

**China's Exploitation of
South China Sea Resources:
the Case of Hainan Province**

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Abstract

This paper is a case study of China's exploitation of natural resources in the South China Sea. It focuses on the role of Hainan Province in this matter. Through archival research and field interviews, the author finds that at the provincial level, China's exploitation of resources in the South China Sea is driven by a combination of economic and political imperatives. The province also attempts to pursue additional, i.e., legal/administrative and ecological, imperatives to regulate marine fishing in the maritime waters under its jurisdiction. However, the province's effectiveness in enforcing its laws and regulations on marine economic activities leaves much to be desired. The implications of the author's findings in considering the South China Sea territorial disputes are also discussed.

Introduction

In the waters of the South China Sea,¹ the increasing number of conflicts over fishing rights and incidences of maritime piracy results from the ongoing sovereignty dispute which complicates the search for a resolution. To help combat maritime piracy, the International Maritime Organisation (IMO), one of the United Nations' specialised agencies, monitors accidents in the South China Sea and pushes governments involved for effective solutions.² Unfortunately, a multinational organisation has yet to be established which would perform similar functions in preventing fishing disputes. These disputes often result in loss of properties and lives to the fishing communities operating in the South China Sea region.

In recent years, fishing disputes in the South China Sea region have been on the rise.³ Such disputes between China and the Philippines, in particular, have been part of the cause of diplomatic frictions between the two countries, rendering their bilateral Code of Conduct (signed in 1995) virtually non-existent. Suffice it here to mention one such incident which occurred in 1999. When China started to implement its two-month fishing moratorium (1 June through end of July) in the South China Sea, the Philippine Defence Minister was quoted as saying that:

We would like to call on the Chinese authorities—not only the Navy, their maritime patrol or whatever, or fishermen—to respect our sovereignty over this particular Scarborough Shoalor [Huang Yan Dao in Chinese] area.⁴

The Philippines made a point about its assertion of sovereignty claims when its Navy sank one of three Chinese wooden-hulled fishing vessels operating in the vicinity of the Scarborough Shoal on July 19, right in the middle of the Chinese moratorium period.⁵ The incident complicated bilateral confidence building efforts between the two governments. The purpose of the current paper is not to document or analyse the Sino-Philippine sovereignty dispute in the Spratlys area per se. Instead, it attempts to make a contribution to appraising the complexities of fishing disputes by answering the question of

why China was unable to prevent its own fishermen from venturing into the waters that were specified to be off limits by the Chinese government?

The current report represents a first attempt to enquire into this issue and is limited in its scope to Hainan Province. Similar case studies should be done with other localities within China⁶ and in other claimant countries, but the author is not in a position to accomplish these tasks at this stage. As such, this paper is a report of findings resulting from field research the author conducted in July-August 1999 in Manila, the Philippines, and Hainan, China.⁷ The author's general research interest is the role of Hainan Province in China's use of maritime resources in the South China Sea, in particular, and the South China Sea sovereignty disputes, in general.

Why a Focus on Hainan?

In the available research literature on China and the South China Sea, the overwhelming tendency is to use China, the national entity, as the unit of analysis. Such a treatment serves well the purpose of examining China's diplomatic/security policies, which are understood to be the domain of power of the national government. However, even in forming China's foreign policy, local governments indeed play a role both in implementing national policies and in providing policy feedback to the national government.⁸ In other words, the conventional approach is less useful for understanding China's pursuit of its perceived economic rights and interests in the disputed South China Sea waters, for the following reasons.

First, the national government of China has since the early 1980s made decentralisation a cornerstone of its economic-political reform. The lack of institutionalisation in centre-province power-sharing and major shifts between decentralisation and re-centralisation notwithstanding, the general trend has been definitely in the direction of decentralisation.⁹ Along China's coastal areas, decentralisation began with the establishment of Special Economic Zones (SEZ) in 1979. It is true that such decentralisation has more to do with

domestic economic and political affairs than foreign affairs except in relation to some economic issues. On the other hand, how has the expansion of provincial autonomy affected the national government's desire to have national policies implemented, especially those that affect the country's foreign relations?

Second, for Hainan, *de facto* SEZ status was granted in 1983, five years before Hainan was promoted from an administrative region under Guangdong Province to both a separate province and an SEZ.¹⁰ Of greater relevance to this enquiry is the fact that, along with its establishment as a province, the central government in Beijing designated Hainan as the provincial authority to exercise administrative jurisdiction over the entire South China Sea area. According to the "Decision to establish Hainan Province," adopted by the Seventh National People's Congress on 13 April 1988, Hainan's geographical boundary includes the Xisha (Paracels), Zhongsha (Middle island), and Nansha (Spratlys) island groups and their surrounding water areas, making the waters sixty times the land area of Hainan. This gives Hainan Province administrative power over some 76,000 square kms of fishing ground in the South China Sea.¹¹ For the national government of China, creating Hainan Province was a declaration of its determination to claim the natural resources in the South China Sea waters. How has post-1988 Hainan exploited fisheries and other natural resources in the South China Sea?

