STRATEGIC IMPLICATIONS

This Commission’s work is critical because the stakes in the South China Sea could not be higher. The South China Sea is a region of growing strategic interest for many countries in the world, including the United States. More than one-third of the world’s seaborne trade flows through its contested waters. Its fisheries are an important source of revenue for the countries it adjoins. While the potential oil and gas reserves that lie underneath the South China Sea are difficult to quantify, they are likely significant.1 U.S. regional interests, however, extend beyond the shorelines around the South China Sea and encompass the independence and sovereignty of the countries of Southeast Asia.

“The United States,” Secretary of State Hilary Clinton has declared, “like every nation, has a national interest in freedom of navigation, open access to Asia’s maritime commons,

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1 One Chinese estimate suggests the area’s potential oil resources alone could be as high as 213 billion barrels of oil (bbl). An estimate by the U.S. Geological Survey in the early 1990s found the combined reserves of the SCS at 28 billion bbl. See U.S. Energy Information Administration, “South China Sea: Oil and Natural Gas,” available online at http://www.eia.doe.gov/cabs/South_China_Sea/OilNaturalGas.html
and respect for international law in the South China Sea.” In the last year, however, China has made a series of provocative moves that, when coupled with the continuation of its arms buildup and development of naval power projection capabilities, have raised concerns throughout the region about its intentions and potential expansionist designs in the East and South China Seas. A brief overview of some of China’s statements and actions suggests the need for a more proactive U.S. approach in the region.

**China’s Recent Behavior**

In 2010, China intensified its claims in the South China Sea. Beijing’s provocations and official statements over the past year have triggered widespread concerns not only about the South China Sea, but about China’s overall strategic direction, and called into question its self-proclaimed “peaceful rise.” China is expanding its efforts to establish a maritime sphere of influence in the South China Sea. Evidence of this is found in Beijing’s imposition of a unilateral fishing ban in April 2010 that encroached upon Vietnam’s territorial waters, and announcement of plans to expand its fleet of ships for maritime law enforcement. There has also been a spike in Chinese seizure, harassment, and detention of Vietnamese fishing boats. China has developed a naval doctrine of “Far Sea Defense” (yuanyang fangyu) for the projection of power far from its shores. Ominously, China last year declared almost the entire South China Sea to be a “core interest” (hexinliyi) – on par with Taiwan and Tibet – and an area over which it would exercise “indisputable sovereignty.” Such statements fly in the face of the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea. Perhaps no action made manifest China’s expansionist aims more clearly than the planting of its flag on the South China Sea seabed last August, demonstrating the extent of its territorial ambitions.

Reinforcing these claims, the PLA Navy has conducted several concerning naval exercises over the past year focused on South China Sea warfighting scenarios. These include the *Jiaolong* amphibious assault exercise in November 2010, which showcased the PLA’s growing ability to seize islands and project military power far beyond its shores. Japanese press reports indicate that in early 2009 the PLA developed plans to seize islands in the South China Sea by force, using aerial bombardments followed by amphibious landings.

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When coupled with the PLA’s continuing force modernization, the cumulative effect of these statements and actions has been a heightening of concerns among the small peninsular and island states around the South China Sea.

Reactions Among Southeast Asian Countries

Southeast Asian countries are quietly raising the alarm over China’s aggressive stance over the South China Sea. While Southeast Asian officials go out of their way to avoid antagonizing China with bellicose rhetoric, their actions are most revealing. Almost without exception, the countries of the region are increasing their armaments, setting off a local arms race for submarines, modern fighter aircraft, and anti-ship missiles.

At the same time, regional countries face a “Goldilocks” dilemma: in the absence of convincing actions by the United States that it intends to meet China’s challenge, they want to hedge against China’s growing military might without antagonizing their powerful neighbor. In attempting to strike the right balance, Southeast Asian states have found that there is safety in numbers. They often jointly express their concerns over China’s maritime expansion and provocations. For example, at the ASEAN Regional Forum in July of last year, maritime issues with China were at the top of the agenda.

