article/us-southchinasea-ruling-business-idUSKCN0ZZ0BU>.
7. Michael Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China* 22, no. 81 (2013), pp. 446-459; Michael Swaine, "Perceptions of an Assertive China," *China Leadership Monitor*, no. 32 (2010), p. 10, n. 1; Oriana Mastro, "Why Chinese Assertiveness is Here to Stay," *The Washington Quarterly* 37, no. 4 (Winter 2015), pp. 151-170; and Kathy Gilsinan, "Cliché of the Moment: 'China's Increasing Assertiveness,'" *The Atlantic*, September 25, 2015, <https://www.theatlantic.com/international/archive/2015/09/south-china-sea-assertiveness/407203/>.
8. See e.g., "China's Aggressive New Diplomacy," *Wall Street Journal*, October 1, 2010; John Pomfret, "Newly Powerful China Defies Western Nations with Remarks, Policies," *The Washington Post*, March 15, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/03/14/AR2010031400368.html>; David Shambaugh, "The Chinese Tiger Shows its Claws," *Financial Times*, February 17, 2010, [http://www.ft.com/cms/s/0/d55d5578-1b62-11df-838f-00144feab49a.html?ft\\_site=falcon&desktop=true#axzz4VbbJRGKO](http://www.ft.com/cms/s/0/d55d5578-1b62-11df-838f-00144feab49a.html?ft_site=falcon&desktop=true#axzz4VbbJRGKO); and Geoff Dyer, "China Flexes its Diplomatic Muscles," *Financial Times*, January 31, 2010. For a more detailed academic analysis, see Alastair Iain Johnston,

- "How New and Assertive Is China's New Assertiveness?" *International Security* 37, no. 4 (Spring 2013), pp. 7-48, [http://www.mitpressjournals.org/doi/pdf/10.1162/ISEC\\_a\\_00115](http://www.mitpressjournals.org/doi/pdf/10.1162/ISEC_a_00115).
9. See e.g., Johnston, "How New and Assertive is China's New Assertiveness?"; and Bjorn Jerden, "The Assertive China Narrative: Why It Is Wrong and How So Many Still Bought Into It," *The Chinese Journal for International Politics* 7, no. 1 (2014), pp. 47-88.
  10. Johnston, "How New and Assertive is China's New Assertiveness?," p. 7.
  11. Michael Swaine, "Perceptions of an Assertive China," *China Leadership Monitor*, no. 32 (2010), p. 2.
  12. Aaron Friedberg, "The Sources of Chinese Conduct: Explaining Beijing's Assertiveness," *The Washington Quarterly* 37, no. 4 (Winter 2015), pp. 133-134, <http://www.tandfonline.com/doi/abs/10.1080/0163660X.2014.1002160>.
  13. *Ibid.*, p. 147.
  14. See e.g., Keith Bradsher, "Amid Tension, China Blocks Vital Exports to Japan," *The New York Times*, Sep 22, 2010, [http://www.nytimes.com/2010/09/23/business/global/23rare.html?\\_r=0](http://www.nytimes.com/2010/09/23/business/global/23rare.html?_r=0).
  15. See e.g., Richard Milne, "Norway Sees Liu Xiaobo's Nobel Prize Hurt Salmon's Exports to China," *Financial Times*, Aug 15, 2013, <http://www.ft.com/intl/cms/s/0/ab456776-05b0-11e3-8ed5-00144feab7de.html#axzz3zSIh4ors>.
  16. See e.g., Roel Landingin and Robin Kwong, "Philippine Business Warns on China Stand-Off," *Financial Times*, May 15, 2012, <http://www.ft.com/intl/cms/s/0/24d5edf2-9e80-11e1-a767-00144feabdc0.html#axzz3zSIh4ors>; and Kesha West, "Banana Crisis Blamed on Philippine-China Dispute," ABC News, June 29, 2012, <http://www.abc.net.au/news/2012-06-29/an-banana-exporters-caught-in-philippines-china-dispute/4100422>.
  17. See e.g., Lee Hyo-Sik, "Cosmetics, Entertainment Stocks Hit by China's THAAD Backlash," *The Korea Times*, August 5, 2016, [http://www.koreatimes.co.kr/www/news/biz/2016/08/123\\_211227.html](http://www.koreatimes.co.kr/www/news/biz/2016/08/123_211227.html).
