

# How Much Risk Should the United States Run in the South China Sea?

M. Taylor Fravel and  
Charles L. Glaser

China's assertiveness in the South China Sea poses an especially vexing set of policy choices for the United States. For decades, the South China Sea disputes appeared to be limited to small islets, rocks, and reefs claimed by several countries. These small bits of land were a source of international concern because they fueled a number of limited conflicts, but they were themselves of little material value or strategic importance.

Now, however, China appears to want to control a vast body of water in a critical region of the world. Around 2008, China started adopting more assertive policies in the South China Sea. Since then, it has seized control of Scarborough Shoal, built artificial islands in the Spratly Islands and constructed large military bases on three of them, and rejected an international tribunal ruling that invalidated Chinese claims to historic rights within the "nine-dash line." More recently, China has harassed and intimidated Vietnamese and Malaysian vessels within their Exclusive Economic Zones (EEZs). Taken together, China's actions suggest that it is intent on dominating the South China Sea.

China's behavior in the South China Sea has played a central role in transforming U.S. assessments of China's ambitions. Whereas a decade ago the United States believed that its relationship with China could be primarily cooperative,<sup>1</sup> the U.S. 2022 Indo-Pacific Strategy, for example, states that China "pursues a sphere of influence in the Indo-Pacific and seeks to become the world's most influential power. The PRC's [People's Republic of China] coer-

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*M. Taylor Fravel is the Arthur and Ruth Sloan Professor of Political Science and the Director of the Security Studies Program at the Massachusetts Institute of Technology. Charles Glaser is Professor of Political Science and International Affairs and Co-Director of the Institute for Security and Conflict Studies at the George Washington University.*

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1. Barack Obama, *National Security Strategy* (Washington, D.C.: White House, May 2010), p. 43, [https://obamawhitehouse.archives.gov/sites/default/files/rss\\_viewer/national\\_security\\_strategy.pdf](https://obamawhitehouse.archives.gov/sites/default/files/rss_viewer/national_security_strategy.pdf).

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cion and aggression spans the globe, but it is most acute in the Indo-Pacific.”<sup>2</sup> The shift in official U.S. assessments largely mirrors a significant negative shift across the U.S. foreign policy community.

Many experts place great importance on the South China Sea. For example, in 2017, Ely Ratner, who is now a senior official at the U.S. Department of Defense focusing on the Indo-Pacific, held that China “is now poised to seize control of the sea. Should it succeed, it would deal a devastating blow to the United States’ influence in the region, tilting the balance of power across Asia in China’s favor.”<sup>3</sup>

The South China Sea is now considered an increasingly likely locus of conflict between the United States and China. Although a large conventional war is most likely to occur over Taiwan, analysts have explored incentives for escalation that could push a crisis in the South China Sea into a large conventional war, and even a nuclear war.<sup>4</sup>

This article analyzes how strenuously, and at what risk, the United States should resist China’s efforts to dominate the South China Sea. In the broadest terms, China’s rise requires the United States to reevaluate all its commitments and decide whether to adopt more competitive or less competitive strategies for defending them. Where U.S. interests are relatively small and China’s rise significantly increases the risks of protecting them, the United States may need to trim its commitments. In contrast, when its interests are large, the United States may need to deepen its commitments and compete intensively to protect them, even if the dangers posed by China’s rise are substantial. In principle, the spectrum of options for dealing with a rising power runs from full

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2. Joe Biden, *Indo-Pacific Strategy of the United States* (Washington, D.C.: White House, February 2022), p. 5, <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>. For the Donald Trump administration’s characterization, see Donald J. Trump, *National Security Strategy of the United States of America* (Washington, D.C.: December 2017), p. 25.

3. Ely Ratner, “Course Correction: How to Stop China’s Maritime Advance,” *Foreign Affairs*, Vol. 96, No. 4 (July/August 2017), p. 64, <https://www.jstor.org/stable/44823892>. See also Patrick M. Cronin and Ryan Neuhard, *Total Competition: China’s Challenge in the South China Sea* (Washington, D.C.: Center for a New American Security, January 2020), p. 1; and Hal Brands and Zack Cooper, “Getting Serious about Strategy in the South China Sea,” *Naval War College Review*, Vol. 71, No. 1 (Winter 2018), p. 16, <https://digital-commons.usnwc.edu/nwc-review/vol71/iss1/3>.

4. Avery Goldstein, “First Things First: The Pressing Danger of Crisis Instability in U.S.-China Relations,” *International Security*, Vol. 37, No. 4 (Spring 2013), pp. 49–89, [https://doi.org/10.1162/ISEC\\_a\\_00114](https://doi.org/10.1162/ISEC_a_00114); and Caitlin Talmadge, “Would China Go Nuclear? Assessing the Risk of Chinese Nuclear Escalation in a Conventional War with the United States,” *International Security*, Vol. 41, No. 4 (Spring 2017), pp. 50–92, [https://doi.org/10.1162/ISEC\\_a\\_00274](https://doi.org/10.1162/ISEC_a_00274).

retrenchment, to intensified competition to protect the status quo, to preventive war.<sup>5</sup>

We bound our analysis by assuming that the United States retains its current grand strategy, which holds that the United States' East Asian treaty allies—including Japan, Korea, and the Philippines—underpin vital U.S. security interests. Although there is substantial debate over U.S. grand strategy, this restriction allows us to focus on U.S. interests in the South China Sea, the threat China poses to these interests, and the range of relevant policy options available to the United States.

Our analysis addresses three options along a continuum: from increased resistance to China's assertive policies on one end to a partial South China Sea retrenchment on the other, with current U.S. policy in the middle. First, more intense military resistance could include explicitly committing to use force to prevent China from gaining control of additional South China Sea features, interfering with trade and resource extraction, or infringing on the United States' ability to conduct military surveillance and exercises, as well as to use force if China pursues any of these actions.

Second, under a policy of partial South China Sea retrenchment, the United States would not use force to protect regional states' claims in the South China Sea, including their territorial claims and maritime rights, even though it has the capability to do so. China would have the ability to militarily dominate the other regional states that border the South China Sea. Importantly, the United States would continue to give priority to preserving and defending its allies in East Asia and would maintain its capability to deny China the ability to operate in the South China Sea during war. The United States would also likely continue to send naval ships through the South China Sea during peacetime, including to conduct freedom of navigation operations (FONOPs), and it would use economic and diplomatic means, including sanctions and shaming, to demonstrate that it continues to find China's actions to be illegitimate. This policy of partial retrenchment would accept a limited Chinese sphere of influence over the South China Sea, while maintaining the U.S. ability to fight a major war in East Asia. Critically, partial retrenchment would not allow China to achieve regional hegemony—the United States would remain committed to

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5. On retrenchment, see Paul K. MacDonald and Joseph M. Parent, *Twilight of the Titans: Great Power Decline and Retrenchment* (Ithaca, N.Y.: Cornell University Press, 2018). On the range of options, see Randall L. Schweller, "Managing the Rise of Great Powers: History and Theory," in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999).

protecting its key interests in East Asia and to maintaining the military capability required to do so.

Current U.S. policy falls between these two positions. The United States has not taken sides on sovereignty disputes over South China Sea islands and reefs, nor has it specified how it would respond to China's seizure of additional features. It has not employed force to protect countries' resource rights, although it did signal its willingness to use force if China attempted to reclaim land at Scarborough Shoal. The United States has aligned its policy with the 2016 tribunal that rejected the legality of China's claims to historic rights, including by conducting FONOPs to uphold its interpretation of navigational rights under the United Nations Convention on the Law of the Sea (UNCLOS). Moreover, the United States has increased its air and naval presence in these waters and sanctioned firms involved in enhancing China's South China Sea presence to indicate its opposition to some of China's intimidation of littoral states.

We conclude that current U.S. policy is preferable to both increased military resistance and partial South China Sea retrenchment. Because U.S. security interests are quite limited, a significantly firmer policy, which would generate an increased risk of a high-intensity war with China, is unwarranted. Especially with the growing consensus for competing more intensively against China, the United States will require a clear understanding that its interests are very limited to avoid increasing its military resistance. In comparison, given the caution that China has demonstrated, the risks of current U.S. policy appear to be relatively small and consistent with the United States' interests, the most important of which is to preserve its credibility in the region. Consequently, at least for the time being, the United States should maintain its current level of resistance.

The United States must continue to assess China's determination to dominate the South China Sea. If China's future actions indicate that it is willing to pay a much higher price to control these waters, the United States should shift to a policy of partial South China Sea retrenchment. Given quite limited U.S. security interests, China's growing military capabilities, and this greater determination, the risks of an armed conflict or even a war would not be warranted. The United States would end its military opposition to China's effort to control the South China Sea, while likely continuing to assert freedom of navigation and emphatically reassuring allies that it is prepared to defend their security but not their claims to small amounts of disputed territory. The United States would have to redouble other efforts to preserve its credibility with both China

and its allies. A partial Chinese sphere of influence in the South China Sea may be a natural outcome of China's rise.<sup>6</sup>

We begin our analysis in the first and second sections by reviewing China's claims and behavior in the South China Sea over the past decade. The third section explores the factors that motivate China's policies in the South China Sea, because they can influence the proper degree of U.S. military resistance to these policies. The fourth section reviews U.S. interests in the South China Sea, given our assumption about U.S. grand strategy. The fifth section addresses threats that China's South China Sea policies pose to U.S. interests. Contrary to many expert claims, we find that China's actions in the South China Sea pose little direct threat to U.S. security and peacetime economic interests. The concluding sections assess current and future U.S. policy options to determine the proper degree of U.S. military resistance in the South China Sea, both now and in the future.

### *Conflicting Claims in the South China Sea*

The South China Sea disputes involve competing claims to territorial sovereignty and maritime jurisdiction.<sup>7</sup> China claims sovereignty over three different groups of islands in these waters. The first is the Paracel (Xisha) Islands, which Vietnam and Taiwan also claim. After a clash in 1974, China has since controlled all the Paracels, which previously were divided between China and Vietnam.<sup>8</sup> The second is Macclesfield Bank (Zhongsha), most of which is submerged and thus not subject to claims to territorial sovereignty. However, Scarborough Shoal, a large reef that has several rocks that are permanently above high tide, is contested by China and the Philippines. The third and largest group of islands in the South China Sea is the Spratly (Nansha) Islands, which consists of roughly 230 features, including small islands, islets, and coral reefs, only some of which are permanently above the waterline. China,

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6. On spheres of influence see Lindsey O'Rourke and Joshua Shiffrin, "Squaring the Circle on Spheres of Influence: The Overlooked Benefits," *Washington Quarterly*, Vol. 45, No. 2 (2022), pp. 105–124; Van Jackson, "Understanding Spheres of Influence in International Politics," *European Journal of International Security*, Vol. 5, No. 3 (October 2020), pp. 255–273, <https://doi.org/10.1017/eis.2019.21>; and Graham Allison, "The New Spheres of Influence: Sharing the Globe with Other Great Powers," *Foreign Affairs*, Vol. 99, No. 2 (March/April 2020), pp. 30–40.

