



March 31, 2016

Testimony before the U.S.-China Economic and Security Review Commission
on "China and the U.S. Rebalance to Asia"

The Rebalance in the South China Sea

Dr. Mira Rapp-Hooper
Senior Fellow, Asia-Pacific Security Program
Center for a New American Security

Introduction

Vice Chairman Bartholomew, Senator Talent, distinguished members of the Commission, I am honored to testify on the objectives and future direction of the security elements of the Rebalance. My testimony will focus on the implementation of the Rebalance in the South China Sea. I will argue that Washington's South China Sea security strategy has focused on diplomatic engagement and changes to its military posture that will bear fruit over time. Beijing, on the other hand, has employed an opportunistic strategy focused on quick, incremental gains. In recent years, it has been building islands faster than the United States can build coalitions. The result is that regional political sentiment is quite favorable to the United States, and Washington has great potential to continue shaping the security environment in the next administration. Nonetheless, China's strategy has shifted the short-term, tactical military balance, and the United States will need to close this strategic gap if it is to dissuade Beijing's challenges to its interests in the South China Sea.

South China Sea Interests

The United States first articulated its position on the South China Sea in 1995, following a series of incidents between China and the Philippines over Mischief Reef. Washington is not a claimant in these waters, but its stated national interests include the peaceful resolution of disputes, regional peace and stability, neutrality on sovereignty, respect for maritime norms and law including the UN Convention on the Law of the Sea (UNCLOS), and freedom of navigation. This list of principles really serves as shorthand: the United States seeks to uphold the regional order and prevailing rule-of-the-road in the South China Sea. In the last several years, however, Washington has found that these interests are not easy to defend. It is difficult, though not impossible, to draw red lines around a long list of closely-held principles, and Washington would face a serious risk of entrapment if it were to do so. For the purposes of evaluating how the Rebalance advances U.S. interests in these waters, then, it is helpful to consider a narrower list.

The United States has at least three vital national interests in the Asia-Pacific region, all of which are implicated in and around the South China Sea. First are its alliances and the security of its allies. Second is the free flow of commerce, which requires freedom of the seas and skies. Third is the United States' interest in ensuring that a hostile great power does not dominate the region. China is,

Bold.

Innovative.

Bipartisan.

of course, a competitor, but not a full-fledged adversary, and must be engaged through a combination of deterrence, reassurance, and assurance to allies. With its increasingly assertive strategy in and around the South China Sea, however, China is, to varying degrees, challenging all three of these interests.

The U.S.-Philippines alliance is one of Washington's longest standing treaty commitments in Asia, and many of China's activities are taking place near the Philippines' shores. In 2012, Beijing wrested control of Scarborough Shoal from Manila. As the Philippines describes in its current case before The Hague, China has consistently interfered with the Philippines' efforts to extract natural resources from its own waters and to resupply its South China Sea outposts. Most recently, some of China's artificial island building has taken place inside the Philippines' Exclusive Economic Zone (EEZ). Beijing's new runways, ports, and radar give it the capability to operate vessels and aircraft very close to the Philippines, and may use these to put pressure on its outposts, soldiers, and sailors.

China's artificial islands also appear to be placing in jeopardy freedom of navigation and freedom of overflight. Beijing has asserted spurious "military alert zones" around its artificial islands, and has begun to warn away aircraft and vessels that approach. Because many of these island bases are built atop formerly low-lying reefs, they are not legally entitled to territorial waters or airspace under UNCLOS. China has not clarified the nature of the water and airspace claims it is making from the artificial islands and insists that it has never interfered with freedom of navigation. It is true that commercial traffic has not been disrupted, but military traffic certainly has, and this raises concerns that Beijing is challenging freedom of the seas more broadly.

When it comes to the United States' interest in preventing the rise of a hostile hegemon in Asia, China's military buildup in the South China Sea assertiveness does not inspire confidence. Beijing's systematic and widespread changes to the territorial status quo contravene its 2002 Declaration on Conduct with ASEAN, and it has refused to participate in international legal arbitration of maritime disputes with the Philippines. While in Washington in September 2015, President Xi Jinping pledged not to militarize his island outposts, and then proceeded to do precisely that. Yet Beijing and Washington also cooperate on issues of great importance to both powers, from climate change to nuclear non-proliferation. China appears to have calculated that it can challenge the regional security order close to its shores, while still upholding and exercising leadership in global organizations and regimes. To reinforce its own vital regional interests, then, the United States will need to calibrate its security strategy to push back against China's assertiveness where necessary, while simultaneously working with Beijing in other areas. In the previous four years, the security elements of the Rebalance have given Washington some of the tools it needs to do just that.

