

Beyond Imposing Costs: Recalibrating U.S. Strategy in the South China Sea

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EXECUTIVE SUMMARY

This essay assesses how U.S. strategy in the South China Sea can be optimized to retain military superiority while addressing the risk of instability resulting from a clash with China.

MAIN ARGUMENT

U.S. policy in the South China Sea has failed to fully address two problems: China's continuing buildup of military and paramilitary power in the region, and the risk of an incident at sea escalating into major conflict. The main alternative to current policy focuses on imposing political, economic, and military costs on China to deter further militarization of the region. However, this approach risks spoiling cooperation on risk-reduction measures while pushing Beijing toward even greater regional militarization. Instead of a fundamental revision, U.S. strategy should be recalibrated through sustained cooperation at a practical level, more finely tuned deterrence measures, and clearer and more consistent messaging. Nevertheless, U.S. options will continue to be constrained by the need for broader stability in Sino-U.S. relations as well as by China's inherent resolve. It will be up to the Trump administration to exert the political will necessary to refine U.S. strategy.

POLICY IMPLICATIONS

- U.S. policymakers will have to balance the competing demands of improving communication during a crisis with Beijing and strengthening deterrence. The latter goal needs to be focused squarely on preventing Chinese military domination within the South China Sea and should consist of unilateral military enhancements, stronger partnerships with Japan and others, and progressively clear commitments to the Philippines.
- A linchpin of effective strategy is delivering a consistent and clear message to Chinese interlocutors about U.S. intentions. Care should be taken to direct this message to the appropriate audience and avoid unnecessarily incendiary rhetoric.

The security situation in the South China Sea has been in flux since the July 2016 ruling of the Permanent Court of Arbitration that challenged China's extensive maritime claims. On the one hand, tensions between China and the Philippines have calmed due to President Rodrigo Duterte's diplomatic overtures to Beijing. On the other hand, China has continued to pursue aggressive military deployments and maneuvers in the region. This was reflected in revelations of Chinese military hardware being placed on reclaimed features in the Spratly Islands, as well as a Chinese naval ship's illegal seizure of an unmanned underwater vehicle belonging to the U.S. Navy. Those incidents underscored the failure of current U.S. policy to arrest two main problems: China's continuing buildup of military and paramilitary power, and the risk of a dangerous incident involving U.S. and Chinese forces escalating into a major conflict.

The Trump administration will have to consider how U.S. policy needs to be updated to address these problems. The dominant view proposed by U.S. foreign policy experts over the past few years has favored a more muscular, "cost-imposing" approach to China.¹ Analysts have identified a range of economic, diplomatic, and military tools that could be used to influence China's decision-making calculus, such as more frequent U.S. Navy freedom of navigation operations, greater publicity for assertive actions by Chinese ships, and sanctions on Chinese dredging companies.² One scholar even proposes abandoning traditional U.S. neutrality in South China Sea territorial disputes should Chinese military expansion in the region continue.³ Trump's pre-inaugural statements blasting China's land-reclamation activities and theft of the U.S. unmanned underwater vehicle suggest that he could accept many of these proposals.

¹ Patrick M. Cronin, "The Challenge of Responding to Maritime Coercion," Center for a New American Security (CNAS), Maritime Strategy Series, September 2014 [~ https://s3.amazonaws.com/files.cnas.org/documents/CNAS_Maritime1_Cronin.pdf](https://s3.amazonaws.com/files.cnas.org/documents/CNAS_Maritime1_Cronin.pdf); Thomas G. Mahnken, "Cost-Imposing Strategies: A Brief Primer," CNAS, Maritime Strategy Series, November 2014 [~ https://s3.amazonaws.com/files.cnas.org/documents/CNAS_Maritime4_Mahnken.pdf](https://s3.amazonaws.com/files.cnas.org/documents/CNAS_Maritime4_Mahnken.pdf); and Kenneth P. Ekman, "Winning the Peace through Cost Imposition," Brookings Institution, Center for 21st Century Security and Intelligence, Policy Paper, May 2014 [~ https://www.brookings.edu/wp-content/uploads/2016/06/Winning-the-Peace-Cost-Imposition_040714.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/Winning-the-Peace-Cost-Imposition_040714.pdf).