7. Ronald O'Rourke, *U.S.-China Strategic Competition in South and East China Seas: Background and Issues for Congress* (Washington, D.C.: Congressional Research Service, March 18, 2021 [updated 2022]), <https://crsreports.congress.gov/product/pdf/R/R42784/>.

8. M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton, N.J.: Princeton University Press, 2008), pp. 272–287.

Taiwan, and Vietnam claim sovereignty over all the Spratly Islands, while the Philippines and Malaysia each claim some features (fifty-three and twelve, respectively).<sup>9</sup> Vietnam currently occupies twenty-one features, the Philippines occupies nine features, China seven, Malaysia five, and Taiwan one.<sup>10</sup> Although China has not fought another country since 1988 to acquire control of contested features in the South China Sea, it did seize Mischief Reef in 1994 and gain effective control of Scarborough Shoal in 2012. China is believed to have been deterred from beginning land reclamation there in 2016 after President Barack Obama signaled to China that this would violate a red line that could lead to military escalation.<sup>11</sup>

The second component of the South China Sea disputes is conflicting claims to maritime jurisdiction. UNCLOS, which was signed in 1982 and came into force in 1994, delineates different kinds of maritime rights or entitlements that states may claim in zones that are adjacent to their coastlines or other land features, such as islands.

The first of these is the territorial sea, which extends 12 nautical miles seaward from a state's baselines. Within the territorial sea, states enjoy full sovereignty over the water, seabed, and airspace. Nevertheless, coastal states must allow the "innocent passage" of foreign ships transiting through these waters, including both military and commercial vessels.

A second maritime right is the EEZ, which extends seaward 200 nautical miles from a state's coast. Within the EEZ, coastal states enjoy the exclusive right to the resources in the water column and the seabed, as well as jurisdiction over other activities, such as marine scientific research. Other states enjoy "high-seas freedoms" in the EEZ, defined as freedoms of navigation and overflight. None of the claimants to the Spratly Islands have issued baselines—usually, the low-water line—around any of the claimed land features and thus have not delineated the scope of any territorial sea or EEZ claims.

In 2016, China clarified that its maritime claims in the South China Sea included a territorial sea, EEZ, and continental shelf from all island groups. China also asserted "historic rights in the South China Sea"<sup>12</sup> but did not

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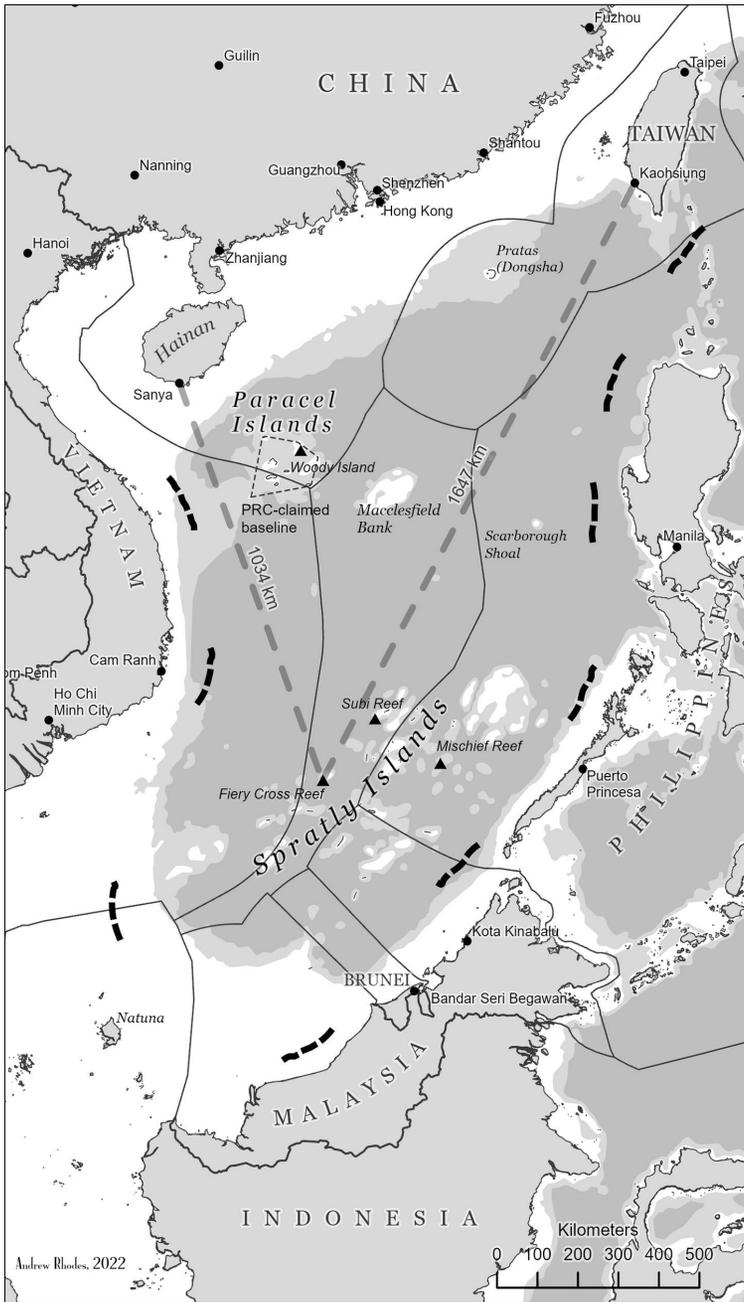
9. Greg Austin, *China's Ocean Frontier: International Law, Military Force, and National Development* (Canberra: Allen and Unwin, 1998), pp. 153–154.

10. Greg Poling, *On Dangerous Ground: America's Century in the South China Sea* (Oxford: Oxford University Press, 2022), p. 170.

11. Demetri Sevastopulo, Geoff Dyer, and Tom Mitchell, "Obama Forced Xi to Back Down over South China Sea Dispute," *Financial Times*, July 12, 2016, <https://www.ft.com/content/c63264a4-47f1-11e6-8d68-72e9211e86ab>.

12. Ministry of Foreign Affairs of the People's Republic of China, "Statement of the Government

Figure 1. Exclusive Economic Zones in the South China Sea and China's Nine-Dash Line



Map by Andrew Rhodes.

SOURCE: EEZs were drawn using data from Flanders Marine Institute, Maritime Boundaries Geodatabase, version 11 (2019), <https://doi.org/10.14284/382>. The map does not show EEZ claims from disputed territory such as the Parcel Islands. When the breadth between two states is less than 400 nautical miles, the map shows either the maritime boundary determined by a treaty or agreement between the two states or a notional median line. China's claimed EEZ would include the entirety of Taiwan's EEZ as shown on the map.

define their scope or content. Most analysts view this as a claim to rights within the nine-dash line that appears on Chinese maps.<sup>13</sup> An authoritative Chinese scholar describes historic rights as rights to fishing, resource development, and navigation.<sup>14</sup> The 2016 tribunal, however, rejected broad claims to historic rights and found that none of the land features that China (or any other claimant) controls in the Spratly Islands are an “island,” which means that they are not entitled to EEZs.

As shown in figure 1, China’s claims to maritime jurisdiction overlap with those of the littoral states in the South China Sea, especially where China’s nine-dash line overlaps with their coastal EEZs. China’s claims to maritime jurisdiction also create conflicts with non-claimant states, especially the United States, which exercises various high-seas freedoms in the South China Sea. First, China requires foreign military ships to receive prior permission to transit through its territorial sea—that is, for innocent passage—a position that the United States rejects. Since 2015, many U.S. FONOPs have challenged this Chinese position. Second, China has opposed some military activities within its EEZ, especially those that are linked with surveillance and intelligence gathering near China’s coast, which China claims are a form of marine scientific research that falls under coastal state jurisdiction. Unofficial Chinese legal commentaries also underscore how U.S. military surveillance is inconsistent with peaceful use and the idea of “due regard” for coastal state interests.

Third, the United States opposes China’s use of straight baselines, which create internal waters on their landward side. In the Paracels, China has used straight baselines to create a large body of internal waters over which it could deny entry of foreign vessels. Quasi-official sources indicate that China will also treat the Spratly Islands as an “integral whole,”<sup>15</sup> which would create not only a large area of internal waters over which China could deny foreign vessels entry but also much larger territorial seas and EEZs.

Finally, uncertainty remains over the scope and content of the historic rights

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of the People’s Republic of China on China’s Territorial Sovereignty and Maritime Rights and Interests in the South China Sea,” July 12, 2016, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/201607/t20160712\\_679472.html](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/201607/t20160712_679472.html).

13. On the origins of the nine-dash line, see Chris P. C. Chung, “Drawing the U-Shaped Line: China’s Claim in the South China Sea, 1946–1974,” *Modern China*, Vol. 42, No. 1 (2016), pp. 38–72, <https://doi.org/10.1177/0097700415598538>.

14. Hong Nong, “Interpreting the U-Shape Line in the South China Sea,” *China-US Focus*, May 15, 2012, <https://www.chinausfocus.com/peace-security/interpreting-the-u-shape-line-in-the-south-china-sea>.

15. Chinese Society of International Law, “The South China Sea Arbitration Awards: A Critical Study,” *Chinese Journal of International Law*, Vol. 17, Iss. 2 (June 2018), pp. 207–748, <https://doi.org/10.1093/chinesejil/jmy012>.

that China claims within the nine-dash line, especially regarding navigation. This is potentially the most significant disagreement between the two countries, because U.S. naval vessels transit and exercise in the South China Sea for a variety of purposes.

### *China's Behavior in the South China Sea*

In addition to reviewing China's behavior in the South China Sea,<sup>16</sup> this section considers actions that China has not taken.

#### GROWING MARITIME PRESENCE

China has greatly expanded its maritime presence in the South China Sea, which gives it the hard power to assert its claims. Since the late 1990s, China has pursued an ambitious effort to modernize its military, especially its air and naval forces. The major surface combatants in the South Sea Fleet of the People's Liberation Army Navy (PLAN) include destroyers, frigates, and corvettes, along with China's ballistic missile submarines (SSBNs) and nuclear and diesel attack submarines.<sup>17</sup> All destroyers would be classified as "modern" in terms of their capabilities, and most have been commissioned within the last ten years.<sup>18</sup> Some of these naval forces are part of China's growing anti-access/area denial (A2/AD) capability in the region, which we discuss below.<sup>19</sup>

The China Coast Guard (CCG) has over two hundred vessels, making it the largest coast guard in Asia and probably the world. The CCG has played a prominent role in asserting China's rights and claims, from escorting seismic survey vessels in contested waters and enforcing fishing bans, to blockading

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16. On changes in China's behavior, see Andrew Chubb, "PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970–2015," *International Security*, Vol. 45, No. 3 (Winter 2020/21), pp. 79–121, [https://doi.org/10.1162/isec\\_a\\_00400](https://doi.org/10.1162/isec_a_00400); and Ketian Zhang, "Cautious Bully: Reputation, Resolve, and Beijing's Use of Coercion in the South China Sea," *International Security*, Vol. 44, No. 1 (Summer 2019), pp. 117–159, [https://doi.org/10.1162/isec\\_a\\_00354](https://doi.org/10.1162/isec_a_00354).