The Security Rebalance in the South China Sea

The security component of the Rebalance contains several related lines of effort that have evolved over time. These include diplomatic initiatives to deepen existing alliances and build new partnerships and to strengthen U.S. involvement in regional institutions. They also include Washington's steps to augment its military posture and that of its allies through new base access agreements, the deployment of new military assets, and partner capacity building initiatives.

Diplomatic Initiatives in the South China Sea

Washington's diplomatic lines of effort have aimed to build a coalition of support for its South China Sea policies. The U.S. approach recognizes that most states around the South China Sea have complex relationships with China, and that any strategy that alienates them cannot ultimately achieve its ends. Washington's gambit, then, has been a robust effort to harness the power of regional balancing against China's South China Sea assertiveness.

The United States' use of international institutions in South China Sea strategy preceded the Pivot itself. At the 2010 ASEAN Regional Forum, then-Secretary of State Hillary Clinton repudiated Beijing's mounting maritime assertiveness. In the years that have followed, the United States has invested copious diplomatic energy in its relationship with ASEAN through the Rebalance. It has signed the Treaty of Amity and Cooperation, set up the first U.S. mission to ASEAN in Jakarta, sent its first resident Ambassador to ASEAN, and became an active participant in ASEAN institutions, including the ASEAN Defense Ministerial Meetings. This has allowed Washington to work closely with members on regional security issues, including the South China Sea. Through the Rebalance, the United States has also invested in its bilateral ties with other South China Sea claimants, forging Comprehensive Partnerships with Malaysia, Indonesia, and Vietnam and overhauling its alliance with the Philippines.

Washington has also been deeply engaged on South China Sea dispute management. Top U.S. officials have worked with all claimants over several years to encourage them to sign on to agreements to halt land reclamation and militarization so that they may eventually move towards a long-sought Code of Conduct. A binding agreement does not appear to be close at hand, but U.S. investments have helped to convince regional states of Washington's abiding commitment to South China Sea security.

This diplomatic approach has produced real payoffs that would have been hard to imagine several years ago. Until very recently, ASEAN would have been loath to risk alienating China, but in recent statements it has expressed grave concern about China's island building and the fact that it jeopardizes freedom of navigation and freedom of overflight in the region. And despite the fact that many of its member nations retain close economic and even political ties to Beijing, South China Sea claimant states have begun to stand up to China individually, decrying its flight tests of new runways and deployments of weapons systems. Southeast Asian countries are closer than ever to Washington, eager for more security collaboration, and are increasingly wary of Beijing's longer-term intentions.

Defense Initiatives in the South China Sea

Washington's strategy has not been limited to the diplomatic realm: closer political ties have allowed the United States to strengthen its military posture around the South China Sea through basing agreements, the deployment of new assets, and partner capacity building efforts.

First, the United States has concluded several new rotational base access agreements that augment its South China Sea force posture. The U.S.-Australia Force Posture Agreement has established the rotational presence of U.S. Marines in Darwin and in Northern Australia. Washington and Canberra continue to discuss follow-on access agreements. Singapore has agreed to host four Littoral Combat Ships and a P-8 surveillance aircraft. In a recent success, the Philippines Supreme Court approved the 2014 Enhanced Defense Cooperation Agreement (EDCA). Manila has already announced that it

will grant Washington rotational access to five bases in the Philippines, with additional sites likely to come.

These rotational access agreements meet U.S. force posture goals of geographic distribution, operational resilience, and political sustainability and more agreements may follow in the coming years. U.S. officials have signaled that they would like to discuss with Vietnam rotational access to Cam Ranh Bay, for example.

The United States has also deployed advanced assets to Asia as part of the Rebalance. This includes Virginia-class attack submarines, P-8 surveillance aircraft, F-22 and F-35 fighters, B-52 and B-2 bombers, Aegis missile defense-equipped vessels, Littoral Combat Ships, and will include the new Zumwalt stealth destroyer. Further, the United States has increased the tempo of its military exercises and broadened them to include new partners and new missions.