² See, for example, Dan De Luce, "Lawmakers to White House: Get Tough with Beijing over South China Sea," *Foreign Policy*, April 27, 2016 [~ http://foreignpolicy.com/2016/04/27/lawmakers-to-white-house-get-tough-with-beijing-over-south-china-sea](http://foreignpolicy.com/2016/04/27/lawmakers-to-white-house-get-tough-with-beijing-over-south-china-sea); and Truong-Minh Vu and Ngo Di Lan, "This Is How to Stop China from Dominating the South China Sea," *National Interest*, Buzz (web log), April 8, 2016 [~ http://nationalinterest.org/blog/the-buzz/how-stop-china-dominating-the-south-china-sea-15732](http://nationalinterest.org/blog/the-buzz/how-stop-china-dominating-the-south-china-sea-15732).

³ Ely Ratner, "Course Correction: How to Stop China's Maritime Advance," *Foreign Affairs*, July/August 2017 [~ https://www.foreignaffairs.com/articles/2017-06-13/course-correction](https://www.foreignaffairs.com/articles/2017-06-13/course-correction).

The cost-imposing paradigm can be useful in thinking through the tools available to U.S. policymakers to shape China's choices. Yet overemphasizing costs, or implementing them haphazardly, could not only undermine existing mechanisms for managing crises but also give Chinese hardliners a useful rationale for supporting even greater militarization of the region. How, then, can U.S. strategy be optimized to reduce the risks of escalation while also countering China's military buildup? This essay argues for a recalibration of U.S. strategy that balances practical cooperation with China with a fine-tuning of deterrence and improvements in strategic messaging, all while acknowledging political constraints. The goals are to lower the risks of conflict while preventing unrivaled Chinese military expansion in this strategically vital region. The essay is divided into the following sections:

- ≈ pp. 126–30 identify the two key challenges facing U.S. strategy in the South China Sea: lowering operational risks while improving deterrence.
- ≈ pp. 130–37 consider the diplomatic and military options available to U.S. policymakers as they seek to mitigate both challenges.
- ≈ pp. 137–38 discuss the main tradeoffs and limitations that U.S. officials will face as they weigh policy adjustments in the region.

TWIN CHALLENGES IN THE SOUTH CHINA SEA

The first challenge that U.S. strategy needs to better address is the risk of an incident at sea escalating into major conflict. In recent years, there have been a number of incidents in which Chinese forces have interfered with U.S. military operations in the South China Sea. In December 2013, for instance, a Chinese warship maneuvered aggressively near the USS *Cowpens*, forcing it to come to an emergency stop. In May 2016, Chinese fighter jets flew within 50 feet of a U.S. EP-3 reconnaissance aircraft in what the Pentagon deemed an “unsafe” intercept.⁴ Chinese officials often portray these intercepts as legal under domestic and international law and describe U.S. behavior as aggressive—views not shared by the United States.⁵ Although these are not

⁴ Liu Zhen and Minnie Chan, “China Enlists Fishermen’s Help to Protect Maritime Rights in Disputed South China Sea,” *South China Morning Post*, March 7, 2016 ≈ <http://www.scmp.com/news/china/diplomacy-defence/article/1922278/china-enlists-fishermens-help-protect-maritime-rights>; and Idrees Ali and Ben Blanchard, “U.S. Says China Fighter Made ‘Unsafe’ Intercept of Spy Plane,” Reuters, June 8, 2016 ≈ <http://www.reuters.com/article/us-usa-security-china-intercept-idUSKCN0YT2P6>.

⁵ The Chinese view is that foreign military operations can be regulated if they occur inside a coastal state’s exclusive economic zone (two hundred nautical miles) or territorial sea (twelve nautical miles). For a legal analysis of this issue, see Raul (Pete) Pedrozo, “Military Activities in the Exclusive Economic Zone: East Asia Focus,” *International Law Studies* 90 (2014): 514–43.

daily occurrences, such incidents can be hard to contain. Media coverage of these events can spark nationalist reactions, making it hard for Beijing to de-escalate the situation. This would be especially true in the event of a Chinese casualty.⁶

Leaders in both Beijing and Washington have professed a desire to reduce these risks. Over the past couple of years, the two governments have announced confidence-building measures on air and maritime encounters and conducted exercises based on those protocols. This approach has achieved tangible results, with U.S. Navy officials describing most regular encounters at sea with Chinese forces as “professional and non-threatening.”⁷ Nevertheless, major risks remain, especially the potential for a clash between U.S. naval ships and Chinese coast guard or maritime militia forces. The problem is that these “white hull” ships are playing an increasingly prominent role in enforcing China’s maritime claims in the South China Sea but are not trained to the same professional standards as China’s more competent naval forces.⁸

The second, more difficult challenge is deterring Chinese military expansion in the South China Sea. Although China’s precise long-term strategic aims remain unclear, there are several reasons driving its military buildup in the region.⁹ The first is defending territory: Beijing claims all the land features in the South China Sea, but some are occupied by Philippine, Vietnamese, Malaysian, and Taiwanese forces. Stronger military control would make it quicker and less costly to seize those features (and to keep

⁶ For instance, a collision in April 2001 between two Chinese J-8 fighters and a U.S. EP-3 aircraft resulted in the death of one of the Chinese pilots. The U.S. crew was held on Hainan Island for ten days.