Third, overlapping claims to sovereignty in both the Paracels and Spratly Island groups in the South China Sea have resulted in numerous clashes among fishermen themselves and between fishermen of one country and maritime policing forces of another.¹² The Philippine Navy's sinking of Chinese fishing boats and arrests of Chinese fisherman in 1995 and on two occasions in 1999 in the Spratlys waters are the most notable incidences in the recent past. As recently as March 2000, it was reported that an "armed Vietnamese boat" killed one and wounded another Chinese fishermen, leaving an additional seventeen missing.¹³ These and other accidents all involve fishing boats registered in Hainan Province and/or the province's maritime authorities in handling the aftermath. In other words, it is clear that Hainan provincial authorities have a

direct role to play in handling fishing disputes in the South China Sea, which arise as a result of disputes about territorial boundaries claimed by the national government. Then, why were Hainan authorities unable to prevent its fishermen from getting into harm's way in the first place?

In the following sections of the paper, the author shall address the questions raised above by first reviewing the state of affairs of the exploitation of maritime fisheries resources in Hainan. The paper then presents the author's understanding of the role of Hainan Province in the marine fishing disputes. The third section looks at Hainan's role in China's efforts to strengthen its claims to sovereignty over the South China Sea. The last section of the paper considers implications of the author's findings.

Hainan's Exploitation of Resources in the South China Sea

The exploitation of resources in maritime areas includes fisheries, oil and gas, and mineral resources in the seabed. China, Malaysia, Vietnam, and the Philippines have each ventured into the South China Sea for offshore sources of energy.¹⁴ The role of Hainan Province, as explained below, is greater in the exploitation of fisheries than of oil and gas.

In recent years, China has intensified its activities to explore offshore oil and gas deposits to help meet the needs of a growing Chinese economy.¹⁵ The areas around Hainan make up an important part of that strategy. The most significant development to note is the signing of a production sharing contract in May 1996 between Chevron Overseas Petroleum Inc. and China National Offshore Oil Corporation (CNOOC) to explore for gas in an area about 70 kilometres south of Hainan Island.¹⁶ However, CNOOC, a state-owned enterprise under the direct control of the national government in Beijing, legally monopolises the right to explore and drill in China's maritime waters. In addition, CNOOC makes decisions about its operations in waters under the administrative jurisdiction of Hainan Province out of its headquarters in Zhanjiang City, Guangdong Province. Therefore, as an administrative entity, Hainan Province has virtually no input into CNOOC's operations in and around

Hainan Island. In short, when it comes to developing oil and gas industries off the shores of Hainan, the province's role is purely supportive (at the discretion of CNOOC).¹⁷

Before moving on to look at the marine fisheries industry of Hainan, it should be noted that since its establishment as a province, Hainan has had a turbulent history in its overall economic growth trajectory (see figure 1).

**Figure 1 GDP Hainan Growth Rates and China's National Average
1990-1999**

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Hainan	10.6	14.9	40.2	20.9	11.9	4.3	4.8	6.7	8.3	8.6
China	4.2	9.1	4.1	3.1	2.6	9.0	9.8	8.5	7.8	7.3

Source of Data: *Renmin Ribao*, 22 February 2000, p. 3.

Twelve years after Hainan gained provincial status, concerns about the prospect of its grand development visions raised over a decade ago seem to remain valid.¹⁸ As has been well noted in the international media, in the course of its development, Hainan Province has suffered from problems associated with corruption, real estate speculation, and above all, a lack of long-term planning in economic development.¹⁹ The mixed results of the experiment with "small government, big society" in Hainan is reflected in a *People's Daily* article upon the 10th anniversary of the establishment of Hainan Province. The article, aptly titled "Look at Hainan Dialectically," reminds the reader that over the course of its development, Hainan could no longer count on its "special" (economic zone) status. Instead, it has to compete from a basis where 80% of its population continues to be employed in agriculture and where there was no self-sustaining industrial base.²⁰ In more recent years, Hainan has developed into what Chinese Premier Zhu Rongji called a "bubble economy." This statement was made during his December 1998 inspection tour of the

province to rein in the province's real estate boom that was spiralling out of control.²¹ Hainan's "bubble" was in part reflected in the overall statistics of the province's economic history. For the decade from 1987 to 1997, Hainan has seen the shrinking of the primary sector of its economy from 50% of provincial GDP to 37%. There has also been stagnation in the secondary sector (at the 20% level) and growth of the tertiary sector (real estate development and tourism included) from 30% to 43% (see figure 2).

Figure 2 Composition of the Hainan Economy by Sector, 1987–1997

Year	Primary Sector	Secondary Sector	Tertiary Sector
1987	50.1%	19.0%	30.9%
1996	36.8%	20.9%	42.3%
1997	36.9%	20.2%	42.9%

Source of Data: *Statistical Yearbook of Hainan 1998*, p. 8.

It is worth noting that Hainan's fisheries industry makes up less than 20% of its agricultural economy (see figure 3). Such a state of affairs, in part, makes the idea of extracting more wealth from the oceans more popular among the province's officials.²²

Figure 3 Fisheries Industry as a Percentage of Hainan's Agriculture, 1990-1997

Year	Fisheries Total	Marine Fishing	Marine Aqua-culture
1990	10.72	9.17	0.25
1992	12.78	10.59	0.64
1994	14.89	11.36	1.74
1995	16.00	11.82	1.92
1996	15.94	12.37	1.32
1997	17.17	12.81	1.88

Source of Data: *Statistical Yearbook of Hainan 1998*, p. 245.