17. International Institute for Strategic Studies, *The Military Balance 2020* (London: Routledge, 2020), p. 266.

18. Michael A. McDevitt, *China as a Twenty-First-Century Naval Power: Theory, Practice, and Implications* (Annapolis, Md.: Naval Institute Press, 2020).

19. On China's anti-access/area denial (A2/AD) capabilities, see U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China 2020*, Annual Report to Congress (Washington, D.C.: Office of the Secretary of Defense, 2020), esp. pp. 72–76; and Stephen Biddle and Ivan Oelrich, "Future Warfare in the Western Pacific: Chinese Antiaccess/Area Denial, U.S. AirSea Battle, and Command of the Commons in East Asia," *International Security*, Vol. 41, No. 1 (Summer 2016), pp. 7–48, [https://doi.org/10.1162/ISEC\\_a\\_00249](https://doi.org/10.1162/ISEC_a_00249).

land features held by other claimants and escorting Chinese fishing fleets in disputed waters.<sup>20</sup>

The People's Armed Forces Maritime Militia complements PLAN and CCG forces. These units are composed mostly of fishermen, some of whom receive training from the PLAN and are then activated on demand. Militia forces have been involved in many efforts by China to assert its maritime claims, including the 2009 harassment of the U.S. Navy's USS *Impeccable* and China's presence since 2018 around Philippine-held Thitu Island.<sup>21</sup>

A final component of China's maritime presence is the seven military installations atop the reefs that it controls in the Spratly Islands. As part of a large-scale land reclamation in the Spratly Islands, China transformed Fiery Cross, Mischief, and Subi reefs into forward operating bases with runways, hardened hangars for fighter aircraft, hardened shelters for anti-air and anti-ship missiles, radars, communications equipment, and large harbors. We discuss the wartime utility of these bases later in this article. The peacetime utility, however, is significant—these bases can be used to sustain a forward presence of CCG, maritime militia, and fishing vessels in the southern half of the South China Sea.

#### ASSERTION OF RIGHTS TO RESOURCES

A key way that China has pursued dominance in the South China Sea has been by asserting its rights to resources. China often describes itself as reacting to the actions of other states that challenge or do not defer to China's sovereignty claims. Even if reactive, however, China's responses are often disproportionate in scope and scale, and have contributed to escalating tensions in the past decade.<sup>22</sup> First, China has asserted its right to develop resources within other countries' EEZs when they overlap with the nine-dash line. Since the first decade of the 2000s, China has threatened that foreign oil companies exploring in Vietnam's waters would lose access to China's market. It also opened blocks for exploration that appeared to be within Vietnam's EEZ.<sup>23</sup> In 2014, China deployed a drilling rig between two Vietnamese blocks. Vietnam's attempt to

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20. Ryan D. Martinson, *Echelon Defense: The Role of Sea Power in Chinese Maritime Dispute Strategy* (Newport, R.I.: China Maritime Studies Institute, U.S. Naval War College, 2018).

21. 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 Report No. 1 (Newport, R.I.: U.S. Naval War College, 2017).

22. You Ji, *Deciphering Beijing's Maritime Security Policy and Strategy in Managing Sovereignty Disputes in the China Seas* (Singapore: S. Rajaratnam School of International Studies, 2013).

23. M. Taylor Fravel, "China's Strategy in the South China Sea," *Contemporary Southeast Asia*,

prevent the rig from drilling sparked battles between coast guard vessels from both sides.<sup>24</sup>

Second, China has harassed or interfered with the hydrocarbon exploration and development activities of other states within their respective EEZs. Since 2010, for example, Chinese government vessels have interfered with Vietnamese exploration activities within Hanoi's EEZ, "expelled" a Philippine seismic survey vessel that was within the Philippines' EEZ, challenged Malaysia's exploration activities within its EEZ and continental shelf, and challenged Indonesia drilling within its EEZ.<sup>25</sup> In one instance, Chinese pressure, including military threats, led Vietnam to suspend exploration and drilling activities by a Spanish company in its EEZ.<sup>26</sup>

Third, China has asserted its rights to fishing within the coastal EEZs of other states. Since 1999, China has instituted a unilateral fishing ban in the South China Sea above 12 degrees north, which includes traditional fishing grounds of littoral states. Since 2016, China and Indonesia have repeatedly clashed over the presence of Chinese fishing vessels inside Indonesia's EEZ near the Natuna Islands, where it overlaps with the nine-dash line.<sup>27</sup>

#### BRUTE FORCE, COERCION, AND INTIMIDATION

China has also used its growing maritime power to coerce claimants and other states. Perhaps the most noteworthy instance occurred over Scarborough Shoal. After the Philippines attempted to arrest Chinese fishermen within the reef in 2012, a multi-month standoff evolved into a contest for control of the entrance to the reef and its surrounding waters. After renegeing on an

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Vol. 33, No. 3 (December 2011), p. 301, <https://www.jstor.org/stable/41446232>; and M. Taylor Fravel, "The South China Sea Oil Card," *Diplomat*, June 27, 2012.

24. Michael Green et al., *Countering Coercion in Maritime Asia: The Theory and Practice of Gray Zone Deterrence* (Washington, D.C.: Center for Strategic and International Studies [CSIS], 2017), pp. 202–223.

25. Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior—Part Two: The Maritime Periphery," *China Leadership Monitor*, No. 35 (Summer 2011), <https://www.hoover.org/research/chinas-assertive-behavior-part-two-maritime-periphery>; "China and Malaysia in Another Staredown over Offshore Drilling," Asia Maritime Transparency Initiative, CSIS, November 25, 2020, <https://amti.csis.org/china-and-malaysia-in-another-staredown-over-off-shore-drilling/>; and "Nervous Energy: China Targets New Indonesian, Malaysian Drilling," Asia Maritime Transparency Initiative, CSIS, November 12, 2021, <https://amti.csis.org/nervous-energy-china-targets-new-indonesian-malaysian-drilling/>.

26. Bill Hayton, "South China Sea: Vietnam 'Scraps New Oil Project,'" BBC News, March 23, 2018, <https://www.bbc.com/news/world-asia-43507448>.

27. Leo Suryadinata, "Recent Chinese Moves in the Natunas Riles Indonesia," *Perspective*, ISEAS Yusof Ishak Institute, February 19, 2020.

agreement to enact a mutual withdrawal, China gained effective control of the shoal.<sup>28</sup>

Elsewhere, China has used its CCG and maritime militia to harass and intimidate other claimants, often by maintaining an overwatch position. Starting in 2013, for example, China has maintained a near-continuous presence near two shoals: the Philippine-held Second Thomas Shoal (sometimes preventing the Philippines from resupplying the few marines stationed atop the shoal);<sup>29</sup> and the South Luconia Shoals, within Malaysia's EEZ (including harassing Malaysian oil and gas operations in that location).<sup>30</sup> Similarly, since 2018, Chinese vessels have swarmed Thitu Island, the largest Spratly Islands feature held by the Philippines, to monitor infrastructure upgrades.<sup>31</sup> These Chinese actions seek to bolster Chinese claims and to deter other claimants from strengthening their own claims or positions.

China has also sought to intimidate U.S. naval and air forces. Disagreement over military surveillance operations in China's EEZ has led to most of the incidents between U.S. and Chinese ships and aircraft.<sup>32</sup> In 2009, China used PLAN, law enforcement, and maritime militia vessels to interfere with navigation of the USS *Impeccable*, which was conducting a survey off the coast of Hainan Island, inside China's EEZ. The purpose was to object to what China viewed as an increase in U.S. "close-in" military surveillance along its coast.<sup>33</sup> The United States has also reported occasional "unsafe" maneuvers by Chinese aircraft when they have intercepted U.S. surveillance aircraft.<sup>34</sup> Although China shadows U.S. vessels conducting FONOPs, it generally does not interfere with them. The one exception occurred in 2018, when a PLAN destroyer sailed on a vector to collide with a U.S. destroyer, forcing it to change course to avoid a collision.<sup>35</sup>

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28. Green et al., *Countering Coercion in Maritime Asia*, pp. 95–123.

29. *Ibid.*, pp. 169–201.

30. "Malaysia Picks a Three-Way Fight in the South China Sea," Asia Maritime Transparency Initiative, CSIS, February 21, 2020, <https://amti.csis.org/malaysia-picks-a-three-way-fight-in-the-south-china-sea/>.

31. "The Long Patrol: Staredown at Thitu Island Enters Its Sixteenth Month," Asia Maritime Transparency Initiative, CSIS, March 5, 2020, <https://amti.csis.org/the-long-patrol-staredown-at-thitu-island-enters-its-sixteenth-month/>.

32. O'Rourke, *U.S.-China Strategic Competition*, pp. 47–52.

33. Green et al., *Countering Coercion in Maritime Asia*, pp. 52–65.

34. From 2016 to 2018, the U.S. Pacific Fleet reported eighteen "unsafe and/or unprofessional interactions with China." See Ryan Browne, "U.S. Navy Has Had 18 Unsafe or Unprofessional Encounters with China since 2016," CNN, November 3, 2018, <https://www.cnn.com/2018/11/03/politics/navy-unsafe-encounters-china/index.html>.

35. "U.S. Says Chinese Destroyer Came Dangerously Close to U.S. Ship," Associated Press, Octo-

#### DIPLOMACY

Although China continues to call for negotiations on the South China Sea, its diplomacy reflects its desire to stall in order to increase control in these waters. First, China has sought to influence ASEAN (Association of Southeast Asian Nations) and its statements regarding the South China Sea. In 2012, for example, it leaned on Cambodia to block ASEAN foreign ministers from issuing a joint communiqué to prevent any mention of Scarborough Shoal, which China had seized earlier in the year. China was trying to legitimate its efforts to increase control over the shoal and to preempt public criticism of its seizure. In 2016, Cambodia, likely acting on China's behalf, blocked an ASEAN joint statement from mentioning the arbitral tribunal's ruling.

Second, China has engaged in a protracted negotiation with ASEAN over a code of conduct for the South China Sea, building on a 2002 declaration. When a draft negotiating text was prepared in 2018, China proposed language that reflected a desire to exclude external states from the region. Specifically, China proposed that the signatories must provide consent for "joint military exercises with countries from outside the region";<sup>36</sup> this language would have allowed China to veto U.S. military exercises with ASEAN states in the South China Sea. Other Chinese proposed language stipulated that oil and gas development "shall not be conducted in cooperation with companies from countries outside the region."<sup>37</sup> Although ASEAN and China are still negotiating the text of the code, neither proposal is likely to be part of the final agreement, given opposition from Vietnam and other claimants. Nevertheless, these phrases reveal China's preference to limit the role of non-South China Sea states.

#### ACTIONS THAT CHINA HAS NOT (YET) TAKEN

Although China's assertiveness in the South China Sea remains persistent, the actions that China has not yet taken suggest that its pursuit of South China Sea dominance has been calibrated to avoid major escalation or severe blowback. China has not sought to seize those Spratly Islands' features currently held by other claimants, though its acquisition of Scarborough Shoal is a partial exception. China has not sought to prevent the U.S. military from navigating in or above the South China Sea, especially beyond the 12-nautical-mile

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ber 2, 2018, <https://apnews.com/d3d9c8cc8f2e4d16ad54ea240725dbaa/US-says-Chinese-destroyer-came-dangerously-close-to-US-ship>.