⁷ See, for example, David Larter, “After U.S. Show of Force, China Takes Hard Line on South China Sea,” *Navy Times*, March 8, 2016 ~ <https://www.navytimes.com/story/military/2016/03/08/china-hard-line-south-china-sea-stennis-patrol/81481860>.

⁸ A worrying example came in late 2015 when Chinese maritime militia ships maneuvered close to the USS *Lassen* during a freedom of navigation operation in the Spratlys. See Andrew S. Erickson and Conor M. Kennedy, “China’s Maritime Militia: What It Is and How to Deal With It,” *Foreign Affairs*, June 23, 2016 ~ <https://www.foreignaffairs.com/articles/china/2016-06-23/chinas-maritime-militia>. For details on China’s maritime militia, see Conor M. Kennedy and Andrew S. Erickson, “China’s Third Sea Force, the People’s Armed Forces Maritime Militia: Tethered to the PLA,” China Maritime Studies Institute, China Maritime Report, no. 1, March 2017 ~ https://www.usnwc.edu/getattachment/Research---Gaming/China-Maritime-Studies-Institute/China-Maritime-Reports/Chinas_Third_Sea-Force_The_Peoples_Armed_Forces_Maritime_Militia_Tethered_to_the_PLA_FINAL.pdf.aspx.

⁹ “Sea control” refers to a country’s ability to defeat foreign navies, interdict an enemy’s seaborne trade, and protect key sea lanes within a certain area. This strategy was first advocated in the 1980s by Admiral Liu Huaqing, father of the modern Chinese navy. See Bernard D. Cole, “Island Chains and Naval Classics,” *Proceedings Magazine*, November 2014.

ahead of plans by other claimants to upgrade their capabilities).¹⁰ The second is safeguarding China's seaborne oil and natural gas imports, which are vulnerable to interdiction in the key sea lanes of Southeast Asia.¹¹ The third is restricting the U.S. military's ability to operate close to China's shores—for instance, by preventing it from monitoring key Chinese military targets. The fourth is gaining the ability to secure energy and fishery resources in the sea, both of which China needs to fuel its economic growth.¹²

There are a number of key dimensions to China's military buildup in the South China Sea. The South Sea Fleet has become the largest of China's three fleets, with over 120 combatants, while Chinese coast guard forces in the region have also expanded.¹³ People's Liberation Army (PLA) capabilities in the Paracel Islands include deployments of advanced J-11 fighters and anti-ship cruise missiles on Woody Island.¹⁴ Despite Xi Jinping's claims that China would not militarize the Spratlys, it has built reinforced hangars and runways long enough to accommodate all types of military aircraft and has deployed suspected anti-aircraft artillery batteries.¹⁵ Moreover, Chinese naval ships routinely patrol the sea south to James Shoal, near Malaysia, and in July 2016 the Chinese air force initiated combat air patrols in the region. In December 2016, China's aircraft carrier *Liaoning* conducted high-profile exercises in the South China Sea, including launching fighters. Despite frequent admonitions from high-level officials in Washington, U.S. policy has been ineffective in halting this progress.

Continued Chinese military expansion in the South China Sea could pose several problems for the United States. First, the U.S. military would be less able to conduct a range of operations in the region. These include routine surveillance operations and freedom of navigation operations, which are

¹⁰ See, for example, "Vietnam Responds with Spratly Air Upgrades," Center for Strategic and International Studies (CSIS), Asia Maritime Transparency Initiative, November 15, 2016 ~ <http://uk.reuters.com/article/uk-philippines-southchina-sea-idUKKBN1600TK>.

¹¹ Evan S. Medeiros, *China's International Behavior: Activism, Opportunism, and Diversification* (Santa Monica: RAND Corporation, 2009), 40–41.

¹² This is part of China's stated goal of becoming a "maritime great power" (*haiqiang daguo*). For further discussion, see Michael McDevitt, "Becoming a Great 'Maritime Power': A Chinese Dream," CNA, June 2016 ~ https://www.cna.org/cna_files/pdf/IRM-2016-U-013646.pdf.

¹³ U.S. Office of Naval Intelligence, *The PLA Navy: New Capabilities and Missions for the 21st Century* (Washington, D.C., 2015), 14; and U.S. Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2017* (Washington, D.C., 2017), 8–10.