There is little doubt, on the other hand, that since its establishment as a province, Hainan has made significant and steady progress in building up its capacity to develop its marine fishing industry. As is indicated in figure 4, from 1988 until 1997 the number of mechanised fishing vessels in Hainan Province increased tenfold. The same source of statistics shows, however, that Hainan has only a very limited number of fishing vessels that are capable of operating in the South China Sea (60 in 1996, 57 in 1997). Figure 5 shows the history of the province's yields of marine fishing and aqua-culture from 1952 to 1997.

Figure 4 Hainan's Marine Fishing Vessels, Capacity and Catches, 1986–1997

Year	Number of Mechanised Fishing Vessels	Aggregate Capacity (10,000 tons)	Marine Catch (10,000 tons)
1988*	394	N.A.	N.A.
1989*	1,090	9.51	N.A.
1992**	12,610	14.1	21.73
1993	12,891	15.914	27.6915
1994	12,832	15.76	31.39
1995	12,542	15.41	34.06
1996	13,140	16.80	37.03
1997	13,600	18.67	N.A.

Source of Data:

*For 1988 and 1989, *Zhongguo Haiyang Nianjian 1987–90*, p. 289.

** Figures for 1992 through 1997 are from *Hainan Yearbook of Economics*, 1993 through 1998 editions. The 1993 edition is the first of the Yearbook series.

Figure 5 Hainan Marine Fishing and Marine Aqua-culture Yields, 1952-1997

Year	Marine Fishing (tons)	Marine Aqua-culture (tons)
1952	30,645	N.A.
1957	68,617	N.A.
1962	61,827	210
1965	75,606	260
1970	73,138	130
1971	75,837	130
1972	89,311	250
1973	77,899	140
1974	88,071	235
1975	120,311	425
1976	119,568	345
1977	109,179	390
1978	63,671	445
1979	55,042	275
1980	55,696	456
1981	60,384	318
1982	61,527	374
1983	69,056	575
1984	73,312	713
1985	75,806	1,795
1986	85,837	1,920
1987	96,339	3,036
1988	106,128	3,130
1989	126,317	3,628
1990	141,351	4,204
1991	167,280	5,199
1992	217,290	7,371
1993	276,915	10,831
1994	313,896	16,474
1995	340,580	14,773
1996	370,315	22,050
1997	396,391	29,874

Source of Data: *Statistical Yearbook of Hainan 1998*, p. 278.

What meaning, then, can be made of such statistics? First, the numbers cited above are those of Hainan's total marine fisheries catch and it is difficult to differentiate the amount of fisheries harvested from the South China Sea waters from waters closer to Hainan Island proper. This is partly because the province's statisticians did not find it necessary to differentiate the origins of the catch, as the author was informed. But it can be inferred from the low number of fishing vessels capable of operating in the deepwater areas of the South China Sea that the catch from international waters makes up a lower amount of the total than that from domestic waters.

Second, it is known that in 1992 Hainan liberalised the management of fishing by "encouraging state-owned, collectives-owned, and privately-owned operators to participate in upgrading the Province's fishing vessels. Of the 200 million *yuan* invested in the development of fishing equipment, 60% came from bank loans, 40% came from the fishermen themselves."²³ Liberalisation of marine fisheries management implies that the state has less effective control over those private and collectives-funded fishing vessels. The expanded freedom resulting from a relaxation of state control over individual farmer/fisherman's economic activities in part explains why Hainan's fishing activities spill over into other areas and trigger conflict with maritime patrol forces of other countries. In addition, "while most [of the province's] officials are mainlanders who speak a variety of Putonghua [the standard Chinese language], most fishermen are locals who don't."²⁴ This linguistic mismatch can also reduce the province's capacity to control unwanted fishing expeditions to the disputed South China Sea waters.

Third, the financial, personnel, and technological input into marine fishing is less than that for marine aqua-culture. As the numbers in figure 5 demonstrate, traditionally Hainan's fishermen rely more on catching than cultivating as a means of extracting fish from the ocean. Liberalisation of the fishing industry, then, gives an additional incentive/reason for private-funded operators to catch rather than cultivate fish.

Fourth, for both economic growth and employment creation purposes, successive Hainan gubernatorial administrations have consistently encouraged the development of maritime fishing.²⁵ According to the author's interviews, however, actual investment by the provincial and county governments in developing the necessary equipment for deepwater fishing was limited. This is partly because the fishing industry is treated as part of agriculture and the focus of provincial economic and financial planners is on poverty alleviation in the mountain areas of Hainan Island proper. But statistics on the provincial government's investment in fisheries are not available to verify such claims.

