



**Statement before the U.S. – China Economic and
Security Commission**

***“SECURITY DIMENSIONS OF CHINA’S
RELATIONS WITH SOUTHEAST ASIA”***

A Statement by:

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Island Construction in China's South China Sea Strategy

I would like to begin my remarks today by thanking the Commission for inviting me to testify. It is an honor to appear with this group of experts and before this distinguished panel to discuss the security dimensions of China's relationships in Southeast Asia. My testimony will focus on China's recent land reclamation and construction activities in the South China Sea and their broader implications.

Countless analysts have argued that China is advancing its territorial and maritime interests in its periphery using so-called "salami tactics"—efforts to further its aims opportunistically, without activating U.S. security commitments or provoking a full-blown conflict. Examples include China's efforts to challenge Japan's administration of the Senkakus through maritime and aerial patrols, its declaration of an East China Sea Air Defense Identification Zone, its seizure of Scarborough Shoal from the Philippines, and its placement of an oil rig in Vietnam's waters. Recent land reclamation and construction efforts in the South China Sea must be considered in light of these broader trends.

Since early 2014, China has undertaken widespread land reclamation and construction in the Spratly Islands at seven known locations. This work has converted several formerly submerged reefs into artificial islands, and increased the size of other features many times over. Each of China's new artificial islands is disputed between China and at least one other South China Sea claimant. At least three of these artificial islands— Hughes Reef, Johnson South Reef, and Mischief Reef — are within the 200 nautical mile Exclusive Economic Zone (EEZ) that the Philippines claims from its nearest primary landmass, the island of Palawan.

China's land reclamation efforts appear to follow a four-step process. They begin when China sends in dredging ships to expand the channels around a given land feature; they then dredge up sand from the sea bed and deposit it on the reef or rock to create terrain above the water line; they use concrete to construct sea walls and prepare the surface of the new landmass for construction; they begin to construct military and civilian facilities on the island.

China argues that it holds sovereignty over each of the features on which it has been building, and that it is therefore acting legally. Other claimants and U.S. officials, however, have argued that the speed and scale of China's activities raise serious questions about its long-term aims, and serve to escalate tensions in these already-heavily contested waters.

Utility of China's Island Building

China likely has multiple motivations for its building activities in the Spratly Islands. Chinese officials have acknowledged that the artificial islands have military value, but have insisted that the outposts are "mainly for civilian purposes," including

search and rescue, environmental study, and fishing. There may also be a legal rationale for these recent projects.

Military and Strategic Utility

Satellite imagery indicates that China has already installed some military hardware on its artificial islands. This includes: troop garrisons; anti-air and anti-surface guns; radars; communications equipment; helipads; piers and docks. Fiery Cross Reef will host a 3,000-meter runway that will allow China to land any aircraft it possesses, and it may also include a harbor large enough to dock major surface combatants. Analysts have also speculated that China may build a second airstrip on Subi Reef, which it has only begun to reclaim recently.

China's new military installations will likely improve its ability to maintain a regular presence in the Spratlys and allow it to carry out frequent patrols by air and sea. China's claims in the South China Sea stretch 1,000 miles or more from its shores, as represented by its Nine-Dash Line. China's limited refueling and resupply capability has meant that Beijing cannot necessarily press its claims in the southern part of the South China Sea. By constructing airstrips, port facilities, and helipads on these new islands, however, China may be able to allow PLA Navy and Coast Guard vessels and military aircraft to rest and resupply. By installing radar and communications equipment, China will have much-improved maritime domain awareness (MDA) over nearby waters and airspace. China could also operate maritime patrol or Airborne Warning (AWACS) aircraft, which would further improve MDA and ISR. This augmented monitoring capability could eventually allow China to declare an air defense identification zone (ADIZ) over the South China Sea, as it did in the East China Sea in 2013. In peacetime, these island facilities will likely be used to allow China to assert its South China Sea claims, and to discourage other claimants from challenging them.

Where combat operations are concerned, China could use artificial islands to house some of the systems that are associated with anti-access/area denial strategies (A2/AD), including radars, anti-ship cruise missiles, and surface-to-air missiles. It could also station vessels and aircraft on the islands on a rotational basis. In a conflict scenario, these tiny bases would be quite vulnerable to attack, but the need to account for them could divert U.S. assets from other missions.