¹⁴ Ankit Panda, "South China Sea: China Has Deployed Anti-ship Missiles on Woody Island," *Diplomat*, March 26, 2016 ~ <http://thediplomat.com/2016/03/south-china-sea-china-has-deployed-anti-ship-missiles-on-woody-island>.

¹⁵ "Airpower in the South China Sea," CSIS, Asia Maritime Transparency Initiative, July 29, 2015 ~ <https://amti.csis.org/airstrips-scs>.

already regularly shadowed by Chinese naval and civilian vessels. In a crisis, it would be more difficult for the United States to deploy combat forces to or maneuver within the region. A Chinese naval or air force base on Scarborough Shoal, if built, would pose particular challenges given its proximity to U.S. military assets on the main Philippine island of Luzon and would complete a “strategic triangle” of PLA bases that also includes those in the Spratlys and the Paracels.¹⁶ This could make it costlier for the United States to fulfill its alliance obligations to the Philippines or conduct other regional missions, such as intervening in a Taiwan contingency.

Second, China could use its stronger military capabilities to threaten key sea lanes. U.S. firms and consumers would be directly affected by a potential Chinese blockade, since more than \$1 trillion in U.S. trade reportedly travels the sea annually.¹⁷ U.S. allies Japan and South Korea, along with Taiwan, would be vulnerable to interdiction as well. A blockade could also result in an increase in the global price of oil, given that a large share of oil supplies pass through the South China Sea. One Japanese analyst estimates that closure of oil shipping in the area could raise oil prices by \$50 per barrel.¹⁸ China, of course, would suffer as well, but it might be able to reduce its vulnerability through greater reliance on overland energy supplies, especially those flowing through Russia and Central Asia.

Third, Chinese military expansionism in the South China Sea could lead to broader regional militarization. Vietnam has already responded to perceived Chinese threats by increasing its military capabilities in the Spratlys, such as by deploying mobile rocket launchers, and has also strengthened its own land-reclamation activities in the area.¹⁹ Indonesia has pledged to deploy warships, fighters, missiles, and other assets as China’s naval and coast guard presence inches southward.²⁰ The Philippines, despite a *détente* with China under Duterte, could eventually pivot back to a more forcible response to

¹⁶ See, for example, Yoji Koda, “Japan’s Perceptions of and Interests in the South China Sea,” *Asia Policy*, no. 21 (2016): 29–35.

¹⁷ “Press Briefing by NSA for Strategic Communications Ben Rhodes and Admiral Robert Willard, U.S. Pacific Command,” White House, November 13, 2011 ~ <https://obamawhitehouse.archives.gov/the-press-office/2011/11/13/press-briefing-nsa-strategic-communications-ben-rhodes-and-admiral-rober>.

¹⁸ Kazumine Akimoto, “East Asia Regional Security and ROC Independent Defense Capability” (paper presented at the 10th Annual Defense Forum, Taipei, September 2016).

¹⁹ Oliver Holmes, “Vietnam Sends Rocket Launchers to the South China Sea,” *Guardian*, August 10, 2016 ~ <https://www.theguardian.com/world/2016/aug/10/vietnam-sends-rocket-launchers-to-the-south-china-sea>; and Lincoln Feast and Greg Torode, “Risking Beijing’s Ire, Vietnam Begins Dredging on South China Sea Reef,” Reuters, December 9, 2016 ~ <http://www.reuters.com/article/us-southchinasea-vietnam-idUSKBN13X0WD>.

²⁰ “Indonesia to Boost Defense around Natuna Islands after Sea Ruling,” *Asia Times*, July 13, 2016 ~ <http://www.atimes.com/article/indonesia-to-boost-defense-around-natuna-islands-after-sea-ruling>.

Chinese activities in the Spratlys or around Scarborough Shoal. Escalation of conflict between China and any of these states would harm larger U.S. economic and political interests in a stable regional order.

The primary alternative to current U.S. policy is focused on imposing costs on China and is useful in thinking through ways to influence Beijing's decisions. However, this approach suffers weaknesses in addressing both main challenges. First, it downplays the need for cooperation with China on risk-reduction measures. Although China has an interest in pursuing further cooperation to prevent unintended conflict, a focus on costs could make new agreements more difficult to reach as Beijing responds to greater perceived threats from the United States. Chinese military and civilian forces could also react to U.S. provocations by disregarding existing agreements, which would increase the risk of an incident. The literature advocating a cost-imposing approach usually does not consider these risks or explain how they can be managed.