In any case, the imbalance between marine fishing and marine aquaculture is politically sustainable. As Guan Jingping argues, given the fact that other claimants to sovereignty in the South China Sea, "particularly Vietnam," encourage fishing activities in the disputed waters, "only by speeding up activities to exploit resources in the South China Sea can China's sovereignty claims be sustained."²⁶ Chinese academics hold similar views, arguing that it is in China's national interest to launch economic projects in the South China Sea before China's proposal for "joint development" becomes a reality.²⁷

Though handicapped by more comprehensive data, the previous review tells us that in Hainan there are both economic and political imperatives for taking advantage of geographical proximity to the South China Sea and then exploiting the fisheries resources therein. At the local/provincial level, the further exploitation of fisheries resources is politically sustainable because it contributes to the overall economic growth of the province. At the national level, the province's economic activities in the South China Sea fits into the national government's political/diplomatic agenda of sustaining China's claims to sovereignty in the entire South China Sea region.

Hainan's Administrative Control of Maritime Fishing in the South China Sea

As mentioned in the beginning of this paper, the July 1999 sinking of a Chinese fishing boat by the Philippine Navy once again highlighted the role of

Hainan Province in the Sino-Philippine disputes over fishing rights in the South China Sea. This section of the paper addresses the question of why Hainan provincial authorities were unable to prevent their own fishermen from venturing into the disputed waters, in spite of China's own moratorium. Indeed, as a result of interviews with both defence and foreign policy officials as well as academics in Manila the author wondered incidents of "poaching" by Chinese fishing vessels were organised by Hainan authorities as a deliberate challenge to Philippine claims of sovereignty in the Spratlys area.

The search for answers to such questions must begin with an understanding of the maritime administrative structure of China. The national government of China has a rather complex administrative structure for implementing the nation's marine policies and enforcing relevant laws. Under the State Council, the National Environmental Protection Bureau, Ministry of Public Security, Ministry of Agriculture, National Oceanic Administration, Ministry of Transportation, General Customs Office, and Ministry of Geology and Mineral Resources, each has a role in maritime policymaking. With the exception of the National Environmental Protection Bureau and the Ministry of Geology and Mineral Resources, each of these agencies has its own maritime patrol to enforce its own regulations and what it perceives the national fisheries laws require it to do. But there is no super-ministerial agency to co-ordinate these various agencies, which often results in confusion and conflict of institutional interests. Such a state of affairs is unsatisfactory to Chinese maritime officials. As one argues, "the longer the status quo continues, the worse off it will be for the management and protection of China's national interests in territorial waters, continental shelves, and exclusive economic zones."²⁸

Poor co-ordination in marine policymaking at the national level has a direct impact on policy implementation/making at the provincial level. For example, as noted in Chapter II in the *Hainan Provincial Directory for Implementing the 1993 Fisheries Law of the People's Republic of China*, the relevant governmental agencies (county level and above) include public security,

border defence, customs, transportation, maritime law enforcement, environmental protection, commerce and industrial administration, irrigation, and land use.²⁹ More importantly, the Directory makes no mention of a bureaucratic office that has the primary responsibility for administering laws and regulations meant to govern the marine fisheries industry. Indeed, the author's interviewees repeatedly spoke about "fundamental contradictions" among these agencies. Those in charge of marine production push fishermen for higher yields from the oceans; those in charge of licensing the fishing vessels follow their own rules; and those in charge of enforcing ecological and environmental laws are often left with little resources to enforce their rules. As a result, the fishermen themselves are at a loss over which rules to follow. Although Hainan is allowed to have a "small government" (in other words, fewer governmental agencies), the province still needs to respond to policy demands from all the central government agencies, regardless of whether or not Hainan has a corresponding bureaucratic agency. The net result is, according to an official in the province's department of oceanographic affairs, confusion in deciding which policy demand to respond to. This confusion leads to ineffective administration at the provincial level. As administrative/legal enforcement in waters far from the shores of Hainan Island proper demands greater personnel resources from the provincial headquarters in Haikou City, provincial maritime authorities often lack the means to carry out their missions.

In Hainan, confusion in administrative responsibilities for marine and maritime resource management is exacerbated by another problem which is frequent changes of provincial governing agencies. Hainan Province has suffered from "conflicts between and among Hainan's communities," which are in part responsible for the fairly frequent changes in "the composition of the provincial leadership and the personnel policies adopted for the new provincial structures of the CCP and the provincial government since 1988."³⁰ In 1989, one year after the establishment of Hainan Province, an Oceanic Bureau (*Ju*) was established. This Bureau was under the joint control of both Hainan Province and the National Oceanic Administration in Beijing and therefore its

autonomy could not be ensured. In March 1995 under Yuan Chongwu's Governorship Hainan Province gained total control over its Oceanic Bureau. Yuan further elevated the bureaucratic level of the Oceanic Bureau to that of a Department (*Ting*), making Hainan the only province in the entire country to signal such a high level of commitment to the utilisation of maritime resources. Yuan's legacy lasted until November 1998, when the Hainan Oceanic Department was abolished and its duties transferred to the Department of Land, Environment and Resources. At one level, the rationale for such a change was to promote the awareness of the importance of ocean resources, as being equal to land resources in which case the use of ocean waters should be likewise licensed.³¹ However, personnel resources in the new department were said to be simply insufficient to spare attention for oceanic affairs.³² The establishment of a new Oceanic and Fisheries Department in March 2000, on the other hand, seems to indicate a stronger commitment by the present provincial leadership to ensure better use of maritime resources available to the province.³³