Legal Implications

The UN Convention on the Law of the Sea is the core international maritime legal regime. China is a party to UNCLOS, although it has opted out of many of the treaty's dispute resolution mechanisms. The other South China Sea claimants are also UNCLOS parties. The United States is not a signatory, but observes its provisions as customary international law.

Under the UN Convention on the Law of the Sea, land reclamation is not illegal if it takes place on the high seas. It may be illegal, however, if it takes place in the Exclusive Economic Zone of another state, and three of the features China is developing-- Hughes Reef, Johnson South Reef, and Mischief Reef-- lie in the Philippines' EEZ. China could conceivably argue, however, that it is developing features that also lie in its own EEZ based on its claims to other islands.

Legality of reclamation activities aside, China cannot claim under international law any additional maritime entitlements based on its new artificial islands. A reclaimed land mass is not entitled to a 200 nautical mile EEZ or to a continental shelf of its own. If an artificial island was formerly a rock, it is entitled to a 12 nautical mile territorial water. If it was formerly a submerged reef, a state should not be able to claim more than a 500-meter safety zone around it. Thus far, China has not asserted new legal claims to waters based on these artificial islands.

Where legal motivations are concerned, it is notable that the seven features being reclaimed are all part of an ongoing South China Sea arbitration case that has brought by the Philippines against China. The case is currently being considered by the International Tribunal on the Law of the Sea at The Hague. China is not participating in the case and has stated that it will not be bound by the ruling. In its case, the Philippines argues that China's claims and activities in the South China Sea are illegal under UNCLOS. In one portion of its argument, the Philippines states that several of the Spratly features that China occupies are rocks, and therefore entitled to only a 12 nm territorial water, and not an EEZ or a continental shelf. In another portion, the Philippines argues that several of China's Spratly features are low-tide elevations, meaning they are completely submerged under water. Submerged features are not subject to any sovereignty claims at all and do not generate any maritime entitlements.

China's building activities have been taking place only since this case has been active. While China will surely not convince the court that these artificial features deserve to be treated as full-fledged islands under UNCLOS, its rapid-fire building may make it more difficult for the tribunal to rule on their previous status. The court's judgment is expected in early 2016, and China's reclamation efforts will likely be complete well before that date.

Other Explanations

In official statements, Chinese leaders have acknowledged the military utility of these new bases, but also proffered several other explanations for them. These include maritime search and rescue operations, disaster prevention and mitigation, marine research, meteorological observation, protection of the ecological environment, and the facilitation of fishing activities. There is little doubt that these

artificial islands could allow Chinese fisherman to rest and resupply, and therefore maintain a more sustained presence in the area. They could also be used to explore for oil and gas. In late April, 2015, PLA Navy chief Admiral Wu Shengli told U.S. Chief of Naval Operations Admiral Jonathan Greenert that the United States would be welcome to use its South China Sea facilities for weather monitoring and search and rescue operations “when the time is right.”

Implications for Other Countries

For other South China Sea claimants, the implications of China’s island building lie in its ability to maintain regular sea and air patrols and to monitor the area. If China can maintain PLA Navy ships, China Coast Guard vessels, and PLA Air Force aircraft in the waters and airspace around the Spratlys, it will be able apply significant pressure to other claimants, and to advance its own maritime and territorial claims. The Philippines and Vietnam have scant naval and coast guard capabilities compared to China’s. Both of these U.S. partners occupy features of their own in the Spratly Islands. Vietnam occupies 21-25 features, and the Philippines occupies approximately nine. If China can closely monitor the area and project power within it, it may be able to put significant pressure on these positions. This could, in turn, allow China to wrest from other claimants additional land features in the Spratlys, as it did the Scarborough Shoal from the Philippines in 2012.

In addition to its implications for lower-level coercion in the area, China’s artificial islands may have implications for conflict escalation. China’s new island at Johnson South Reef is only 6.2 km away from Collins Reef, and its outpost at Hughes Reef is just 14 km away from Sin Cowe Island. Sin Cowe and Collins are both held by Vietnam. China’s artificial island at Subi Reef, which may eventually house an airstrip, is just 26 km from Thitu Island, which is home to the Philippines’ only airstrip in the Spratlys. Given these short distances, moves by China to significantly augment the flow of vessels and aircraft through these outposts would increase the risk of accidental or inadvertent escalation between the claimants, which could in turn result in armed conflict.