Second, a strategy of imposing costs could paradoxically worsen the trend of Chinese military expansion in the South China Sea. Specific costs, if poorly conceived and executed, could become a pretext for additional deployments and military construction and strengthen the hand of hardliners in internal debates. This could make it more rather than less likely that China will increase its military buildup in the region. In a broader sense, Patrick Cronin argues that poorly chosen costs can drive "future generations of Chinese into the belief that a long-term contest with the United States is inevitable and must be won."²¹ Thus, any adjustment to current U.S. strategy needs to sustain progress on confidence-building measures while strengthening deterrence in a realistic and effective way.

U.S. STRATEGIC OBJECTIVES

Improving Cooperation

One objective of refining U.S. strategy is improving cooperation between the United States and China on risk reduction. Previous agreements have focused on rules of behavior for military forces. Those include bilateral memoranda on rules of behavior for unplanned naval and air-to-air encounters signed in 2014 and 2015. China's compliance with those agreements should be monitored and enforced, and any willful violations, such as reckless

²¹ Cronin, "The Challenge of Responding to Maritime Coercion," 15.

maneuvering near U.S. naval ships or military aircraft, should be firmly rebuked through diplomatic channels. U.S. policymakers should stress that China has a continuing interest in enforcing these agreements, and that failure to do so could cause larger disruptions to the U.S.-China relationship. It is also important for U.S. officials to prepare for the likelihood that news of any incidents will be leaked to the media. In the past, the Chinese government has responded to public accusations by denying responsibility or defending the actions of its pilots and sailors.²² This creates an imperative to record and document all incidents in order to refute such claims.²³

Additional progress should focus on reducing the risks of incidents involving Chinese coast guard and maritime militia ships. Agreements on rules of behavior for white hull ships could be worked out between Washington and Beijing directly or at a regional level. China avoided serious talks on this issue during the Obama administration, but the Trump administration could give added urgency to its resolution by raising the issue at future U.S.-China summits. Bilaterally, the United States might support professional exchanges between the two coast guards, which already have a strong record of cooperation. U.S.-China exchanges on related topics such as fisheries disputes and environmental protection could also touch on the problems posed by aggressive behavior from civilian ships. Regionally, China should be encouraged to implement the Joint Statement on the Application of the Code for Unplanned Encounters at Sea in the South China Sea reached with the Association of Southeast Asian Nations (ASEAN) in September 2016. Other ideas, such as establishing a South Pacific coast guard forum to discuss professional standards, should also be explored.²⁴

Concurrent with these efforts should be continued U.S. support for a code of conduct for the South China Sea between ASEAN and China. The 2002 Declaration on the Conduct of Parties in the South China Sea encouraged “self-restraint” but did not provide specific rules of behavior, and it has been deemed by China as nonbinding. Progress toward a binding code

²² See, for example, Sam LaGrone, “China Contests Pentagon Account of ‘Unsafe’ Intercept of U.S. Navy Surveillance Plane by PLA Fighters,” USNI News, May 19, 2016 ~ <https://news.usni.org/2016/05/19/china-contests-pentagon-account-unsafe-intercept-u-s-navy-surveillance-plane-pla-fighters>.

²³ A useful precedent is footage taken by USNS *Impeccable* crew members of unprofessional actions by Chinese coast guard ships during an altercation in the South China Sea in March 2009. That recording was later placed on YouTube. See “USNS *Impeccable* Harassed by Chinese Vessels,” dvidshub, <https://www.youtube.com/watch?v=hQvQjwAE4w4>.

²⁴ This could be similar to the existing North Pacific Coast Guard Forum, which involves discussions between Canada, China, Japan, South Korea, Russia, and the United States. See Lyle J. Morris, “Blunt Defenders of Sovereignty: The Rise of Coast Guards in East and Southeast Asia,” *Naval War College Review* 70, no. 2 (2017): 104.

of conduct has been much slower, though China and ASEAN have agreed on a “framework” for such a document.²⁵ In the absence of such an agreement, Washington might encourage ASEAN to pursue a separate code of conduct with the United States and others, such as Japan and South Korea. That tactic would add a political incentive for Beijing not to be the outlier.

Strengthening Deterrence

A second U.S. strategic objective is deterring China’s military buildup in the South China Sea. The idea of a U.S.-China “grand bargain,” in which both sides makes concessions to preserve a mutually acceptable *modus vivendi*, has been proposed.²⁶ However, any concession of value to China, such as ending U.S. security commitments to Taiwan to encourage Chinese restraint in the South China Sea, would likely come at an unacceptable political and strategic cost to the United States and potentially demonstrate weakness that only invites further adventurism. Thus, the United States will have to find ways to make its deterrence strategy more effective. This goal can be pursued through unilateral actions, cooperation with allies and partners, and revisions to U.S. declaratory policy.