In this context, it is worth mentioning that in December 1999 the Hainan Oceanic Affairs Bureau of the People's Republic of China was established. This new Bureau, under the control of the State Council's Ministry of Transportation, was created to "unify the issuing of orders, policy planning, and management of uses of the ocean around Hainan."³⁴ It seems to indicate a return of central governmental authority in managing Hainan's marine affairs. On the other hand, the creation of this new Bureau is not surprising. The National People's Congress (NPC) had in May 1998 made known its dissatisfaction with the lack of "priority, proportion, and compensation" in the utilisation of maritime resources by Hainan Province. It did so by dispatching an inspection team headed by an NPC vice chairman to Hainan to supervise the proper implementation of the Oceanic Environmental Protection Law.³⁵

When the Philippine Navy sank a Chinese fishing vessel in July 1999, the *Hainan Ribao* broke from its tradition of silence on such incidents and carried a series of detailed reports about this and other clashes.³⁶ The sunk

vessel was identified to be registered in Hainan as “Qiong 03019” with its captain being a resident of Qionghai City, Hainan. The news-report made no mention of the vessel’s status (state-owned or private), although the author’s interviewees identified it to be a private one. When the Philippine government compensated the thirteen Chinese nationals affected by the May and July incidents, a *Hainan Ribao* report quoted the captain of “Qiong 03019” as saying that he would spend the money to “purchase new fishing equipment and continue fishing in our motherland’s Nanhai [South China Sea].”³⁷

According to one account these Sino-Philippine incidents were but two reported out of a total of seven fishing disputes that have resulted in loss of property and/or lives, since April 1999. The Chinese fishing boats involved in these incidents were all registered in Hainan Province.³⁸ Leaving aside considerations of the legitimacy of unilaterally proclaimed territorial boundaries, what do these incidents say about the Hainan provincial government’s exercise of its authority to regulate fishing activities in the waters under its jurisdiction?

The issue in question is not a lack of laws and regulations. In fact, as early as 1993, the Hainan Provincial National People’s Congress issued its own moratorium on fishing in waters close to shore and in the Chinese controlled Xisha (Paracels) Island group.³⁹ The 1999 moratorium announcement by the central government was the first time such moratoriums were widened to cover the entire South China Sea, and which were to be observed by fishing fleets from Guangdong Province, Guangxi Zhuang Autonomous Regions, as well as Hong Kong and Macao. The problem lies in the effective enforcement of such laws and regulations.

Enforcement is weak for a number of reasons. First, there is a political factor in that a higher yield in deepwater fish catch supposedly supports China’s claims of sovereignty to the entire South China Sea. As mentioned before, from the local perspective, a growth in ocean catch is a welcome development in terms of overall economic growth. This political dimension makes it “unwise” for bureaucrats in the oceanic departments to argue for

scaling back the amount of deepwater fishing in favour of conserving the fisheries stocks in the South China Sea.⁴⁰ Second, as mentioned before, the province's bureaucratic bodies entrusted to oversee marine fishing cannot operate effectively due to a lack of co-ordination among the various agencies, and a possible shortage of administrative manpower as well. Third, as noted before, linguistic difficulties between the provincial government's bureaucrats and the fishermen can add to enforcement difficulties. Finally, the author's interviewees observed that few alternative employment opportunities were available to the fishing population.

Hainan in China's Management of South China Sea Disputes

Like other governments that claim territorial sovereignty of the South China Sea, the national government of China has over the past half a century taken numerous actions to assert its claims of sovereign rights in the disputed areas. In addition to occupation and diplomatic actions, China has constructed boundary markers and other man-made features on the disputed islets, published official maps to specify its declared boundary lines, and has sent publicity and policing missions to the disputed water areas.⁴¹ As an administrative entity, Hainan has been involved in the Chinese national government's campaign to create and maintain a physical presence in the South China Sea. Back in November 1955, a team of ninety personnel was dispatched by the Hainan Bird Fertiliser Company to construct housing structures on the Island of Yongxing (Woody Island), in the Paracels Island group. In March 1959 a county level Operational Centre (*Banshiqu*)—Communist Party and administrative headquarters—was established on Yongxing Island, with jurisdiction over the Xisha, Nansha, and Zhongsha Island groups. In 1988, along with the establishment of Hainan Province, Hainan took over from Guangdong Province control of the Centre. The Centre now governs a population of 3,100.⁴²

In January 1986, Hu Yaobang, Secretary General of the Chinese Communist Party, became the highest level Chinese official to visit Chinese

troops stationed in the Xisha Island group. Since then, it has become an annual event for Hainan provincial officials to tour the Xisha islands shortly before the Chinese New Year. Since 1992, the Hainan delegation on such missions has been led by the provincial governor. During the Year 2000 tour, Hainan Governor Wang Xiaofeng reportedly pledged to appropriate special funds to improve poultry production facilities for use by the Chinese troops stationed in the Xisha Islands.⁴³

According to Chinese annuals of oceanographic activities, Hainan provincial authorities have also participated in preparatory talks with Vietnam on boundary delimitation issues in Beibu Wan (Gulf of Tonkin), and in the release of the 62 fisherman arrested by Philippine authorities in 1995 in the disputed Meiji Jiao (Mischief Reef).⁴⁴ These activities indicated that the province's oceanic authorities, like the National Oceanic Administration of China, influence the central government's diplomatic activities, in addition to regulating the utilisation of marine resources, protecting the coastal marine environment, and preventing/mitigating marine disasters.⁴⁵