36. Single Draft Code of Conduct (CoC) in the South China Sea Negotiating Text, October 25, 2018. Copy in author's possession.

37. *Ibid.*

territorial sea, nor has it declared an air defense identification zone in the South China Sea. China has primarily limited its efforts to contesting close-in surveillance along the Chinese coast in the far northern reaches of the South China Sea. China has not sought to interfere in or prevent military exercises involving the United States and other countries in the South China Sea. China has not garrisoned the forward operating bases at Fiery Cross, Mischief, and Subi reefs with power projection forces such as fighter squadrons. China has not drawn straight baselines around the Spratly Islands, although it has indicated that it will. China has not used its economic and other sources of leverage to try to terminate the U.S.-Philippine alliance or to deny U.S. forces access to other South China Sea states. Finally, China has not tried to interrupt or block seaborne commerce.

To pursue its claims in ways that avoid armed conflict, China has employed “gray zone” actors, such as the CCG and maritime militia. When U.S. resistance to China’s actions in the South China Sea has increased—including after the 2010 ASEAN Regional Forum and after China completed land reclamation at the end of 2015—China has paused. China’s caution matters for our analysis because it indicates that China has been unwilling to generate a large risk of conflict while it asserts its claims and pursues increased control.

### *Factors That May Motivate China’s Behavior*

Understanding China’s motives for its desire to increase its dominance in the South China Sea provides insight into the feasibility and risks of various U.S. South China Sea policy options. Below, we assess the security, resource, national identity, and status motives for China’s behavior.

#### SECURITY

China’s security goals include protecting its mainland, increasing its military capabilities against Taiwan, preserving access to trade, and securely basing its SSBNs. The core of China’s efforts to achieve these security goals is its ongoing military modernization, not its actions in the South China Sea that we describe in the previous section. In addition, China has security interests related to its territorial claims and maritime rights in the South China Sea.

First, China would like to create a maritime buffer for its wealthy coastal provinces that abut the South China Sea. To protect these regions, China would endeavor to create a layered defense at sea in order to prevent an adversary from easily striking the mainland. China’s emphasis in its naval strat-

egy on “island chains,” which include the South China Sea as a critical part of the first island chain, reflect this desire to create a maritime buffer.<sup>38</sup>

The second security motive concerns Taiwan. The People’s Liberation Army’s (PLA) current approach for an amphibious assault of the island envisions two landing zones: one in the central part of the island’s west coast, and the other near the island’s southern tip.<sup>39</sup> Defending an assault of Taiwan’s southern tip would require sea control in adjacent areas, including the northern reaches of the South China Sea, especially if U.S. forces were based in the Philippines.

A third security motive is to secure the sea lines of communication (SLOCs) that pass through the South China Sea and terminate at various Chinese ports. Although many countries, including Japan and South Korea, rely on trade that transits through the South China Sea, the majority terminates in China.<sup>40</sup> China wants to be able to defend these SLOCs because it fears that the United States could interrupt trade through them to gain leverage during a conflict over Taiwan.

China’s fourth security motivation concerns the sea leg of its evolving nuclear deterrent. As of 2022, China has based its SSBNs on Hainan Island. China is currently developing a third-generation SSBN that will carry submarine-launched ballistic missiles (SLBMs) capable of reaching the West Coast of the United States from the South China Sea. Control of the South China Sea would facilitate “flushing” China’s SSBNs into the western Pacific through deep water in the northern half of the South China Sea. When its next-generation SLBMs become operational, China may use the South China Sea itself as a bastion from which it can strike the United States because its current SSBNs are relatively noisy, which likely renders them vulnerable to U.S. anti-submarine warfare (ASW) capabilities in the open ocean.<sup>41</sup>

Finally, China has security interests in the South China Sea itself, gener-

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38. Andrew S. Erickson and Joel Wuthnow, “Barriers, Springboards, and Benchmarks: China Conceptualizes the Pacific ‘Island Chains,’” *China Quarterly*, Vol. 225 (March 2016), pp. 1–22, <https://doi.org/10.1017/S0305741016000011>.

39. Keoni Everington, “Leaked Map Shows China Plans to Invade S. Taiwan after Taking Kinmen, Penghu,” *Taiwan News*, January 20, 2020, <https://www.taiwannews.com.tw/en/news/3861097>.

40. “How Much Trade Transits the South China Sea?” China Power Project, CSIS, August 2, 2017, updated January 25, 2021, <https://chinapower.csis.org/much-trade-transits-south-china-sea/>.

41. On potential uses of China’s ballistic missile submarines (SSBNs) in the South China Sea, see Tong Zhao, *Tides of Change: China’s Nuclear Ballistic Missile Submarines and Strategic Stability* (Washington, D.C.: Carnegie Endowment for International Peace, 2018); and Wu Riqiang, “Survivability of China’s Sea-Based Nuclear Forces,” *Science & Global Security*, Vol. 19, No. 2 (2011), pp. 91–120, <https://doi.org/10.1080/08929882.2011.586312>.

ated by its claims to all the land features as well as to maritime rights related to these features and the nine-dash line. Although arguably much less important than its other security concerns, China has occasionally described the South China Sea as involving its core interests, suggesting that China understands its South China Sea claims as part of its national territory and maritime jurisdiction.

#### RESOURCES

Resources, specifically hydrocarbons, are frequently mentioned as a key Chinese interest in the South China Sea. Even though China's efforts to assert its claims have stressed resource-related issues, the need for access to resources themselves does not appear to be an important driver.<sup>42</sup> Hydrocarbon estimates for this vast body of water vary widely.<sup>43</sup> One standard for evaluating natural resources as a driver is the extent to which they can greatly reduce or eliminate China's import dependence.

Chinese control of the South China Sea would not significantly reduce China's dependence on oil imports. Although the South China Sea is estimated to have 11.5 billion barrels of proven/probable reserves, the U.S. government estimates that the waters around the Spratly Islands have "virtually no proved or probable reserves."<sup>44</sup> Instead, most oil deposits lie on the continental shelves of Malaysia, Brunei, and Vietnam, a good portion of which lies outside even the nine-dash line. Given that China consumed around 5.3 billion barrels in 2019, two-thirds of which was imported, control of all the proven and probable South China Sea reserves would do little to reduce China's dependence on imports, especially because its oil consumption continues to grow.<sup>45</sup> Similarly, of the estimated 190 trillion cubic feet of natural gas reserves,<sup>46</sup> only 100 billion cubic feet are located in the waters around the Spratly Islands.

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42. Because fish stocks have already been rapidly depleted, we do not discuss them in this article. U. Rashid Sumaila and William W. L. Cheung, *Boom or Bust: The Future of Fish in the South China Sea* (Hong Kong: Ocean Recovery Alliance, 2015).

43. *South China Sea Analysis Brief* (Washington, D.C.: U.S. Energy Information Administration, U.S. Department of Energy, February 2013), [https://www.eia.gov/international/analysis/regions-of-interest/South\\_China\\_Sea](https://www.eia.gov/international/analysis/regions-of-interest/South_China_Sea).

44. *Ibid.*

45. "China's Crude Oil Imports Surpassed 10 Million Barrels Per Day in 2019" (Washington, D.C.: U.S. Energy Information Administration, U.S. Department of Energy), March 23, 2020, <https://www.eia.gov/todayinenergy/detail.php?id=43216>. Assuming that only one-quarter of proven or probable oil reserves lie inside the nine-dash line, a twenty-five-year development time frame, and no growth in China's oil consumption, these reserves would constitute about 2 percent of China's oil consumption per year over twenty-five years.

46. *South China Sea Analysis Brief*.

Much of the remainder lies in the northern half of the South China Sea, within China's EEZ. As China now consumes more than 11 trillion cubic feet per year, which may double by 2040, these reserves around the Spratly Islands would have only a modest impact on China's natural gas imports.<sup>47</sup>

Looking ahead, new exploration of the waters in the South China Sea might identify new potential reserves. For now, however, China's pursuit of these resources reflects concerns about its international status and its resolve to defend its claims. Below we discuss how China has used claims to resource rights as a way to assert its dominance by trying to compel other regional states to acquiesce to its position on historic rights in these waters and to accept joint development of these resources, even in the EEZs of coastal states where they overlap with the nine-dash line.

#### NATIONAL IDENTITY

A country's motives for wanting to control territory need not be determined entirely by material considerations. Nationalist beliefs about "the territory that the nation-state ought to occupy"<sup>48</sup> can also influence this assessment. Once this identity is established, the state has a security interest in acquiring or protecting this territory.

China's modern national identity is frequently characterized in terms of two defining strands—historical glory and a century of humiliation—which support its drive for national rejuvenation. Recovering certain territory that was lost when the Qing dynasty collapsed is central to this goal. Although unification of Taiwan is China's paramount territorial goal,<sup>49</sup> gaining control of other territory claimed by the PRC as part of China is also part of this identity narrative.

China's claims to the islands in the South China Sea have been an established component of the PRC's national identity since 1949. In 1951, during the Treaty of San Francisco peace negotiations, Premier Zhou Enlai declared that the islands had "always been Chinese territory."<sup>50</sup> Chinese statements since the mid-1950s have used strong language of "indisputable sovereignty" (*wuke zhengyi zhuquan*) over the Spratly and Paracel islands to characterize

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47. Using assumptions similar to those in our oil estimate in footnote 45, these reserves would make up about 18 percent of China's current gas consumption per year.

48. Ernst B. Haas, "What Is Nationalism and Why Should We Study It?" *International Organization*, Vol. 40, No. 3 (Summer 1986), pp. 727–728, <https://doi.org/10.1017/S0020818300027326>.

49. Zheng Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations* (New York: Columbia University Press, 2012), esp. pp. 129–133.

50. Fravel, *Strong Borders, Secure Nation*.

China's claims. By contrast, China has never used such absolutist language to describe the more numerous territorial disputes on its land borders. Recent research highlights the "political-symbolic significance" of China's claims to explain China's refusal to compromise.<sup>51</sup>

At the end of the Hu Jintao era, China began to change the language that it used to describe its claims. In 2010, China reportedly informed the United States that the South China Sea touched on China's core interests, implying a greater willingness to fight over its South China Sea claims and a reduced willingness to compromise. Subsequent research indicated that China had not yet made such a clear-cut declaration, especially in contrast to its declarations over areas such as Taiwan, Tibet, and Xinjiang that are now routinely described specifically as core interests.<sup>52</sup>

After becoming the Chinese Communist Party's general secretary, Xi Jinping began to use much more strident language to describe China's general position on sovereignty. In 2013, at the end of a Politburo study session on becoming a maritime power, Xi remarked that "it is necessary to resolve disputes peacefully and through negotiations . . . in the South and East China Seas, [but] . . . we must not give up our legitimate rights and interests, let alone sacrifice our national core interests."<sup>53</sup> In 2018, Xi underscored that "we cannot lose one inch of the territory left behind by our forefathers."<sup>54</sup>

These leadership statements may, however, mask a more nuanced debate among China's policy elites. Studies show that Chinese elites have not achieved a consensus on the South China Sea. Some consider it a core interest, others do not; some are prepared to generate significant international opposition to China's rise to achieve gains in the South China Sea, while others prioritize maintaining support for its rise.<sup>55</sup> Thus, although China has moved

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51. Andrew Chubb, "Chinese Popular Nationalism and the PRC Policy in the South China Sea," Ph.D. dissertation, University of Western Australia, 2016, pp. 52–55.