Unilateral U.S. actions. In general, the most effective tools will credibly demonstrate U.S. resolve and capabilities without being unnecessarily incendiary or provocative. At a minimum, signaling resolve means that the U.S. military will continue to conduct normal operations in the South China Sea, even if China undertakes unwanted actions such as declaring an air defense identification zone. Continuing to conduct surveillance and freedom of navigation operations demonstrates that Washington is prepared to accept a risk in order to continue operating in the region. Some of these operations—such as carrier strike group transits—also demonstrate capabilities that can be used to deny China an unchecked coercive capability in the region. Forward deploying personnel and assets, such as the United States plans to do in the Philippines, can underscore both U.S. willpower and capabilities.

Future U.S. deployments should also be tailored to strengthen deterrence by denial. The United States already has plans to deploy its most advanced assets to the region, such as Zumwalt-class destroyers and F-35 fighters. These and other deployments might be supported by the

²⁵ “China, ASEAN Agree on Framework for South China Sea Code of Conduct,” Reuters, May 18, 2017 ≈ <http://www.reuters.com/article/us-southchinasea-china-philippines-idUSKCN18E1FS>.

²⁶ See, for example, Charles L. Glaser, “A U.S.-China Grand Bargain? The Hard Choice between Military Competition and Accommodation,” *International Security* 39, no. 4 (2015): 49–90.


\$7.5 billion Asia-Pacific Stability Initiative proposed by Senator John McCain earlier this year. However, the new legislation should emphasize capabilities that can deny China an ability to threaten freedom of navigation in the first place. For instance, the U.S. Navy's Long-Range Anti-Ship Missile, which is currently undergoing research and development, can target enemy ships, submarines, and aircraft from at least two hundred nautical miles out.²⁷ Rail guns may have the ability to send a 25-pound projectile "through seven steel plates and leave a 5-inch hole."²⁸ Deploying these types of capabilities to the South China Sea—and finding ways to demonstrate their effectiveness—could convince China to exercise restraint and provide a useful countermeasure if deterrence fails.

Other steps are likely to be less useful and could even be counterproductive. For example, abandoning legal neutrality and declaring support for particular states' territorial claims would neither signal U.S. resolve nor demonstrate a capability to resist Chinese military encroachment in the South China Sea. Instead, it would feed into Chinese notions that U.S. strategy in the region is aimed at containing China, while prompting Beijing to respond more aggressively to enforce its own claims. Other steps, such as threatening economic penalties against Chinese firms involved in land reclamation or disinviting the PLA from multinational exercises, would also likely raise tensions without achieving a tangible deterrent effect.

Leaning on allies and partners. The United States will have to find ways to work more effectively with its allies and partners to deter Chinese military expansion. Diplomatically, the United States can continue to work with like-minded states to oppose Chinese activities that threaten the status quo, such as additional land reclamation; voice united support for freedom of navigation, including the right of states to conduct military operations in littoral areas; and encourage China to limit its territorial claims to those available under the United Nations Convention on the Law of the Sea (UNCLOS). Nevertheless, Beijing has already proved itself willing to ignore regional sentiment and to cultivate supporters of its own—such as by using Cambodia to block an ASEAN joint statement in support of the UN arbitration ruling on the South China Sea.²⁹

²⁷ "LRASM: Overview," Lockheed Martin  <http://www.lockheedmartin.com/us/products/LRASM/overview.html>.

²⁸ Julian E. Barnes, "A First Look at America's Supergun," *Wall Street Journal*, May 30, 2016  <http://www.wsj.com/articles/a-first-look-at-americas-supergun-1464359194>.

²⁹ Carl Thayer, "Revealed: The Truth behind ASEAN's Retracted Kunming Statement," *Diplomat*, June 19, 2016  <http://thediplomat.com/2016/06/revealed-the-truth-behind-aseans-retracted-kunming-statement>.

Another option is greater material assistance to Southeast Asian countries. A key program already underway is the Southeast Asian Maritime Security Initiative, which the United States is supporting by providing radar, patrol ship equipment, and training to states such as the Philippines, Vietnam, Malaysia, and Indonesia.³⁰ Although useful in helping these states resist low-level coercion—which is a challenge as China uses its white hull ships to enforce its own territorial claims—these are not the types of advanced systems needed to counter high-end PLA warfighting capabilities. The United States might also consider transferring more capable military assets, such as anti-ship missiles. However, the downside is that Southeast Asian militaries might lack the capacity to use these systems, or be tempted to use them offensively.