Partner Capacity Building

The United States has also made strides in the area of security assistance. Until 2015, the PACOM Area of Responsibility received just one percent of Foreign Military Financing. The Pentagon's \$425 million Maritime Security Initiative (MSI) funds five years of partner capacity building for the Philippines, Vietnam, Indonesia, Malaysia, and Thailand. The Maritime Security Initiative is primarily focused on helping partners to build their maritime domain awareness capabilities so that they can better provide for their own security. It will also provide training and maintenance assistance to recipient countries. Just 10 months after Secretary Carter announced the initiative, the first \$50 million of funding to partners was authorized, and this amount will increase in the coming years.

The Near-Term Challenge of Long-Term Strategic Investments

The diplomatic and military components of the Rebalance in and around the South China Sea are long-dated efforts. Since 2011, the United States has made meaningful upgrades to its regional security posture, but these are nonetheless incremental in nature, and the political relationships that accompany them require constant tending. These are simultaneously great virtues and fundamental challenges for U.S. strategy.

Rotational base access is lower cost and relatively easier to secure than permanent basing, but may still take years to establish, as demonstrated by EDCA. It also likely means a relatively lighter military footprint. The United States is unlikely to station numerous major surface combatants at a base it does not own and could be asked to vacate on short notice. Washington has sent some of its newest and most sophisticated military assets to the region, but with flat defense budgets, the Budget Control Act still in place, and ship numbers in decline, these new deployments will reinforce but will not revolutionize U.S. presence.

Partner capacity building in Asia is also a valuable endeavor, but most Southeast Asian partners are beginning from a low baseline, and countries like the Philippines are unlikely to build robust coast guards and navies from nothing. The United States does not have longstanding defense ties with most MSI-designated countries and it will take time for them to learn to work together efficiently and effectively. It also remains to be seen how partners will absorb the foreign military aid they receive. Moreover, partner capacity building is designed to be a long-term initiative, and will take several years worth of financial, technological, and political investments to bear fruit.

In its first four years, the security component of the Rebalance has produced meaningful changes in U.S. alliances, institutional ties, force posture, deployments, and security assistance, with the promise of more to come. China's own South China Sea strategy, however, attempts to preempt and circumvent many of these advances.

China's Strategy in the South China Sea

While Washington has been investing in its longer-term strategy, China has focused on unilateral short-term changes to the military balance in the South China Sea. Beijing built 3,000 acres of new South China Sea land over a period of just 18 months, and has been paving three new runways in the Spratly Islands with breakneck speed. Despite President Xi's assurances to the contrary, China is clearly installing military and dual-use equipment on its islands, including surface-to-air missiles in the Paracel Islands and sophisticated radar in the Spratlys. More problematic than the installations themselves is the fact that China claims they are not militarily provocative at all. If Beijing believes these systems are purely defensive, however, it is safe to assume that more dangerous deployments will soon follow.

Over the last few years, China's South China Sea strategy has relied on what strategists refer to as "salami slicing" in "grey zones." Beijing has advanced its interests opportunistically and incrementally, keeping its activities below the threshold of open conflict that would provoke intervention by the United States. China has moved an oil rig into waters disputed with Vietnam, wrested the Scarborough Shoal from the Philippines, and dredged up seven artificial Spratly Islands. These activities have all provoked collective outcry but little active response because Beijing possesses several key advantages.

First, China's South China Sea approach relies on opportunism. Beijing has adopted tactics that avoid full-blown conflict and implemented them at times and places when it is unlikely to be met with serious pushback. China is also the first-mover in its efforts to shift the status quo in the South China Sea, although Chinese officials would almost certainly disagree with this characterization. Beijing chooses when it will make its next South China Sea move, and the United States and its partners are forced to react. The tempo of its activities also provide China with an advantage: unlike U.S. diplomatic or military efforts which have long time horizons, Beijing's assertiveness proceeds in shorter bursts.

These three characteristics have all been on display in the Spratly Islands, where China reclaimed new land incredibly quickly, and has then dialed up and down its building as its interests and the international environment suit. Salami-slicing has produced significant gains for Beijing, although they have come with diplomatic and reputational costs.

With its recent deployments of missiles and radar, however, China has moved beyond this grey area. Analysts have long worried that China is developing an anti-access/area denial (A2/AD) capability that aims to keep foreign powers from entering or operating in the waters close to its shores in the event of a major conflict. To implement this approach, China would need sophisticated radar to monitor the area and surface-to-air and anti-ship cruise missiles to ward off outside powers. The two surface-to-air batteries that China has recently rolled out will surely not keep the United States away,

but chances are good that these will not be the last, and Washington and its partners need no longer ponder China's intentions for its island outposts.