A review of published literature and the author's interviews indicate that in the central-local matrix of administrative power for oceanic management, Hainan has less autonomy than its formal bureaucratic position may suggest. With regard to the exploitation of oil and gas in the waters under Hainan provincial jurisdiction, as mentioned before, decision-making power is retained in the national government. This is understandable given the strategic importance of the offshore oil and gas industry and the diplomatic sensitivity the industry's offshore activities entail. A case in point is the proposal by two Hainan-based scholars that CNOOC relocate its southern headquarters to Hainan, in order to better explore the oil and gas reserves within Hainan's geographical boundary.⁴⁶ Such a proposal is in reality an argument for stronger provincial input in the decision-making of a national strategic industrial corporation.

In the area of marine fishing and aqua-culture, Hainan provincial economic planners clearly encourage further exploitation of the fisheries stocks

in the South China Sea waters, for both economic gains and employment purposes. The Province's marine fisheries development target for the years 2000–2002 is to see its yield of marine fishing increase by 32% compared with 1999, and for the fishing industry to employ an additional labour force of 10,000.⁴⁷ To underscore the provincial authorities' commitment to developing Hainan's marine fishing industry, Du Qinglin, the current provincial Communist Party secretary general, wrote that marine fishing and aquaculture should be pursued with equal vigour.⁴⁸ The economic imperative, however, runs counter to the continuing weakness in the provincial authorities' capacity to regulate marine fishing activities. Viewed in the context of the sovereignty disputes between China and other countries over the South China Sea waters, Hainan Province's push to develop its "marine economy" (*Haiyang Jingji*) may inadvertently contribute to more Chinese fishermen entering areas where the Philippine, Vietnamese, Malaysian, and Indonesian maritime patrol forces operate.

Conclusion

This study tells us that for Hainan the exploitation of resources in the South China Sea is driven by a combination of economic and political imperatives. The province also attempts to pursue a third or legal/administrative imperative to regulate marine fishing in the maritime waters under its jurisdiction. However, the province's effectiveness in enforcing its laws and regulations on marine economic activities leaves much to be desired. The study also tells us that the national government of China is still in the process of finding an effective mechanism with which to reconcile the provincial autonomy (in resource exploitation) it wishes to grant to Hainan with the desire to have Hainan enforce rules and regulations that have foreign policy implications. Hainan's inability effectively to implement national policies contributes to the foreign policy problems the national government has to deal with.

As such, future incidents of detention and/or destruction of their fishing vessels cannot be ruled out when Hainan's fishermen venture into conflict zones where maritime policing forces of the Philippines, Vietnam, Malaysia, and Indonesia are on patrol. In addition, through interviews in Hainan, the author learned that Vietnamese fishermen are also frequently arrested by Chinese maritime patrol forces. An extensive recording of the cat-and-mouse game between fishermen and the maritime patrol forces of various governments is not available and is beyond the resources of a single researcher. Nonetheless, at least in the case of the China-Philippine territorial disputes in recent years, a vicious cycle has arisen. Failure in diplomacy, in part, leads to intensified maritime policing activities, which results in more arrests of another country's fishermen. More arrests of fishermen, in turn, add to the difficulties in finding a diplomatic solution to the territorial boundaries disputes. When fishermen view the ocean as an area "handed down by [their] ancestors"⁴⁹ rather than property of their own government or of any other government, the likelihood of future accidents on the sea increases. The Chinese national government's decision to continue with its fishing moratorium in the South China Sea into the year 2000 indicates its recognition that an ecological imperative must be pursued in the region. For China, and for Hainan Province in particular, how to reconcile the combination of economic, political/diplomatic, and ecological imperatives is a great challenge indeed.

For China as well as the other claimants to sovereignty over the South China Sea, the depletion of fishing resources in these waters has yet to be treated as a priority on the diplomatic agenda. An eventual agreement on a regional code of conduct between China and the Association of Southeast Asian Nations [ASEAN] may be conducive to both ecological protection and to a reduction of the number of clashes between fishing vessels and maritime patrol forces. However, to achieve both goals the governments involved in the territorial dispute must come to terms with the root cause. This is the lack of alternative economic opportunities on land for communities immediately bordering the South China Sea waters. The various national governments,

therefore, should pursue policies to encourage economic co-operation among the local provinces as they continue to search for a solution to the sovereignty disputes over these waters.