  18. Andreas Fuchs and Nils-Hendrik Klann, "Paying a Visit: The Dalai Lama Effect on International Trade," *Journal of International Economics* 91, no. 1, pp. 164-177. This study has been cited in many sources. See e.g., Michael Swaine, *America's Challenge: Engaging a Rising China in the Twenty-First Century* (Washington, DC: Carnegie Endowment for International Peace, 2011), p. 508, n. 5; Evan Osnos, "Paying a Visit," *The New Yorker*, Nov 10, 2010, <http://www.newyorker.com/news/evan-osnos/paying-a-visit>.
  19. For example, Chinese representatives to the United Nations Security Council (UNSC) have repeatedly emphasized that "China [was] opposed to the use of unilateral sanctions, or the threat of the use of sanctions freely in international relations." See e.g., UNSC, S/PV.7576, December 11, 2015, [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/PV.7576](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/PV.7576); and S/PV.4128, April 17, 2000, [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/PV.4128](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/PV.4128).
  20. The author would like to thank Pascal Vennesson for pointing out at an early stage the importance of Vietnam as a case study for comparison.
  21. See e.g., Mike Ives, "China Tensions Choke Off Tourism to Vietnam," *The New York Times*, July 21, 2014, [http://www.nytimes.com/2014/07/22/business/international/china-tensions-choke-off-tourism-to-vietnam.html?\\_r=0](http://www.nytimes.com/2014/07/22/business/international/china-tensions-choke-off-tourism-to-vietnam.html?_r=0).
  22. Elsewhere, sanctions scholars have differentiated coercive sanctions from constraining and signalling ones. See e.g., Francesco Giumelli, *The Success of Sanctions: Lessons Learned from the EU Experience* (Surrey and Burlington: Ashgate, 2013); and Giumelli, "The Purposes of Targeted Sanctions," in Thomas J. Biersteker, Sue E. Eckert and Marcos Tourinho, eds.,

- Targeted Sanctions: The Impacts and Effectiveness of United Nations Action* (New York, NY: Cambridge University Press, 2016), pp. 38-59. This article deals primarily with coercive sanctions.
23. These categories follow Jonathan Kirschner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no. 3 (December 2007), pp. 32-64.
  24. Scholars have extensively debated what economic sanctions entail. While David Baldwin defines sanctions as "part of a larger set of policy instruments available to foreign policy-makers, presumably including diplomacy, propaganda, and military statecraft" in the pursuit of a wide range of goals not limited to modifying a target's political behavior, this article uses the narrower definition of sanctions put forward by scholars such as Robert Pape, which excludes trade wars or protectionist measures such as raising tariffs. It also adopts Kirschner's categorization of the five different forms of economic sanctions. For further detail, see David Baldwin, *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985); David Baldwin and Robert Pape, "Evaluating Economic Sanctions," *International Security* 23, no. 2 (Fall 1998), pp. 189-198; David Baldwin, "The Sanctions Debate and the Logic of Choice," *International Security* 24, no. 3 (Winter 1999/2000), pp. 80-107; Pape, "Why Economic Sanctions Do Not Work," *International Security* 22, no. 2 (Autumn 1997), pp. 90-136; and Kirschner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no. 3 (December 2007), pp. 32-64.
  25. On coercive sanctions and the "pain-gain formula", see Arne Tostensen and Beate Bull, "Are Smart Sanctions Feasible?" *World Politics* 54, no. 3 (April 2002), pp. 373-403; and Giumelli, *The Success of Sanctions: Lessons Learned from the EU Experience* (Surrey and Burlington: Ashgate, 2013), p. 8.
  26. James Reilly, "China's Unilateral Sanctions," *The Washington Quarterly* 35, no. 4 (Fall 2012), p. 131, <http://www.tandfonline.com/doi/abs/10.1080/0163660X.2012.726428?journalCode=rwaq20>.
  27. James Hookway, "Philippine Warship in Standoff with China Vessels," *The Wall Street Journal*, April 11, 2012, <http://www.wsj.com/articles/SB10001424052702303815404577336550439399694>.
  28. Renato Cruz de Castro, "China's Realpolitik Approach in the South China Sea Dispute: The Case of the 2012 Scarborough Shoal Standoff," CSIS conference paper on "Managing Tensions in the South China Sea," Center for Strategic and International Studies, p. 5, [http://csis.org/files/attachments/130606\\_DeCastro\\_ConferencePaper.pdf](http://csis.org/files/attachments/130606_DeCastro_ConferencePaper.pdf).
  29. "Chinese Patrol Ship Yuzheng-310 Reaches Waters off Scarborough Shoal," *The China Times*, April 20, 2012, <http://thechinatimes.com/online/2012/04/3107.html>.