While regional leaders are reluctant to criticize China publicly, they stress the value of extra-regional partnerships, especially with the United States. Columnist Tom Friedman has called this desire on the part of regional states to involve the United States in the region “Containment-lite.” According to Friedman:

Each one of China’s neighbors is eager to have a picture of their president standing with Secretary Clinton or President Obama — with the unspoken caption that reads: “Honestly, China, we don’t want to throttle you. We don’t want an Asian cold war. We just want to trade and be on good terms. But, please, stay between the white lines. Don’t even think about parking in my space because, if you do, I have this friend from Washington, and he’s really big... And he’s got his own tow truck.”8

However, there are limits to how reliant countries in the region are likely to be on the United States to defend their interests. China’s continuing development of anti-access/area denial (A2/AD) capabilities including submarines, ballistic and cruise missile forces, fifth-generation fighters, and advanced air defenses, could potentially create a sea denial network stretching from the East China Sea to the South China Sea. The steady expansion of China’s maritime reconnaissance-strike complex is creating “no-go zones” in the Western Pacific, gradually eroding America’s ability to project military power into a region of longstanding vital interest. If the credibility of America’s ability to project power wanes, and regional states perceive a shift in the regional military balance, they will face a stark choice: either develop their own defensive capabilities or bandwagon with their large, militarily assertive neighbor. The question for U.S. policymakers is: how can the United

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States help countries in the region maintain stability in the face of China’s expansionist aims and military buildup?

**Potential Next Moves**

Looking ahead, there are five important steps the United States should consider in light of China’s increasing assertiveness and demonstrated propensity to militarize territorial disputes over the South China Sea:

First, the United States should encourage Southeast Asian countries to develop their own “mini anti-access/area denial” defense postures. Regional states would benefit from the acquisition of wide-area maritime surveillance and sea denial capabilities, including long-endurance manned and unmanned maritime patrol aircraft; anti-submarine capabilities; anti-ship cruise missiles; fast attack boats; and naval strike aircraft. The aim should be to develop forces and postures that could credibly deny any hostile party’s attempt to seize disputed islands by force or to control disputed maritime areas militarily. The development of military postures optimized for patrolling and defending the sovereign airspace, land, and waters of these small regional states will require tailored and differentiated approaches given the varying geographic positions, resource levels, technical capabilities and defensive objectives of each country.

Second, the United States should support efforts through ASEAN, the Five Power Defence Arrangements, and potentially other regional security institutions in the future to increase defense coordination and promote transparency in armaments and defense planning. Such measures would decrease the likelihood of surprise in the region and help to limits the effects of the classic security dilemma.

Third, the United States should facilitate greater sharing of intelligence, surveillance, and reconnaissance data among the countries of the region. This would help Southeast Asian nations increase their maritime situational awareness for confronting common challenges ranging from piracy and counterproliferation to potential encroachments by hostile naval forces. Countries in the region might consider pooling their resources to fund and operate maritime patrol aircraft, expanding cooperation efforts such as the Malacca Strait Sea Patrol program.

Fourth, the United States should undertake a long-term regional engagement plan aimed at strengthening defense ties with Southeast Asian militaries. Such engagement might take the form of economic agreements; exchange programs between U.S. and regional states’ staff and war colleges; military assistance; combined training exercises; and access by U.S. military forces to air and naval bases, and other military facilities in the region.

Finally, the U.S. Department of Defense should continue developing and refining its AirSea Battle operational concept focused on preserving a stable military balance in the region and maintaining its ability to project power in defense of its allies and security partners, as well as to uphold freedom of navigation. At the same time, the concept would benefit from a greater emphasis on the potential role of allies and security partners to strengthen crisis stability and deterrence. A sustained, focused U.S. effort to reach out to Southeast Asian nations, linked to similar U.S. efforts with allies and partners in the greater Pacific region, could help focus their contribution to the AirSea Battle concept,
and reassure them of the United States’ continuing resolve to meet its regional security commitments.

In taking these steps, it will be important to communicate to China that the goal is not to contain, encircle, or threaten its legitimate interests in any way. These proposed measures would be defensive in nature and pose no threat to a peaceful China. They are instead prudent steps to hedge against further provocations it might pursue. Developing mini A2/AD postures should be seen as a stabilizing measure to reduce the prospect of any country succeeding in the offensive use of military power to seize or control disputed areas. One can think of the development of mini A2/AD complexes throughout the region as a loose, inter-locking defensive chain, one that would remain slack in normal times of peace and the absence of threats, but could nevertheless be pulled taut should it be warranted by China’s future behavior. Time, however, is not an ally. The United States and the countries of Southeast Asia need to take steps now and bolster their defense capabilities to hedge against a more aggressive and expansionist China in the future.

**About the Center for Strategic and Budgetary Assessments**

The Center for Strategic and Budgetary Assessments (CSBA) is an independent, nonpartisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options. CSBA’s goal is to enable policymakers to make informed decisions on matters of strategy, security policy and resource allocation.

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