Endnotes

- ¹ On piracy, see Peter Chalk, "Contemporary maritime piracy in Southeast Asia," *Studies in Conflict and Terrorism* vol. 21, 1998, pp.87-112. Michael Vatikiotis, Michael Westlake and Lincoln Kaye, "Gunboat Diplomacy," *Far Eastern Economic Review*, vol. 157 no. 24, 16 June 1994, pp.22-4.
- ² See the IMO's activities at its homepage < <http://www.imo.org>>.
- ³ The issue is discussed, in part, in Michael Pugh, "Maritime Disputes in the China Seas," *Jane's Intelligence Review Yearbook*, 1994, pp.107-18. Gerald Segal and Digby Waller, "The Economics of East Asian Security," *Jane's Intelligence Review*, vol. 7 no. 8, 1995, p.359.
- ⁴ Quoted in Cynthia D. Balana and Christine O. Avendano, "China bans Sino fishing in Spratlys," *Philippine Daily Inquirer*, 3 June 1999. <<http://www.inquirer.net>>
- ⁵ See Christine O. Avendano and Cynthia D. Balana, "Chinese fishing vessel sinks after collision with RP gunboat," *Philippine Daily Inquirer*, 21 July 1999. <<http://www.inquirer.net>>.
- ⁶ They include Guangdong Province, Guangxi Zhuang Autonomous Region, the Hong Kong Special Administration Region, and the Macao Special Administrative Region.
- ⁷ In Manila, my interviewees are based in the Armed Forces of the Philippines; the Department of Foreign Affairs; the National Security Council; the University of the Philippines; and Ateneo de Manila University. In Hainan, my interviewees were based in the Institute of Research on the South China Sea; the Land, Marine, Environment, and Resource Department of the Hainan Province; the Chinese Research Society for Economic System Reform; and Hainan University. Interviews were conducted with the explicit understanding that names and specific affiliations of the informants would be kept strictly confidential.
- ⁸ See Lu Ning, *The Dynamics of Foreign Policy Decision Making in China*, Westview Press, Boulder, 1997, pp.15-16.
- ⁹ See Gabriella Monitola, Qian Yinyi and Barry R. Weingast, "Federalism, Chinese Style: the political basis for economic success in China," *World Politics*, vol. 48 no. 1, 1995, pp.50-81.
- ¹⁰ On the evolution of Hainan's administrative status, see Feng Chongyi and David S.G. Goodman, "Hainan: communal politics and the struggle for identity." In David S.G. Goodman, ed., *China's Provinces in Reform: class, community and political culture*, Routledge, London, 1997, pp.60-61. For a broader introduction to Hainan, see Feng Chongyi and David S.G. Goodman, *China's Hainan Province: economic development and investment environment*, University of Western Australia Press, Western Australia, 1995. Paul M. Cadario, Kazuko Ogawa and Yin-Kann Wen, *A Chinese Province as a Reform Experiment: the Case of Hainan*, World Bank, Washington, D.C, 1992.
- ¹¹ See *Zhongguo Haiyang Nianjian* [Annuals of China's Oceanic Affairs] 1987-90, p.289.
- ¹² A full accounting of such incidents is not known to the author. For partial accounts, see Andrew Sherry, "Law of the seize," *Far Eastern Economic Review*, 12 June 1997, pp.17-21, and Rodney Tasker, "A line in the sand," *Far Eastern Economic Review*, vol. 158 no. 14, 6 April 1995, pp.14-16.
- ¹³ *Renmin Ribao*, 31 March 2000. <<http://www.peopledaily.com.cn>>.
- ¹⁴ See Mark J. Valencia, Jon M. van Dyke and Noel A. Ludwig, *Sharing the Resources of the South China Sea*, University of Hawaii Press, Honolulu, 1999, pp.8-11.
- ¹⁵ See Wang Haijiang Henry, "China's deregulation, expansion not enough to restore market balance," *Oil & Gas Journal*, vol. 95 no. 39, 1997, pp.33-41.