For the United States, China’s island building could imperil several of its articulated interests in the South China Sea. These include its interest in the peaceful resolution of disputes, in international law, and in freedom of navigation. These activities also have implications for the United States’ mutual defense treaty with the Philippines.

Secretary of Defense Carter has already objected publicly to China’s “militarization” of the islands. There can be little doubt that these building projects make peaceful dispute resolution less likely, as they erode trust and confidence among other claimants. These reclamation efforts may also do serious harm to the UNCLOS regime if they compromise the Hague Tribunal’s ability to rule on the Philippines vs. China case.

The United States must also consider the implications of China's building for freedom of navigation and freedom of overflight in the area. Chinese officials have stated that neither of these principles is in jeopardy in the South China Sea. Recent reports indicate, however, that in just the last three months, China has warned Philippines' air force and navy aircraft not to enter disputed airspace on at least six occasions. If China declares an ADIZ in the South China Sea, this could certainly threaten freedom of overflight. Where freedom of navigation is concerned, one-third of the world's commercial shipping passes through the South China Sea. Beijing has little incentive to see this seriously disrupted, but the Philippines already asserts that China regularly interferes with its ability operate freely in its own exclusive economic zone.

Washington must also consider its treaty obligations to Manila. Unlike the position that the United States has articulated with respect to the role of the Senkakus in the U.S.-Japan alliance, Washington has not committed to intervening in a conflict on the Philippines' behalf over an island in the South China Sea. Rising Spratly tensions, however, make it more likely that a Philippines vessel or aircraft could be attacked and that Philippines soldiers could be killed. This could have grave consequences for the alliance.

The Role of China's Actors in South China Sea Construction

Numerous Chinese actors have been involved in its island construction projects, including state-owned enterprises, maritime militias, and the Coast Guard and PLA Navy. The China Communications Construction Company owns and operates many of the dredgers that have been used for reclamation. Many of the same dredgers that have created China's new islands in the Spratlys have also done work on its outposts in the Paracels. The Tanmen Village Maritime Militia Company delivers supplies to China's Spratly features.

Analysts have recently begun to study China's maritime militia units. These are small, tactical groups whose members function interchangeably as fishermen and soldiers. They serve as offshore militias using specially-registered fishing vessels and are organized by local military and government officials.

China's Coast Guard was formerly divided into five different maritime law enforcement agencies but is being consolidated into a single organization. Where the number of coast guard vessels is concerned, the Chinese Coast Guard already outnumbers Japan, Vietnam, Indonesia, Malaysia, and the Philippines combined, and is projected to keep growing. Two new 10,000 ton Chinese coast guard cutters are currently under construction and are likely to be deployed in the PLA's South Sea fleet. The direct role of both the coast guard and navy in land reclamation is unclear, however: both services' vessels may have been deployed to monitor dredging activities.

Southeast Asia's Response

Among Southeast Asian countries, the Philippines has been the most vocal in its objections to China's recent actions, but ASEAN has been surprisingly unified and firm on the matter too. Prior to the April 26-27 ASEAN Summit, Philippine President Benigno Aquino called for a robust response to China's reclamation activities. The final ASEAN chairman's statement expressed "serious concern" and said that China's activities "eroded trust and confidence and may even undermine peace, security, and stability in the South China Sea." The statement noted worries about freedom navigation and freedom of overflight in the South China Sea, suggesting that ASEAN is concerned about a possible ADIZ declaration in the future. The same chairman's statement noted that ASEAN members would address the reclamation issue through ASEAN frameworks, and this may include the ASEAN Ministerial Meeting and the ASEAN Regional Forum this summer.

The April ASEAN statement called for urgent consultations towards a binding and effective Code of Conduct between China and ASEAN. Several claimants have argued, however, that China's current building activities violate the spirit of the 2002 Declaration on Conduct—the non-binding precursor document—and many reports suggest that China may be stalling in negotiations on a binding code. Recent events therefore suggest that under Malaysia's leadership, ASEAN may be more unified than expected in responding to China's activities, but that the long sought, "rules-of-the-road" agreement between China and ASEAN is unlikely to be reached soon.