Recalibrating U.S. Strategy through the Rebalance

The United States should build upon the diplomatic and military achievements of the Rebalance to close the gap between its longer-term strategy and Beijing's assertive opportunism in the South China Sea. Washington should draw upon positive regional political sentiment, strong alliances, and improved force posture to send clear signals and demonstrate presence and should aim to dissuade China from seizing new territory or coercing other claimants in the coming months. This will be particularly important following the Permanent Court of Arbitration's decision in the *Philippines vs. China* case, which is expected this spring and is likely to spark regional tensions. There are several steps that the administration and Congress can take to this effect.

Clarify Treaty Commitment to the Philippines. The United States' alliance with the Philippines dates back to 1951, but Washington has never clarified publicly whether or how this applies to the South China Sea. This stands in sharp contrast to Article V of the U.S.-Japan Treaty, which Washington applies to the Senkaku Islands by virtue of the fact that Japan administers them. The Senkakus have a different historical role in the U.S.-Japan alliance than any of the territories the Philippines occupies in the Spratlys. The United States can nonetheless update its declaratory policy to make clear that its vital interests will be implicated if China uses force against the Philippines in the South China Sea. The existing mutual defense treaty pledges U.S. defensive aid if Manila's "armed forces, public vessels or aircraft" are attacked. U.S. leaders do not repeat this phrase in official statements nor have they stated where this clause applies, but the time has come to remove some of this ambiguity. Washington should state that the U.S.-Philippines mutual defense treaty applies to Philippine forces operating in the South China Sea. Secretary of Defense Ashton Carter has an opportunity to do so during his upcoming visit to the Philippines.

Coordinate Publicly on Partner Capacity Building. Security aid to countries like the Philippines and Vietnam may be long-dated initiatives, but the United States and like-minded countries can begin to reap some political benefits sooner. Japan and Australia are also actively investing in other regional states' capabilities and provide different forms of aid. The U.S. and its allies must ensure that this assistance is complimentary. The three countries should announce a trilateral mechanism to coordinate partner capacity building. Institutionalized cooperation will send signals of assurance to recipients, and will periodically remind China that its opportunistic assertiveness is provoking regional counterbalancing with long-lasting effects.

FONOPS and Beyond. In October, the United States resumed Freedom of Navigation Operations (FONOPS) in the South China Sea, and the administration has pledged to conduct them routinely. This should be welcomed. Despite the recent publicity surrounding them, however, FONOPs are really discrete legal signals and are unlikely by themselves to change China's calculations about seizing new territory or coercing other claimants. Washington should conduct more regular presence operations to make its commitment visible, as when the John C. Stennis strike group transited the South China Sea in early March. With new rotational base access in the Philippines, it should also conduct more regular patrols in the area, share information with Japan and Australia, who conduct similar operations, and publicly announce that it is doing so.

Regular Reporting on South China Sea Operations. FONOPS may now be conducted more frequently, but the Freedom of Navigation program still reports on them just once a year. Moreover, FON reports disclose the name of the country whose claims were challenged, but do not document which of these assertions occurred in the South China Sea, nor do they document the legal challenge made by each operation (a prior notification of innocent passage requirement, spurious claim to a territorial sea, etc.). FONOPs should occur regularly and without fanfare. A more detailed, quarterly report will allow the Pentagon to conduct the operations in this manner, while ensuring that Congress and other stakeholders at home and abroad are informed of its activities.

Report on the Rebalance. Precisely because many security elements of the Rebalance are long-dated and because their composition has evolved with time, Washington should produce an annual interagency report. The report should document the progress made by each agency in each area of the Rebalance in the prior year and should lay out goals for the next 12 months. This will make for more coherent messaging to domestic audiences and to allies and ensure that the United States retains strong regional support for the diplomatic and military aspects of the initiative that it has built since 2011.

If the United States hopes to deter further Chinese opportunism in the coming months, it must employ coherent U.S. messaging and visible presence alongside its partners. By drawing upon the diplomatic and military investments it has put in place through the security component of the Rebalance, Washington can begin to close the gap between its long-term strategy and China's short-term advances in the South China Sea.