Perhaps more fruitful collaboration can be undertaken with U.S. allies outside Southeast Asia, such as Japan and Australia. For one, the United States should continue to conduct maritime-focused exercises with these countries. These could focus on topics relevant to the South China Sea such as countering blockades, undertaking amphibious operations, and handling incidents involving civilian ships. Joint air and maritime patrols in the South China Sea should also be strengthened, especially with Japan. Such activities not only improve interoperability but also demonstrate a shared goal to safeguard freedom of navigation. Nevertheless, due to shifting political circumstances in these states, the United States should avoid overreliance on any single partner. While allies and partners can be useful in supporting U.S. strategy, such collaboration cannot substitute for maintaining U.S. presence, capabilities, and commitment.

Toward strategic clarity. Another potential area for refining U.S. strategy concerns declaratory policy on unacceptable behavior, or the establishment of “red lines.” Current U.S. strategy places a premium on ambiguity. For instance, the United States has not published an official South China Sea strategy detailing the specific actions that would be met with a military response. The 2015 *Asia-Pacific Maritime Security Strategy* by the Department of Defense states that U.S. military capabilities will be used to deter conflict and “respond decisively when needed” but does not clarify what those situations might entail.³¹ The U.S.-Philippine defense treaty is similarly ambiguous, not clearly

³⁰ “U.S. Building Maritime Capacity in Southeast Asia,” White House, Fact Sheet, November 17, 2015 ~ <https://obamawhitehouse.archives.gov/the-press-office/2015/11/17/fact-sheet-us-building-maritime-capacity-southeast-asia>.

³¹ Office of the Secretary of Defense, *The Asia-Pacific Maritime Security Strategy: Achieving U.S. National Security Objectives in a Changing Environment* (Washington, D.C., 2015), 19.

stating whether and how U.S. forces would be expected to intervene in the case of an attack on Philippine forces in the South China Sea.

Instead, some have argued that the United States should be increasingly clear about the types of behavior that will elicit a response. One notion would be to extend the U.S.-Philippine treaty to cover the South China Sea. Retired rear admiral Michael McDevitt contends that the United States could declare support for the Philippines' claim over Scarborough Shoal in order to deter Beijing from building artificial islands there.³² This would put the disputed shoal in the same category as the Senkaku/Diaoyu Islands, which U.S. officials have emphasized fall within the scope of the U.S.-Japan defense treaty. Another idea would be to clarify that any use of deadly force against Philippine personnel (such as marines stationed on Second Thomas Shoal) would be met with a U.S. response.

However, the weaknesses associated with a shift toward strategic clarity are threefold. First, laying down clear markers would encourage Beijing to take actions up to the prescribed red line, including potentially actions that it would have otherwise avoided, out of the belief that it can do so with impunity or as a test of U.S. resolve. Second, establishing but not actually enforcing red lines would undermine U.S. credibility, with respect both to China and to U.S. allies in the region. If the United States does not follow through on its warnings in one case, why would it do so in any other? Third, offering clear military assurances to allies and partners could encourage them to conduct a more assertive policy of their own, such as more actively pressing their territorial claims.

A recalibrated U.S. strategy would maintain ambiguity but hold out the possibility of clarification as a potential response to further Chinese provocations. This in itself might have some deterrent effect. Nevertheless, continued assertive behavior by China in the South China Sea—such as dredging at Scarborough Shoal or the deployment of offensive military capabilities in the Spratlys—should result in progressively clear statements from Washington about possible operational responses. Those statements might initially be made in private discussions to allow for face-saving de-escalation. However, in the absence of a favorable response, they might have to be publicized as a kind of costly signal (since the United States' reputation would be on the line). The key precondition of course is that Washington must possess the resolve to act on those commitments if needed.

³² Michael McDevitt, "Analysis: Is It Time for the U.S. to Take a Position on Scarborough Shoal?" USNI News, July 19, 2016 ~ <https://news.usni.org/2016/07/19/take-position-scarborough-shoal>.