Other South China Sea Construction Projects

As concerns over China's activities have grown, officials in Beijing have taken care to highlight that they are not the only claimants to have pursued major construction projects in the South China Sea. Strictly speaking, they are correct, but China's building projects still dwarf those of other claimants in scope, speed, and scale.

Last week, the Asia Maritime Transparency Initiative made public satellite images that demonstrate that Vietnam has done reclamation work on two land features in recent years. It has added approximately 21,000 square meters of new land to Sand Cay, and 65,000 square meters of new land to West Reef. It has also added new military facilities to Sand Cay. By way of comparison, China created 900,000 square meters of new land at Fiery Cross Reef alone, and this is just one of seven features it has developed. Additionally, nearly all of China's activity has taken place over the course of one year, while Vietnam's projects occurred over two or three years.

In response to revelations about China's reclamation work, the Philippines has lifted a self-imposed freeze on Spratly construction. It has resumed repairs and maintenance work, and this is believed to be modest. Taiwan, for its part, has also been upgrading Itu Aba, the single island that it controls in

the Spratlys. This includes a \$100 million dollar port renovation and significant improvements to its airstrip. There is no evidence that Malaysia has been doing construction work on the features that it occupies.

Policy Recommendations

There are few good options when it comes to direct U.S. intervention in land reclamation in the South China Sea. There are, however, a few measures that it can take to mitigate the risk that these new islands are used for coercive purposes.

With respect to China, Washington should hold Beijing to its word that its new islands are for civilian purposes. It should accept its invitation to use them for weather monitoring, and for search and rescue exercises. U.S. officials should also repeat to Chinese counterparts that the United States will actively contest a South China Sea ADIZ if China announces one. Additionally, the United States and China have made important progress in their military-to-military ties this year, negotiating two confidence-building agreements and holding several joint exercises. U.S. officials may want to convey to China that this progress could be jeopardized if China continues to militarize its new artificial islands. They should consider what specific actions by China (e.g. missile emplacements, the garrisoning of additional troops, the basing of fighters) would make further military cooperation with China inappropriate. Destabilizing Chinese actions may be met with decisions to disinvite Chinese participation in exercises, or to discontinue negotiations on additional confidence-building measures.

The United States must also augment its investments in ally and partner maritime domain awareness capabilities. Washington has already begun to do so, but Foreign Military Financing to the PACOM area of responsibility is just one percent of the total. Vietnam and the Philippines will never have the naval or coast guard capabilities to match up to China's, but their ability to monitor the South China Sea can be substantially improved. The United States should also encourage multilateral cooperation in MDA, ISR, and even maritime patrols among ASEAN states. If it does increase the dollar value of its aid to partners, however, Washington should make clear that this is contingent on a complete freeze of activities that could be construed as destabilization (major land reclamation, the installation of new military-related facilities, the occupation of new features). It should in turn tell China that it is conditioning partner aid on a freeze, but that this will only be feasible if China keeps to its word and uses its islands for humanitarian and research purposes.

With prospects for a binding ASEAN-China code of conduct stalled, Washington may want to support the development of "rules-of-the-road" by other means. ASEAN itself could negotiate and draft a binding Code, and then offer China the opportunity to sign it. If pursued, this process should be led by the ASEAN maritime states.

The United States must also consider how to mitigate risk in its alliance with the Philippines. The U.S.-Philippines alliance has been reinvigorated in recent years, as evinced by the Enhanced Defense Cooperation Agreement, but cooperation between the two countries was stalled for two decades. As a result, the alliance does not have nearly as many standing security dialogues as other U.S. partnerships in the region, such as those with Japan and South Korea. Washington should consider establishing a standing crisis dialogue with the Philippines, through which both countries can communicate regularly on the evolving situation in the South China Sea. This would also be an appropriate forum for contingency planning and exercises.

With land reclamation efforts in the Spratlys substantially complete, Washington must focus its efforts on ensuring that these new artificial islands do not become heavily armed outposts used to coerce friends and partners, to derail peaceful resolution of disputes, or to disrupt freedom of navigation and overflight. The risk of escalation in the South China Sea is rising, and this places core U.S. interests in peril.