52. Michael D. Swaine, "China's Assertive Behavior—Part One: On 'Core Interests,'" *China Leadership Monitor*, No. 34 (2010), p. 10.

53. Xi Jinping, "Xi Jinping guanyu jianshe haiyang qiangguo de lunshu" [Xi Jinping's remarks on constructing a maritime great power], *Taipingyang xuebao* [Pacific Journal], July 30, 2013, <http://www.pacificjournal.com.cn/CN/news/news263.shtml>. See also Xi Jinping, "Xi Jinping: Genghao tongchou guonei guoji liangge daju, hangshi zuo heping fazhan daolu de jichu" [Xi Jinping: Better manage the two overall situations at home and abroad, consolidate the foundation of the road to peaceful development], *Renmin Ribao* [People's Daily], January 30, 2013, <http://cpc.people.com.cn/n/2013/0130/c64094-20368861.html>.

54. "Xi Jinping huijian Meiguo guofang buzhang Madisi" [Xi Jinping meets with U.S. Defense Secretary Mattis], Xinhua News Agency, June 30, 2018, [http://www.xinhuanet.com/politics/leaders/2018-06/27/c\\_1123046180.htm](http://www.xinhuanet.com/politics/leaders/2018-06/27/c_1123046180.htm).

55. Nie Wenjuan, "China's Domestic Strategic Debate and Confusion over the South China Sea Is-

toward increasing the standing of the South China Sea in its national identity, its long-term position on the South China Sea appears not to be fully resolved.

Unlike national identity, popular nationalism does not appear to greatly influence China's South China Sea policy. The public's awareness of these disputes and the general importance of sovereignty raise the costs for the Chinese leaders to pursue genuine compromises. But the hardening of China's position does not appear to be a response to public opinion. For example, Chinese police prevented domestic protests during the 2012 Scarborough Shoal standoff as well as in the 2014 oil rig confrontation with Vietnam.<sup>56</sup>

In sum, although the South China Sea has become increasingly important to China, its territorial claims are long-standing and have not expanded in scope. China is not in the process of creating a new national identity that includes claims that reach beyond those that it established when the PRC was founded. Of course, countries can change their national identities over time. But, overall, the news is good—nothing in this dimension of China's statements and narrative suggests that dominance of the South China Sea is the first step toward further territorial expansion. At the same time, though, the South China Sea's increasing importance in China's national identity does suggest that policies that depend on China compromising on its South China Sea claims are less likely to succeed.

#### STATUS

A final driver of China's behavior in the South China Sea could be China's desire for both regional and global status. Status requires recognition by other states that it belongs to a group or holds a certain ranking within a group.<sup>57</sup> Status desires can influence a state's expectations about the rights and deference that it should receive from others. Rising powers have tended to believe

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sue," *Pacific Review*, Vol. 31, No. 2 (2018), pp. 188–204, <https://doi.org/10.1080/09512748.2017.1370608>; and Feng Zhang, "Chinese Thinking on the South China Sea and the Future of Regional Security," *Political Science Quarterly*, Vol. 132, No. 3 (2017), pp. 435–466, <https://doi.org/10.1002/polq.12658>.

56. Jessica Chen Weiss, "Here's What China's People Really Think about the South China Sea," *Washington Post*, July 14, 2016, <https://www.washingtonpost.com/news/monkey-cage/wp/2016/07/14/heres-what-chinas-people-really-think-about-the-south-china-sea/>. See also Andrew Chubb, "Assessing Public Opinion's Influence on Foreign Policy: The Case of China's Assertive Maritime Behavior," *Asian Security*, Vol. 15, No. 2 (2019), pp. 159–179, <https://doi.org/10.1080/14799855.2018.1437723>.

57. On various definitions, see Deborah Welch Larson, T. V. Paul, and William C. Wohlforth, "Introduction: Status and World Order," in T. V. Paul, Deborah Welch Larson, and William C. Wohlforth, eds., *Status in World Politics* (Cambridge: Cambridge University Press, 2014), pp. 7–13.

that they have not achieved changes in the political, economic, geographic, or institutional status quo that are commensurate with their power. As a result, the rising power may want a sphere of influence and the military capabilities and weapons systems that are associated with greater status. Although a great power could desire these changes simply for material or identity reasons, it could also desire them because they would provide the status associated with being recognized as a major power, the regionally dominant power, or a superpower.<sup>58</sup>

Scholars of China have explored the importance of status to China's leaders and its population. Among their key findings are that by the late 1990s "national dignity, face, and respect from other countries, have become equally important or even more important than China's material interests such as trade, security, and territory,"<sup>59</sup> that the "psychological feeling [of needing to regain lost status] results in the Chinese being continuously dissatisfied with their economic achievements until China resumes its superpower status,"<sup>60</sup> and that China expects deference from not only major powers but also the smaller states in the South China Sea.<sup>61</sup>

In addition to these broad findings, Chinese statements hint at the role of status in driving its South China Sea ambitions. For example, at the 2010 meeting of the ASEAN Regional Forum, the United States rallied many countries, including some claimants, to express concerns about recent Chinese behavior in the South China Sea. Staring at his Singaporean counterpart, PRC Foreign Minister Yang Jiechi said that "China is a big country and other countries are small countries, and that's just a fact."<sup>62</sup> Similarly, in 2014, Foreign Minister Wang Yi stressed, in the context of territorial disputes, that "we will never accept smaller countries who make trouble [*qunao*]," implying that China expects deference from other claimants.<sup>63</sup>

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58. Steven Ward, *Status and the Challenge of Rising Powers* (Cambridge: Cambridge University Press, 2017); and Michelle Murray, *The Struggle for Recognition in International Relations: Status, Revisionism, and Rising Powers* (Oxford: Oxford University Press, 2019).

59. Wang, *Never Forget National Humiliation*, p. 135. In this context, "face" combines ideas of respectability and deference, as in "to lose face."

60. Yan Xuetong, "The Rise of China in Chinese Eyes," *Journal of Contemporary China*, Vol. 10, No. 26 (2001), p. 34, <https://doi.org/10.1080/10670560123407>. See also David Shambaugh, *China Goes Global: The Partial Power* (Oxford: Oxford University Press, 2013), pp. 53–54.

61. Alex Yu-Ting Lin, "Challenges from Below: The Origins of Status Competition in World Politics," Ph.D. dissertation, University of Southern California, 2021.

62. John Pomfret, "U.S. Takes a Tougher Tone with China," *Washington Post*, July 30, 2010, <https://www.washingtonpost.com/wp-dyn/content/article/2010/07/29/AR2010072906416.html>.

63. Ministry of Foreign Affairs of the People's Republic of China, "Waijiaobu buzhang Wang Yi jiu

Given the limited material value of the South China Sea islands and reefs themselves and the large international costs that China has incurred for its assertive policies, status may help to explain China's policies. By the time China decided to establish a physical presence in the Spratly Islands in the mid-1980s, the most desirable land features were already held by other claimants. In less than a year, from 2014 to 2015, China's land reclamation reversed this situation. China's physical presence now matches the standing that it expects as the most powerful state in the region and in the South China Sea disputes in particular. As a Chinese scholar remarked to one of the authors after land reclamation, "we are the big brother now" in the South China Sea.<sup>64</sup>

Concerns about status may also help to explain China's focus on asserting rights to oil and gas resources, given the limited value of the resources. Such assertions are a way for China to demonstrate its desire for dominance and insist upon deference. We argue that China cares less about the resources and more about whether the other claimants will concede to China's demands for joint development in those parts of their EEZs that overlap with the nine-dash line and thus recognize China's historic rights in the South China Sea.

### *U.S. Interests in the South China Sea*

We should not simply assume that the United States has large interests in the South China Sea. Whether it does depends on causal links between the South China Sea and fundamental U.S. interests of security and prosperity. As a starting point, we bound our analysis by assuming that the United States retains its current grand strategy,<sup>65</sup> which identifies the following derivative interests in East Asia: U.S. security via the security of its allies in the region; and U.S. prosperity via the region's open trade, investment, and prosperity.<sup>66</sup>

The question then becomes how the South China Sea influences these deriv-

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Zhongguo waijiao zhengce he duiwai guanxi huida Zhongwai jizhe tiwen" [Foreign Minister Wang Yi responds to questions from Chinese and foreign journalists on China's foreign policy and external relations], March 8, 2014, <https://www.fmprc.gov.cn/chn/pds/wjb/wjbz/xghd/t1135388.shtml>.

64. Conversation with Chinese scholar, Beijing, July 2015.

65. There is, however, substantial debate over U.S. grand strategy; see Paul C. Avey, Jonathan N. Markowitz, and Robert J. Reardon, "Disentangling Grand Strategy: International Relations Theory and U.S. Grand Strategy," *Texas National Security Review*, Vol. 2, No. 1 (November 2018), pp. 29–51, <http://dx.doi.org/10.26153/tsw/869>.

66. On derivative interests, see Charles L. Glaser, "Rational Analysis of Grand Strategy," in Thierry Balzacq and Ronald R. Krebs, eds., *The Oxford Handbook of Grand Strategy* (Oxford: Oxford University Press, 2021), pp. 107–122.

ative interests. This section identifies the most prominent links between the South China Sea and (1) the security of U.S. treaty allies and partners; (2) the regional rules-based order; and (3) the military bases that China has built on South China Sea islands.

#### SECURITY OF ALLIES AND PARTNERS IN EAST ASIA

The United States' commitments to East Asia reflect first and foremost its judgment that the security of U.S. allies is important for U.S. security and prosperity. Most importantly, this judgment is manifest in U.S. treaty commitments to Japan and South Korea and, to a lesser extent, the Philippines. In addition, although the United States has not made an official commitment to defend Taiwan, the broad expectation is that it would do so in the case of an unprovoked attack.<sup>67</sup> There is less agreement about whether Taiwan is a U.S. security interest. Whereas some analysts find it to be a primarily political-ideological interest,<sup>68</sup> others believe that protecting Taiwan is necessary to preserve U.S. credibility in the region,<sup>69</sup> or that Chinese control of Taiwan would undermine necessary U.S. military capabilities.<sup>70</sup>

The importance of the South China Sea to U.S. wartime capabilities varies by country. The United States does not need to pass through or fight from the South China Sea to protect Japan and South Korea; U.S. forces would approach from other directions. In contrast, the U.S. ability to protect Taiwan and the Philippines does depend on its access to the South China Sea, although this dependence could be reduced by the growing U.S. arsenal of long-range standoff missiles, which can attack targets from a distance.