Staying on Message

A linchpin of both the cooperative and deterrent sides of U.S. strategy in the South China Sea will be the ability to deliver an effective message. A critique of current strategy concerns apparent differences in message. Some senior officials (especially within the Department of Defense) occasionally use heated rhetoric to describe Chinese behavior, while others have veered in the opposite direction, even repeating Chinese slogans such as developing a “new type of great-power relationship,” which could be interpreted as an acceptance of Chinese views on sovereignty in the South China Sea.³³ Implementation of the freedom of navigation program during the last two years of the Obama administration was also plagued by inconsistent and often confusing messaging.³⁴ The danger is that a mixed or contradictory message will leave Beijing unclear about U.S. intentions. Rhetorical bluster from U.S. officials often becomes fodder for the Chinese media to vilify those officials and also provides China with a pretext to blame rising tensions on U.S. “assertiveness.”³⁵

As a rule, U.S. messages should be clear and consistent. Excessively hostile rhetoric should be avoided because it reinforces Chinese narratives about the United States harboring ulterior motives in the region. A balanced strategy will be flexible enough to accommodate both cooperative and deterrent elements. The goal is to inform Chinese interlocutors that the United States remains committed to working with China to develop mutually beneficial agreements but will not tolerate efforts by China to militarily dominate the region or act outside international law. In addition, the message should be dynamic enough to account for shifts in Chinese behavior. Assertive actions should be met with a deterrent message, while restraint might warrant a pivot toward more cooperative themes.

Another challenge is deciding where in the Chinese system messages should be targeted. Deterrent-focused statements and activities are often more effectively relayed to a specialist audience, such as the Chinese military intelligence system, which is able to assess U.S. resolve and capabilities, weigh them against China’s own relative strengths and weaknesses, and

³³ For further discussion, see Andrew S. Erickson and Adam P. Liff, “Not-So-Empty Talk: The Danger of China’s ‘New Type of Great-Power Relations’ Slogan,” *Foreign Affairs*, October 9, 2014 ~ <https://www.foreignaffairs.com/articles/china/2014-10-09/not-so-empty-talk>.

³⁴ Demetri Sevastopulo and Geoff Dyer, “U.S. Navy Operations Send Muddled Message to China,” *Financial Times*, November 7, 2015 ~ <https://www.ft.com/content/8762e906-853c-11e5-9f8c-a8d619fa707c>.

³⁵ See, for example, “China Slams U.S. Admiral’s South China Sea Remarks,” *Xinhua*, February 26, 2016 ~ http://news.xinhuanet.com/english/2016-02/26/c_135134911.htm.


send assessments to China's leadership that can inform changes in military strategy. Deterrent signals targeting a broad public audience are less useful and might even be counterproductive. For example, aggressively publicizing U.S. surveillance operations in the South China Sea by embedding journalists is likely to inflame public sentiment in China, resulting in pressure on leaders to respond.³⁶ This type of media coverage is not needed either to reassure U.S. allies and partners or to warn Chinese officials, all of whom are well aware of such operations. By contrast, cooperative messages should be targeted to both a public and an elite audience to cultivate support for cooperation and dispel myths about U.S. hegemonic ambitions.

ACKNOWLEDGING LIMITATIONS

The puzzle for U.S. strategy in the South China Sea is how to balance the operational need to prevent escalation with the strategic need to deter China's military buildup. The first goal implies more effective risk-reduction measures, focusing on challenges posed by white hull ships. The second requires stronger deterrence through U.S. deployments, coordination with allies and partners, and increasing clarity of U.S. security commitments. There is an inherent tension between these two goals inasmuch as one relies on cooperation with China, while the other is more competitive in nature. But that tension can be managed through careful messaging and avoidance of tactical, knee-jerk reactions to provocations. The best way to do that is by developing and carrying out a cohesive interagency strategy for the South China Sea.

Although there are areas for a fruitful revision of U.S. strategy, the Trump administration will have to maintain a stable overall relationship with China, including pursuing cooperation in the economic sphere and on shared challenges such as nonproliferation on the Korean Peninsula, climate change, and public health. U.S. decision-makers will have to consider the potential risks to the broader relationship that might result from a stronger emphasis on deterrence. Nevertheless, China also has much to gain from cooperation on these issues, meaning that both sides might continue to cooperate in some areas even if there is added friction in their relations in the South China Sea.

The Trump administration will also have to face the continuing challenges of China's rapidly increasing military capabilities, its intrinsic political and

³⁶ For instance, a CNN crew took part in a P-8A surveillance mission over the South China Sea in September 2015. Jim Sciutto, "China Warns U.S. Surveillance Plane," CNN, September 15, 2015  <http://www.cnn.com/2015/05/20/politics/south-china-sea-navy-flight>.

economic interests in expanding its presence in the region, and the relative weaknesses of the other claimants. There is no viable strategy that can fundamentally alter those realities. But under a recalibrated strategy—one combining practical cooperation in areas where China and the United States have common interests, carefully selected deterrent tools, and consistent whole-of-government messaging—the United States will likely be in a better position to secure its own interests in the region. The president bears responsibility for exerting the political will necessary to ensure that such an adjustment can be accomplished. ◆