  30. Cruz de Castro, "China's Realpolitik Approach in the South China Sea Dispute," p. 6.
  31. Ely Ratner, "Learning the Lessons of Scarborough Shoal," *The National Interest*, November 21, 2013, <http://nationalinterest.org/commentary/learning-the-lessons-scarborough-reef-9442?page=2>; and interview with Jim Gomez, the Associated Press Chief Correspondent in Manila, Manila, January 20, 2016. All interviews in this article were either conducted in English or, where quotations appear from interviews conducted in other languages (in the case of interviews conducted in Vietnam), are translated by the author.
  32. Interview with Jim Gomez, the Associated Press Chief Correspondent in Manila, Manila, January 20, 2016.
  33. Jane Perlez, "Philippines and China Ease Tensions in Rift at Sea," *The New York Times*, June 18, 2012, [http://www.nytimes.com/2012/06/19/world/asia/beijing-and-manila-ease-tensions-in-south-china-sea.html?\\_r=0](http://www.nytimes.com/2012/06/19/world/asia/beijing-and-manila-ease-tensions-in-south-china-sea.html?_r=0).

34. Ely Ratner, "Learning the Lessons of Scarborough Shoal," *The National Interest*, November 21, 2013, <http://nationalinterest.org/commentary/learning-the-lessons-scarborough-reef-9442?page=2>. Chinese vessels have allegedly left the disputed areas in October 2016, following a visit by the new Philippine President Rodrigo Duterte to China. See Richard C. Paddock, "Chinese Vessels Leave Disputed Fishing Grounds in South China Sea", *The New York Times*, October 28, 2016, [http://www.nytimes.com/2016/10/29/world/asia/south-china-sea-scarborough-shoal.html?\\_r=0](http://www.nytimes.com/2016/10/29/world/asia/south-china-sea-scarborough-shoal.html?_r=0).
35. Christine O. Avandano, DJ Yap, Jerry E. Esplanada, "China Daily Warns of 'Small Scale War' with Philippines," *Philippine Daily Inquirer*, April 25, 2012, <http://globalnation.inquirer.net/34627/china-daily-warns-of-small-scale-war-with-philippines>.
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37. Andrew Higgins, "In Philippines, Banana Growers Feel Effect of South China Sea Dispute," *The Washington Post*, June 10, 2012, [https://www.washingtonpost.com/world/asia\\_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gJQA47WVTV\\_story.html](https://www.washingtonpost.com/world/asia_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gJQA47WVTV_story.html).
38. Jerry E. Esplanada, "No Ban of Philippine Bananas in China," *Philippine Daily Inquirer*, July 11, 2012, <http://globalnation.inquirer.net/43766/no-ban-of-philippine-bananas-in-china>.
39. Interview with officials from the Bureau of Plant Industry, Department of Agriculture (Philippines), Manila, January 21, 2016; and Bureau of Plant Industry, Department of Agriculture, *Chronology of Events Regarding Banana and Pineapple Export to China*, n.d., para 1.
40. The Bureau of Plant Industry National Plant Protection Organization of the Philippines conducted investigations, which revealed that the insect *Aspidiotus destructor Signoret* was found in the first batch of bananas detained and suspended by China. See Bureau of Plant Industry, Department of Agriculture, *Chronology of Events Regarding Banana and Pineapple Export to China*, n.d., para 1.
41. Interview with officials from the Bureau of Plant Industry, Department of Agriculture (Philippines), Manila, January 21, 2016; and Bureau of Plant Industry, Department of Agriculture, *Chronology of Events Regarding Banana and Pineapple Export to China*, n.d., para 1.
42. Interview with officials from the Bureau of Plant Industry, Department of Agriculture (Philippines), Manila, January 21, 2016; and Bureau of Plant Industry, Department of Agriculture, *Report for DA Secretary Proceso J. Alcala – Update on China Visit Re. Banana Issue*, pp. 5-6.
43. Interview with President of the Philippines Banana Growers and Exporters Association, Stephen Antig, Davao City, Mindanao, January 25, 2016.
44. Interview with senior Filipino diplomat, Department of Foreign Affairs, Manila, January 29, 2016.
45. *Ibid.*
46. In *Economic Statecraft*, David Baldwin refers to how sanctions can be used for symbolic purposes, i.e., undertaken in order to pacify domestic public opinion rather than because policymakers viewed them as potentially effective instruments of statecraft. See Baldwin, *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985), p. 97. See also, Baldwin, "The Sanctions Debate and the Logic of Choice," *International Security* 24, no. 3 (Winter 1999/2000), p. 102; and Giumelli, *Coercing, Constraining and Signalling: Explaining UN and EU Sanctions After the Cold War* (Colchester, UK: ECPR Press, 2011).