In addition to its military capabilities, the U.S. ability to deter attacks on its allies will depend on preserving its credibility, which in turn depends on not only preserving its military capabilities but also establishing policies that communicate its willingness to fight to protect them. Consequently, in the follow-

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67. Richard C. Bush, *The United States Security Partnership with Taiwan* (Washington, D.C.: Brookings Institution Press, July 13, 2016), <https://www.brookings.edu/research/the-united-states-security-partnership-with-taiwan/>.

68. Charles L. Glaser, "A U.S.-China Grand Bargain? The Hard Choice between Military Competition and Accommodation," *International Security*, Vol. 39, No. 4 (Spring 2015), pp. 49–90, [https://doi.org/10.1162/ISEC\\_a\\_00199](https://doi.org/10.1162/ISEC_a_00199); Glaser also rejects the credibility argument.

69. See, for example, Nancy Bernkopf Tucker and Bonnie Glaser, "Should the United States Abandon Taiwan?" *Washington Quarterly*, Vol. 34, No. 4 (Fall 2011), pp. 23–37.

70. On Taiwan's security value, see Brendan Rittenhouse Green and Caitlin Talmadge, "Then What? Assessing the Military Implications of Chinese Control of Taiwan," *International Security*, Vol. 47, No. 1 (Summer 2022), pp. 7–45, [https://doi.org/10.1162/isec\\_a\\_00437](https://doi.org/10.1162/isec_a_00437).

ing section we explore whether China's increasing ability to control these waters and U.S. responses would put U.S. credibility at risk.

#### RULES-BASED ORDER IN EAST ASIA

The United States is frequently said to have an interest in preserving the regional order or the rules-based order in East Asia, including most importantly UNCLOS.<sup>71</sup> Some analysts also include the principle of not using force to settle international disputes, which has been a "key element of the U.S.-led international order that has operated since World War II."<sup>72</sup>

Part of UNCLOS addresses activities that the United States engages in to increase its ability to protect its allies and to support maritime norms globally, including rights to the freedom of navigation and overflight. In peacetime, U.S. military access to the South China Sea is valuable for exercising its naval and air capabilities, training with allies and partners, gathering intelligence, transiting to other theaters, and demonstrating its commitment to the region. Open access to these waters, and the commitment to keeping them open, also underpins the region's prosperity, which relies heavily on seaborne transport, including both trade among Southeast Asian states and trade between Southeast Asia and U.S. allies in Northeast Asia.

The value of these rules, and thus the extent of U.S. interest in the rules-based order, depends on their concrete implications. First, their value depends on whether the United States would actually fight from the South China Sea. As China's A2/AD improves, the ability of the United States to operate surface ships and aircraft in the South China Sea in a large war with China will become unacceptably risky (especially in its northern portion),<sup>73</sup> which would reduce the military value of conducting exercises there. Second, the value of military exercises and other activities depends on the availability of alternative activities that provide similar value. For example, among other purposes, U.S. military presence is intended to signal its commitment to the region. Especially if the United States would fight primarily from east of the South China Sea, in the Philippine Sea, exercising from there should demonstrate its commitment.

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71. On orders as means, not ends, see Charles L. Glaser, "A Flawed Framework: Why the Liberal International Order Concept Is Misguided," *International Security*, Vol. 43, No. 4 (Spring 2019), pp. 57–58, [https://doi.org/10.1162/isec\\_a\\_00343](https://doi.org/10.1162/isec_a_00343).

72. O'Rourke, *U.S.-China Strategic Competition*, pp. 3–5.

73. Biddle and Oelrich, "Future Warfare in the Western Pacific"; and Eugene Gholz, Benjamin Friedman, and Enea Gjoza, "Defensive Defense: A Better Way to Protect U.S. Allies in Asia," *Washington Quarterly*, Vol. 42, No. 4 (2019), pp. 171–189, <https://doi.org/10.1080/0163660X.2019.1693103>.

Of course, whether it actually would demonstrate such a commitment depends on the vagaries of states' assessments of credibility.

In addition to protecting rights, states' acceptance of rules can reduce the probability of unintended confrontations by coordinating expectations. UNCLOS serves these functions by granting specific rights regarding activities in maritime spaces and access to resources. During peacetime, shared understandings of these rights can reduce military accidents, avoid generating political tensions when the United States operates naval vessels in the South China Sea, and reduce crises between China and other claimants, all of which reduce the probability of the United States getting drawn into conflict. When these understandings are not shared, however, the rules can cause friction or conflict, as they now do in the South China Sea.

#### SOUTH CHINA SEA ISLANDS AND MILITARY BASES

Although the features of the Spratly Islands are themselves of little value to the United States, having access to the resources of the South China Sea (e.g., fish and petroleum) is valuable to U.S. allies and partners, especially those with growing energy demands and large domestic fishing industries, such as Vietnam and the Philippines.

Whether the United States has an interest in China not having military bases on South China Sea islands depends on whether China's Spratly bases reduce the United States' ability to protect its allies and partners. Our assessment of their military value, in the following section, finds that these bases pose little threat to U.S. military capabilities.

#### *Chinese Military Threats to U.S. Interests*

Given U.S. interests, how large a threat does China's effort to dominate the South China Sea pose to the United States? The key military challenges that the United States faces reflect China's overall military expansion and modernization, including regional power projection capabilities. Although not typically the focus of U.S. South China Sea debates, China's improving A2/AD capabilities are significantly reducing the U.S. ability to fight a large war close to China's coast, including in the northern half of the South China Sea, thus limiting U.S. access to Northeast Asia via the South China Sea. The extent of the threat that these new capabilities pose to U.S. interests is the subject of substantial debate. Expert analysis finds that because of limits on the reach of China's improving military capabilities, they will not undermine the U.S. abil-

ity to defend its allies in Northeast Asia (i.e., South Korea and Japan)<sup>74</sup>—but they will increase the challenge.<sup>75</sup> In contrast, China’s military modernization has already greatly reduced U.S. capabilities in a conflict over Taiwan.<sup>76</sup> Moreover, China’s naval expansion has begun to increase China’s ability to project power and has significantly increased its ability to maintain a permanent presence in the South China Sea.

The impact of China’s new bases in the South China Sea deserves especially careful analysis because it has played a defining role in apprehensions about China’s South China Sea policies and its goals more broadly. These new bases should be assessed in the context of China’s improving power projection capabilities, not in isolation.

We consider four possible scenarios that would engage U.S. interests: interruption of trade, a war over Taiwan, a war between China and the United States over a Spratly feature, and a conflict that the United States does not join between China and a regional state. We also consider the impact on China’s ability to protect a bastion for its SSBNs in the South China Sea. Our analysis shows that, unlike China’s A2/AD capabilities, China’s militarization of the Spratly Islands has contributed little or nothing to the increased challenges that the United States faces in defending its Northeast Asian allies.

#### INTERRUPTION OF TRADE

Many commentators have argued that China’s growing military capabilities threaten the extensive trade that flows through the South China Sea.<sup>77</sup> U.S. prosperity and the prosperity of countries across the globe depend on these major trade routes. The danger posed by China’s military capabilities is, however, greatly exaggerated.

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74. Biddle and Oelrich, “Future Warfare in the Western Pacific.” For dissenting views, see Andrew S. Erickson et al., “Correspondence: How Good Are China’s Antiaccess/Area-Denial Capabilities?” *International Security*, Vol. 41, No. 4 (Spring 2017), pp. 202–213, [https://doi.org/10.1162/ISEC\\_c\\_00278](https://doi.org/10.1162/ISEC_c_00278). Analysts have explored changes in U.S. and allied military doctrine that can improve these countries’ abilities to offset China’s A2/AD capabilities; see, for example, Eric Heginbotham and Richard J. Samuels, “Active Denial: Redesigning Japan’s Response to China’s Military Challenge,” *International Security*, Vol. 42, No. 4 (Spring 2018), pp. 128–169, [https://doi.org/10.1162/isec\\_a\\_00313](https://doi.org/10.1162/isec_a_00313).

75. The increased challenge will be especially large for defending South Korea; see Eric Heginbotham and Richard J. Samuels, “Vulnerable U.S. Alliances in Northeast Asia: The Nuclear Implications,” *Washington Quarterly*, Vol. 44, No. 1 (2021), pp. 157–175, <https://doi.org/10.1080/0163660X.2021.1894709>.

76. Biddle and Oelrich, “Future Warfare in the Western Pacific.”

77. See for example, Brands and Cooper, “Getting Serious about Strategy in the South China Sea,” p. 16.

To start with, because a blockade during peacetime would likely be viewed as an act of war, China would probably refrain from such a provocation unless it were already or imminently involved in a war with the United States or its allies. Thus, despite China's growing military capabilities, there is not a significant threat to the region's trade and prosperity during peacetime.<sup>78</sup>

In addition, most shipping could take alternative routes around the South China Sea. During a war, shipping from the Strait of Malacca to South Korea, Japan, and Taiwan could go through the archipelagic waters of Indonesia and the Philippines, which would take between one and two days longer than if it traveled through the South China Sea.<sup>79</sup> Although not insignificant, these shipping delays pale in importance when compared with an action as provocative as blocking international trade in the South China Sea, let alone fighting a major war. In contrast, China, which itself depends on seaborne trade through these waters more than any other state, does not have any alternative wartime routes. This largely explains why China has long worried about the vulnerability of its Southeast Asian SLOCs.<sup>80</sup>

Finally, whatever additional capabilities the Spratly bases provide are largely redundant for the interruption of trade. China's overall military modernization already provides this capability for at least the northern reaches of the South China Sea.<sup>81</sup> It is true that these bases increase the ease and speed with which China could interrupt trade in the southern South China Sea and contribute to China's ability to intimidate South China Sea states. But if China cares enough, it does not need these bases to interrupt trade.

#### TAIWAN WAR INVOLVING THE UNITED STATES

At the other end of the conflict spectrum, we examine how militarization of the Spratly Islands could contribute to China's capability in a large regional war involving the United States. A conflict over Taiwan is the most likely and important scenario in this category. It is widely accepted that China's military

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78. This lack of a peacetime threat may be somewhat overstated because it does not address the possibility of China blockading Southeast Asian states that are not U.S. allies.

79. Benjamin Herscovitch, *A Balanced Threat Assessment of China's South China Sea Policy*, Policy Analysis No. 820 (Washington, D.C.: CATO Institute, August 28, 2017), pp. 7–12.

80. On China's focus on the vulnerability of sea lines of communication (SLOCs), see McDevitt, *China as a Twenty-First-Century Naval Power*; and Zha Daojiong, "China's Energy Security: Domestic and International Issues," *Survival*, Vol. 48, No. 1 (2006), pp. 179–190, <https://doi.org/10.1080/00396330600594322>.

81. On China's anti-surface capabilities, see Eric Heginbotham et al., *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996–2017* (Santa Monica, Calif.: RAND, 2015), pp. 153–200. See also Biddle and Oelrich, "Future Warfare in the Western Pacific."

modernization has greatly reduced the U.S. ability to defend Taiwan, with a blockade likely posing the largest threat.