- ¹⁶ See Anonymous, "Chevron steps up gas search off South China," *Oil & Gas Journal*, vol. 94 no. 22, 1996, p.29.
- ¹⁷ Interview in Haikou, 20 July 1999.
- ¹⁸ See Richard E. Gillespie and Sharon E. Ruwart E, "Hainan: facts, figures, and fantasies," *The China Business Review*, vol. 16 no. 1, 1988, pp.20-30.
- ¹⁹ See Kari Huus, "One Province, No System," *Far Eastern Economic Review*, 2 June 1994, pp.46-48 and "No Dice: How Hainan Gambled and Lost," *Far Eastern Economic Review*, vol. 159 no. 10, 7 March 1996, p.62,
- ²⁰ *Renmin Ribao*, 13 April 1998, p. 1.
- ²¹ *Renmin Ribao*, 25 December 1998, p. 1.
- ²² See, for example, Wang Jianguo, "Weilai de Haiyang Da Sheng" [Build a Province with a Strong Ocean Economy]. In Editorial Committee, *Hainan de Guoqu, Xianzai he Weilai* [The Past, Present, and Future of Hainan], Hainan Chubanshe, Haikou, 1994, pp. 233-250. Lu Fucai, "Jianshe Lance Chanye Jidi, Dali Fazhan Haiyang Jingji" [Construct a Blue Industrial Base, Develop Ocean Economy into new Heights]. In Chi Fuling, ed., *Hainan Jingji Lilun Yantaohui Lunwen Xuan* [Selected Articles of the 1996 Hainan Conference on Economic Theories], Nanhai Chuban Gongsi, Haikou, 1996, pp.108-60.
- ²³ *Hainan Jingji Nianjian* [Hainan Yearbook of Economics], (Haikou: Hainan Renmin Chubanshe, 1993), P.6.
- ²⁴ Author's private communication with David S. G. Goodman, Australian Institute of Technology, 11 April 2000.
- ²⁵ The most recent scheme by the Province to promote its maritime fishing industry is summarised in *Hainan Ribao*, 19 January 2000. <<http://www.hndaily.com.cn>>
- ²⁶ Guan wrote in his capacity as Director of Hainan Provincial Office for Xisha, Nansha, and Zhongsha. The quote is from Guan Jingping, 'Yi Kaifang Cu Kaifa, Yi Kaifa Bao Zhuqun' [Develop Nansha through Development' in Yuan Chongwu, ed. *Hainan Sheng Lilun Yantaohui Lunwen Ji 1997* [Collection of Essays Presented to the Hainan Province Conference on Theoretical Work 1997], Hainan Chubanshe, Haikou, 1997, p.263.
- ²⁷ See Ji Guoxing, "Nansha Qundao yu Zhongguo Guojia Liyi" [The South China Sea Island groups and China's National Interest], *Dongnanya Zongheng* [Survey of Southeast Asia] no. 57, 1993, pp.29-30. For a comprehensive presentation and review of Chinese rhetoric on the South China Sea in recent years, see Stenseth Leni, *Nationalism and Foreign Policy: the case of China's nansha rhetoric*, Department of Political Science, University of Oslo, Oslo, 1998.
- ²⁸ See Liu Xili, "Guanru woguo haiyang guanli tizhi de tantao" [Thoughts on Our Country's Maritime Management System], *Haiyan Kaifa yu Guanli* [Ocean Development and Management] vol. 14 no. 1, Beijing, 1997, p.44.
- ²⁹ *Hainan Sheng Shishi* <<*Zhonghua Renmin Gongheguo Yuye Fa*>> Banfa, Chapter II, [Hainan Provincial Directory for Implementing the Fisheries Law of the People's Republic of China]. In *Hainan Sheng Difang Xin Fagui Huibian* [Collection of Hainan Province's Laws and Regulation], Hainan Chubanshe, Haikou, 1993, pp. 10-25.
- ³⁰ See Feng and Goodman, 1997, pp.0-80.
- ³¹ *Renmin Ribao*, 18 November 1998, p. 5.
- ³² Interview in Haikou, 20 August 1999.
- ³³ *Hainan Ribao*, 25 March 2000. <<http://www.hndaily.com.cn>>.
- ³⁴ *Renmin Ribao Huanan Xinwen*, 29 December 1999, p. 1.
- ³⁵ *Renmin Ribao*, 25 May 1998, p. 2.
- ³⁶ These reports can be read on-line at Hainan Daily, Special Reports <<http://www.hndaily.com.cn/zhuanti/yicsj/yuchuan009.html>>.
- ³⁷ *Hainan Ribao*, 12 October 1999. <<http://www.hndaily.com.cn>>.

- ³⁸ Four of the seven disputes involved maritime policing forces of the Philippines, two involved Vietnam, and one involved Malaysia. See *Nanfang Zhoumo*, 20 August 1999. <<http://www.hndaily.com.cn>>.
- ³⁹ *Hainan Sheng Shishi* <<*Zhonghua Renmin Gongheguo Yuye Fa*>>Banfa, Chapter V, in particular, Article 31.
- ⁴⁰ Interview in Haikou, 21 August 1999.
- ⁴¹ See Xie Xianyi, ed., *Zhongguo Dandai Waijiao Shi* [History of Contemporary China's Foreign Relations], Zhongguo Qingnian Chubanshe, Beijing, 1997, pp.436-8.
- ⁴² See Guan Jingping, "Yi Kaifang Cu Kaifa, Yi Kaifa Bao Zhuqun" [Develop Nansha through Opening to the Rest of the World, Protect China's Sovereignty through Development]. In Yuan Chongwu, ed., *Hainan Sheng Lilun Yantaohui Lunwen Ji 1997* [Collection of Essays Presented to the Hainan Province Conference on Theoretical Work 1997], Hainan Chubanshe, Haikou, 1997, p.261.
- ⁴³ *Hainan Ribao*, 24 January 2000. <<http://www.hndaily.com.cn>>.
- ⁴⁴ *Zhongguo Haiyang Nianjian 94-96*, p.99.
- ⁴⁵ See Liu Qihen, "Huimu 'Bawu' Haiyang Yeji, Shihua 'Jiuwu' Tounian Kaiju" [Looking Back at Oceanographic Work in the Eighth Five-year period and Looking Ahead at the First of the Ninth Five-year period], *Haiyang Kaifa yu Guanli* [Ocean Development and Management] no. 49, Beijing, 1997, pp.19-22.
- ⁴⁶ See Zhang Beng and Pan Jiangang, "Hainan Youshi Lun" [On Hainan's Advantage] *Haiyang Kaifa yu Guanli* [Ocean Development and Management] no. 50, 1997, p.45.
- ⁴⁷ *Hainan Ribao*, 19 January 2000. < <http://www.hndaily.com.cn> >.
- ⁴⁸ See Du Qinglin, "Genghai Muyu Shi Jianshe Haiyang Jingji Qiangsheng de Tupuokou" [Marine Fishing and Aqua-culture are the Start Points for Increasing the Province's Economic Strength], *Hainan Ribao*, 17 January 2000, p. 1.
- ⁴⁹ Quoted in *Renmin Ribao*, 1 June 1998, p. 9.