47. According to the Philippines Statistics Authority, China is the Philippines' second-largest trading partner in 2015, after Japan. Total bilateral trade between China and the Philippines in 2015 amounted to 17.646 billion, or 13.6 percent of the Philippines' overall foreign trade. See "Foreign Trade Statistics of the Philippines," Philippine Statistics Authority, July 15, 2016, <https://psa.gov.ph/content/foreign-trade-statistics-philippines-2015>.
48. China is Vietnam's largest trading partner. Many factories in Vietnam rely on Chinese raw materials, and Chinese companies also have a significant share in important infrastructure projects around Vietnam.
49. China said Vietnam dispatched 35 ships to the area, while Vietnam made reference to about 80 Chinese vessels being deployed.
50. Kate Hodal and Jonathan Kaiman, "At Least 21 Dead in Vietnam Anti-China Protests over Oil Rig," *The Guardian*, May 15, 2014, <http://www.theguardian.com/world/2014/may/15/vietnam-anti-china-protests-oil-rig-dead-injured>.
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59. Interviews with Vietnamese officials, Hanoi, January 5 and 6, 2016.
60. Interviews with senior analysts from the Diplomatic Academy of Vietnam and the Vietnam Academy of Social Sciences, Hanoi, January 5 and 15, 2016.
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62. Denise Tsang and Agencies in Hanoi, "Hong Kong Issues Vietnam Travel Warning after Mobs Torch Chinese Factories," *South China Morning Post*, May 15, 2014, <http://www.scmp.com/news/asia/article/1511834/factories-set-ablaze-during-anti-china-protests-vietnam?page=all>.
63. Interview with senior analyst from the Vietnam Academy of Social Sciences, January 15, 2016, Hanoi.
64. Interview with Vietnamese diplomat, January 5, 2016, Hanoi.

65. Examples include Andrew Higgins, "In Philippines, Banana Growers Feel Effect of South China Sea Dispute," *The Washington Post*, June 10, 2012, [https://www.washingtonpost.com/world/asia\\_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gJQA47WVTV\\_story.html](https://www.washingtonpost.com/world/asia_pacific/in-philippines-banana-growers-feel-effect-of-south-china-sea-dispute/2012/06/10/gJQA47WVTV_story.html); Roel Landingin and Robin Kwong, "Philippine Business Warns on China Stand-Off," *Financial Times*, May 15, 2012, <http://www.ft.com/intl/cms/s/0/24d5edf2-9e80-11e1-a767-00144feabdc0.html#axzz3zSIh4ors>; Keith Bradsher, "Amid Tension, China Blocks Vital Exports to Japan," *The New York Times*, September 22, 2010, [http://www.nytimes.com/2010/09/23/business/global/23rare.html?\\_r=0](http://www.nytimes.com/2010/09/23/business/global/23rare.html?_r=0).
66. See e.g., Evan Osnos, "Paying a Visit," *The New Yorker*, November 10, 2010, <http://www.newyorker.com/news/evan-osnos/paying-a-visit>.
67. See e.g., Richard Milne, "Norway Sees Liu Xiaobo's Nobel Prize Hurt Salmon's Exports to China," *Financial Times*, August 15, 2013, <http://www.ft.com/intl/cms/s/0/ab456776-05b0-11e3-8ed5-00144feab7de.html#axzz3zSIh4ors>.
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85. This will be the topic of a forthcoming work.
86. For existing works suggesting that rising nationalism within China constrains the Chinese leadership's policy options, see e.g., Yahuda, "China's New Assertiveness in the South China Sea," *Journal of Contemporary China* 22, no. 81 (2013), pp. 446-459; and Robert D. Kaplan, "Eurasia's Coming Anarchy: The Risks of Chinese and Russian Weakness," *Foreign Affairs* 95, no. 2 (March/April 2016). Johnston has challenged the notion of "Chinese rising nationalism" in a recent work. See "Is Chinese Nationalism Rising: Evidence from Beijing," *International Security* 41, no. 3 (Winter 2016/17), pp. 7-43. Regardless of whether one views Chinese nationalism as having risen in recent years, the risks of nationalist public rhetoric constraining Chinese leadership remain.
87. In the author's interviews with Chinese businesses, for example, some admitted to being "very cautious" of importing salmon from Norway, lest the products could not be brought into China.