Whether China's Spratly bases add much to China's military capabilities in a war over Taiwan is a different question altogether. Some experts have concluded that these bases (as well as China's Woody Island base in the Paracels) will contribute significantly to China's overall capabilities.<sup>82</sup> For a variety of reasons, however, China's bases in the Spratly Islands are likely to be of little consequence. First, and most important, the United States would not need to move naval forces through the South China Sea to support its operations in the Taiwan theater. U.S. forces would likely be coming from Japan, Guam, Hawaii, and the continental United States. If the United States needed to bring forces from the Middle East, these forces could bypass the South China Sea by going east of the Philippines after passing through the Strait of Malacca.<sup>83</sup>

Second, the Spratly bases are roughly 1,400 to 1,600 kilometers from Taiwan, which would put the majority of China's ballistic missiles and its unrefueled bombers, if deployed on these islands, largely or entirely out of reach of the center of battle over Taiwan. Third, most forces that China would employ in a Taiwan scenario are much closer to Taiwan, which further reduces the marginal value of Chinese forces deployed in the Spratly Islands. For example, in 2017, China had thirty-nine air bases within 800 kilometers of Taiwan.<sup>84</sup>

Finally, even if these Spratly bases were militarily valuable, a modest, albeit not insignificant, diversion of U.S. forces would be sufficient to destroy them. For example, rough estimates suggest that initial attacks against Spratly air bases (plus Woody Island in the Paracels) designed to destroy air defenses, disable runways, and damage aircraft would require about 5 percent of the rapidly growing U.S. force of air-launched standoff missiles. The United States has procured over 3,000 Joint Air-to-Surface Standoff Missiles (JASSM)—long-range, stealthy cruise missiles—and has plans to acquire up to 10,000, including increasingly capable variants. If necessary early in a conflict, the United States has a variety of platforms that would be available to attack these bases.<sup>85</sup>

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82. Gregory Poling, "The Conventional Wisdom on China's Island Bases Is Dangerously Wrong," *War on the Rocks*, January 10, 2020, <https://warontherocks.com/2020/01/the-conventional-wisdom-on-chinas-island-bases-is-dangerously-wrong/>.

83. Rachel Esplin Odell, "Assessing the Effect of China's Expanded Presence in the South China Sea on the U.S.-China Military Balance," working draft, December 2016, pp. 27–28. Even if the South China Sea features were not militarized, the United States would likely avoid the South China Sea because of submarine and surface ship threats.

84. Heginbotham et al., *The U.S.-China Military Scorecard*, p. 139.

85. On the bases' vulnerability, see Odell, "Assessing the Effect of China's Expanded Presence in

#### U.S.-CHINA SPRATLY SCENARIO

In this scenario, the United States and China fight over control of one or more of the Spratly Islands. The 2015 RAND *U.S.-China Military Scorecard* posits an illustrative scenario: a dispute over oil and gas resources leads China to occupy an island, and the United States decides to push Chinese forces off the island.<sup>86</sup> The most politically salient contingency in which the United States and China fight over a Spratly Islands feature would involve islands held by the United States' ally, the Philippines.

We can envision two versions of this scenario: one in which China relies only on forces deployed in the Spratly Islands, and another in which China employs forces based on the mainland as well. As noted above, the United States could destroy the forces deployed on China's bases in the Spratly Islands with a medium-sized attack. Although the United States would prevail, this would not be a small conflict. The U.S. attack would kill some number of Chinese military personnel deployed on these islands and possibly on Chinese surface ships. To reduce the risks of escalation, the United States could target only those Chinese forces used in the attack, while withholding strikes against the Spratly bases.

There are several ways that a conflict of wider scope, involving Chinese mainland-based forces, could develop. China could employ these forces as the United States was defeating its Spratly-based forces or could include mainland forces in its initial operations. Alternatively, the United States could escalate to attacks against mainland bases in anticipation of China's escalation.

As with the narrower conflict, the United States should also prevail in this one, at least given currently deployed forces. According to the RAND *Scorecard* (which did not factor in the Spratly bases because their construction had just begun at the time of the study), the United States maintains an overall advantage in this scenario even though China has significantly improved its capabilities. A key difference between the Taiwan scenario—in which China could

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the South China Sea on the U.S.-China Military Balance," pp. 31–35. On the availability of U.S. forces, see Olli Pekka Suorsa, "The Conventional Wisdom Still Stands: America Can Deal with China's Artificial Island Bases," *War on the Rocks*, February 6, 2020, <https://warontherocks.com/2020/02/the-conventional-wisdom-still-stands-america-can-deal-with-chinas-artificial-island-bases/>. On their limited military value, see Shahryar Pasandideh, "Do China's New Islands Allow It to Militarily Dominate the South China Sea?" *Asian Security*, Vol. 17, No. 1 (2021), pp. 1–24, <https://doi.org/10.1080/14799855.2020.1749598>. On joint air-to-surface standoff missiles (JASSMs), see Sara Sirota, "Air Force, Lockheed Martin Finalize \$818 Million JASSM-ER Contract," *Inside Defense*, April 1, 2020, <https://insidedefense.com/insider/air-force-lockheed-martin-finalize-818-million-jassm-er-contract>.

86. Heginbotham et al., *The U.S.-China Military Scorecard*, p. 14.

possibly defeat U.S. forces—and the Spratly scenario is geography. Compared with Taiwan, the Spratly Islands are much farther from Chinese mainland bases and proportionally farther from the relevant U.S. bases in Northeast Asia. Consequently, putting aside China's South China Sea bases, U.S. prospects in a Spratly scenario would be both much better than in a Taiwan scenario and reasonably promising. Although the PLAN surface fleet has been substantially modernized and expanded, the U.S. Navy is planning to purchase more than 1,600 anti-ship missiles by 2025 (e.g., the Long Range Anti-Ship Missile, the Naval Strike Missile, and the SM-6 missile) and upgrading all its Tomahawks with an anti-ship capability.<sup>87</sup>

Nevertheless, if China continues to invest in its mainland-based forces, by around 2030 "PLA forces could gain local or temporary air and naval superiority during initial battles." Although the United States would still prevail in such a scenario, "U.S. success might entail sustained combat and significant losses."<sup>88</sup>

In short, for the next decade or so, the United States would prevail in a conflict over a Spratly feature. But China's overall military modernization will continue to increase the military cost of this fight, including the risks to U.S. soldiers and the risks of escalation to a broader conflict. The United States would face a deteriorating military environment even if China had not militarized its Spratly feature. This militarization contributes to China's capabilities, but it is unlikely to be decisive in determining the outcome of this Spratly scenario.

#### CHINA VERSUS A REGIONAL STATE

The final set of scenarios involves cases in which China challenges a U.S. ally or partner and the United States does not participate. There are three types of scenarios: China uses force to gain control of a Spratly feature or resources; China attacks a U.S. ally or partner to compel concessions; and China uses its Spratly bases to harass and interfere with a state's resource extraction. These three scenarios would not directly threaten the United States but

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87. On anti-ship missiles, see David B. Larer, "As China Expands Navy, US Begins Stockpiling Ship-Killing Missiles," *DefenseNews*, February 11, 2020, <https://www.defensenews.com/naval/2020/02/11/as-china-continues-rapid-naval-expansion-the-us-navy-begins-stockpiling-ship-killing-missiles/>. On Tomahawk upgrades, see David B. Larer, "US Navy Set to Receive Latest Version of the Tomahawk Missile," *DefenseNews*, March 17, 2021, <https://www.defensenews.com/naval/2021/03/17/us-navy-set-to-take-delivery-of-the-latest-version-of-its-tomahawk-missile/>.

88. Heginbotham et al, *The U.S.-China Military Scorecard*, p. 342. See also pp. 338–342.

could threaten a U.S. ally, the Philippines, as well as principles that the United States seeks to uphold, and could be linked to regional assessments of U.S. credibility.

China's Spratly bases enhance its capability in each of the scenarios but would not be decisive in any—China increasingly can succeed in these scenarios from its mainland bases and infrastructure. China's mainland-based capability to fight the United States in the Spratly Islands has increased significantly and is expected to continue to improve. The increase in China's ability to launch attacks against regional states—including the Philippines and Vietnam—has been even larger. At the same time, because aircraft based on the mainland would be close to their range limits in some of these scenarios, especially in the southern portion of the South China Sea, the option to deploy aircraft to airfields on its Spratly bases increases China's capabilities in some instances.

Some experts conclude that China's new bases are designed primarily to coerce Southeast Asia states, forcing them to forgo their resource and maritime claims, and providing China dominance of the South China Sea.<sup>89</sup> China, however, can accomplish these activities without relying on its Spratly bases. China's expanded and modernized coast guard can operate effectively across the entire South China Sea, with some ships able to reach beyond it. Nevertheless, China's Spratly bases do enable it to increase the tempo of these operations and to sustain a permanent presence in the southern half of the South China Sea, which likely does intimidate the much smaller claimants and, with sufficient numbers of ships, could increase China's ability to control the waters that these claimants might contest.<sup>90</sup>

#### A BASTION FOR BALLISTIC MISSILE SUBMARINES

China may deploy its SSBNs in a bastion in the South China Sea, which China would defend with its conventional forces. To enhance its ability to find U.S. nuclear attack submarines that are hunting for its SSBNs, China is deploying ASW aircraft. Flying these aircraft from its Spratly bases could increase their operational tempo in the central and southern portions of the South China Sea.<sup>91</sup> Once a conflict starts, China's regional power projection capabilities

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89. Poling, "The Conventional Wisdom on China's Island Bases Is Dangerously Wrong."

90. Joshua Hickey, Andrew S. Erickson, and Henry Holst, "China Maritime Law Enforcement Surface Platforms: Order of Battle, Capabilities, and Trends," in Andrew S. Erickson and Ryan D. Martinson, eds., *China's Maritime Gray Zone Operations* (Annapolis, Md.: China Maritime Studies Institute, Naval Institute Press, 2019), p. 129.

91. Lyle J. Goldstein, "China Girds for Undersea Battle in the South China Sea," *National Interest*,

would help protect its bastion by preventing U.S. surface ships and ASW aircraft from operating freely in the region. Whether China's ASW capabilities would be significantly increased by flying from Spratly bases is unknown, but the United States would be able to destroy these bases early in a war.

How large a threat China's ability to protect its SSBNs poses to U.S. security depends on the feasibility and value of undermining China's pursuit of an assured destruction capability. If the value is low, and possibly even negative (as one of us has argued elsewhere),<sup>92</sup> then even if the Spratly bases enhance the survivability of China's SSBNs, they do not threaten U.S. security. At the same time, China views the current U.S. strategy as seeking to deny China a secure second-strike capability, which increases the value of SSBNs and a bastion strategy for using them.<sup>93</sup> Thus, an effective bastion would increase China's security without reducing U.S. security.

### *Chinese Threats to UNCLOS and Credibility*

This section assesses additional threats to U.S. interests—China's challenges to the rules and institutions designed to guide behavior in East Asia (i.e., UNCLOS), to U.S. credibility with China, and to U.S. credibility with its East Asia allies. We find that the most significant danger is that reduced U.S. military resistance to China's effort to dominate the South China Sea could reduce U.S. credibility with both China and U.S. allies. Although the United States retains options that, in principle, should enable it to maintain its credibility—including deepening its alliance commitments—such actions may not be completely successful.

#### CHINA'S INTERPRETATIONS OF UNCLOS

The threat posed by China's interpretation of UNCLOS depends not only on its current interpretations, but future ones as well. China's present interpretation requires that foreign military vessels request permission from China before transiting through its territorial waters. This interpretation challenges the

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December 11, 2018, <https://nationalinterest.org/feature/china-girds-undersea-battle-south-china-sea-38452>.

92. Charles L. Glaser and Steve Fetter, "Should the United States Reject MAD? Damage Limitation and U.S. Nuclear Strategy toward China," *International Security*, Vol. 41, No. 1 (Summer 2016), pp. 49–98, [https://doi.org/10.1162/ISEC\\_a\\_00248](https://doi.org/10.1162/ISEC_a_00248).

93. Fiona S. Cunningham and M. Taylor Fravel, "Assuring Assured Retaliation: China's Nuclear Posture and U.S.-China Strategic Stability," *International Security*, Vol. 40, No. 2 (Fall 2015), pp. 7–50, [https://doi.org/10.1162/ISEC\\_a\\_00215](https://doi.org/10.1162/ISEC_a_00215).

principle of freedom of navigation that the United States seeks to uphold not just in the South China Sea but also globally.<sup>94</sup> China also rejects the legitimacy of U.S. surveillance and intelligence gathering within its EEZ as a form of marine scientific research over which coastal states enjoy the exclusive right to conduct. The United States and China also disagree over the ruling of the 2016 tribunal.

China has not aggressively imposed its interpretation of UNCLOS on the United States. China's opposition to U.S. surveillance is as much political as it is legal—China views these acts as hostile regardless of their legality. Nevertheless, China has not sought to prevent the United States from navigating in the South China Sea, with notable exceptions in 2009 and 2018. Chinese vessels shadow but rarely interfere with or prevent the U.S. naval activities that China opposes, especially FONOPs. Thus, the main danger is the risk of an accident during a shadowing operation or an aerial intercept, which would be small scale and unlikely to escalate.

In the future, China could change either its interpretation of UNCLOS or its determination to impose its current interpretation. It also could pressure the United States to halt its surveillance or FONOPs, and it could expand the scope of the area covered by its current interpretation, most importantly by drawing straight baselines around the Spratly Islands. Moreover, China could expand the list of activities that it would use force to prevent within its EEZ, most notably military exercises.<sup>95</sup> It is also possible, however, that China will change its position on freedom of navigation to reflect the PLAN's increasing ability to conduct surveillance operations near distant countries. This would bring China's position into closer alignment with the U.S. position and reduce friction over this issue.

In short, although a source of military and political friction, China's divergent interpretation of and associated actions related to UNCLOS pose a relatively small security threat to the United States. Perhaps more important is China's insistence on its interpretation, and especially its rejection of the tribunal's ruling in 2016: China demonstrated its willingness to ignore international

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94. If enough other countries adopt China's interpretations, then the perceived legitimacy of U.S. operations and activities could be weakened around the globe.

95. China has been largely consistent in its positions on innocent transit, surveillance in its Exclusive Economic Zone (EEZ), and military exercises in EEZs, which suggests significant change is less likely. On China's positions, see Rachel Esplin Odell, "*Mare Interpretatum*: Continuity and Evolution in States' Interpretations of the Law of the Sea," Ph.D. dissertation, Massachusetts Institute of Technology, 2020, pp. 237–288.

law and incur the ensuing substantial reputational costs. This stance suggests that China may be more willing than previously believed to pursue dominance of the South China Sea, even when facing extensive international objections, and possibly that it is more likely to pursue regional hegemony.

#### U.S. CREDIBILITY WITH CHINA

China's assertive policies in the South China Sea pose a potential challenge to U.S. security interests by creating conditions that require the United States to respond to preserve its credibility. If the United States does not push back, especially if it stops militarily resisting China's efforts to control the South China Sea, China might conclude that the United States is less resolved to protect its other interests in East Asia. For example, China might conclude that the United States is less determined to protect allies and partners in the South China Sea region; less willing to fight to protect Taiwan; and, most worrisome, more likely to terminate its East Asian alliances and withdraw from the region. China might then adopt a variety of more assertive foreign policies and an intensified military buildup designed to achieve regional hegemony.

These potential changes follow directly from the connectedness of credibility logic: when a state makes a concession on one set of issues, an adversary may infer that the state will be less likely to uphold its other commitments.<sup>96</sup> Two mechanisms can yield this result. The first depends on China seeing similarities across dimensions of the issues on which the United States reduced its commitments and others on which it retained its commitments—including geography, the nature and extent of the U.S. interests, and the type of commitment. Specifically, if China sees similarities between not protecting an ally's maritime claim and not protecting the ally's homeland, not protecting Taiwan, or not preserving U.S. alliances, then that U.S. interest could be in greater jeopardy.

The second mechanism comes into play if China believes that a change

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96. There is a large, divided literature on the credibility of commitments. Our arguments are broadly consistent with those that find *conditional* connectedness, including Iain D. Henry, "What Allies Want: Reconsidering Loyalty, Reliability, and Alliance Interdependence," *International Security*, Vol. 44, No. 4 (Spring 2020), pp. 45–83, [https://doi.org/10.1162/isec\\_a\\_00375](https://doi.org/10.1162/isec_a_00375); Alex Weisiger and Keren Yarhi-Milo, "Revisiting Reputation: How Past Actions Matter in International Politics," *International Organization*, Vol. 69, No. 2 (Spring 2015), pp. 473–495, <https://doi.org/10.1017/S0020818314000393>; and Robert Jervis, "Deterrence Theory Revisited," *World Politics*, Vol. 31, No. 2 (January 1979), pp. 319–322, <https://doi.org/10.2307/2009945>. Prominent skeptics include Jonathan Mercer, *Reputation and International Politics* (Ithaca, N.Y.: Cornell University Press, 1996); and Daryl G. Press, *Calculating Credibility: How Leaders Assess Military Threats* (Ithaca, N.Y.: Cornell University Press, 2005).

in the U.S. position in the South China Sea reflects a change in a factor that also affects U.S. decisions on these other issues. The broad change that is most relevant is the shifting balance of power, specifically increasing Chinese military capabilities in East Asia. If China's leaders believed that its growing military capabilities caused the United States to reduce its commitments in the South China Sea, they would also reasonably expect a reduction in U.S. credibility for protecting its other interests.

Although being concerned about U.S. credibility is reasonable, reducing U.S. resistance to China's efforts to dominate the South China Sea—at least in theory—need not significantly reduce U.S. credibility. The United States should be able to sever this key credibility link between South China Sea claims and its allies because the extent of U.S. interests in East Asia varies greatly. As a first step, therefore, if it decides to decrease its military resistance to China's pursuit of South China Sea control, the United States should make clear to both China and its allies that it cares orders of magnitude more about protecting its allies (and preventing China's regional hegemony) than about protecting states' territorial claims to small features in the South China Sea or even preventing China's control of the South China Sea.

Words are cheap, however. If the United States decides not to risk much to contest Chinese pursuit of South China Sea dominance, it should take costly actions to reinforce its commitments to allies in Northeast Asia, including maintaining and increasing U.S. military capabilities dedicated to protecting its allies. In addition, the United States can continue to further integrate planning, exercises, and intelligence sharing with its key allies, which should both reassure them and demonstrate resolve to China. Further, the development of new security pacts such as the 2021 trilateral security pact between Australia, the United Kingdom, and the United States (called "AUKUS") can demonstrate that the United States' commitment to defend its key interests in East Asia is increasing, not decreasing.

Even though these policies should theoretically preserve U.S. credibility, many regional experts worry that in practice they will fail. States frequently misinterpret actions and signals.<sup>97</sup> In addition, China tends to exaggerate its own successes, and so it might emphasize U.S. concessions and discount U.S. signals of commitment. For example, China was too quick to conclude that the 2008 global financial crisis—in which it fared better than the United States—

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97. Robert Jervis, Richard Ned Lebow, and Janice Gross Stein, *Psychology and Deterrence* (Baltimore, Md.: Johns Hopkins University Press, 1986).

was a telling indicator of reduced U.S. prosperity, capabilities, and influence.<sup>98</sup> Thus, although the conditional connectedness of credibility logic is strong, U.S. efforts to preserve its credibility might not fully succeed. Therefore, even if the United States pursues policies that should prevent reductions of its credibility, it will be running some risk.

The magnitude of this risk depends on the importance that China places on achieving regional hegemony in East Asia. Over the past two decades, high-level Chinese leadership statements have indicated that China opposes U.S.-led alliances in the region and thus, by implication, that it desires regional hegemony. China began in the late 1990s to propose an alternative to U.S.-led alliances in the region with its introduction of a “new security concept,” which held that “the old security concept based on military alliances and build-up of armaments will not help ensure global security.”<sup>99</sup> In 2002, Chinese Communist Party General Secretary Jiang Zemin declared that Asia should rely on itself rather than other powers for security.<sup>100</sup> A 2003 PRC Ministry of Foreign Affairs position paper identified the new security concept as part of an effort to “discard the mentality of the Cold War,” with the aim to “rise above one-sided security and seek common security through mutually beneficial cooperation.”<sup>101</sup>

Discussions of Asian security with no role for U.S. alliances accelerated under Xi Jinping. In a 2014 speech, Xi built on Jiang’s idea to introduce a “new Asian security concept for new progress in security cooperation,”<sup>102</sup> stat-

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98. Xiaoyu Pu and Chengli Wang, “Rethinking China’s Rise: Chinese Scholars Debate Strategic Overstretch,” *International Affairs*, Vol. 94, No. 5 (September 2018), pp. 1019–1035, <https://doi.org/10.1093/ia/iyy140>.

99. Jiang Zemin, “Jiang Zemin’s Speech at the Conference on Disarmament (26 March 1999, Geneva),” Ministry of Foreign Affairs of the People’s Republic of China, March 26, 1999, <https://www.mfa.gov.cn/ce/ceno//eng/wjzc/cjkk/jhwx/t110973.htm>. For an excellent overview of China’s views of alliances, see Adam P. Liff, “China and the US Alliance System,” *China Quarterly*, Vol. 233 (March 2018), pp. 137–165, <https://doi.org/10.1017/S0305741017000601>.

100. “Statement by H.E. Mr. Jiang Zemin, President of the People’s Republic of China,” Conference on Interaction and Confidence Building Measures in Asia (CICA), Internet Archive, last modified May 12, 2020, <https://web.archive.org/web/20201205112855/https://www.s-cica.org/page/china/>. These views were restated by Dai Bingguo, head of the Chinese Communist Party’s foreign affairs office in 2010. “Statement by H.E. Mr. Dai Bingguo State Councilor of the People’s Republic of China,” CICA, Internet Archive, last modified April 12, 2020, <https://web.archive.org/web/20201205055930/https://www.s-cica.org/page/china10/>.

101. Ministry of Foreign Affairs of the People’s Republic of China, “China’s Position Paper on the New Security Concept,” July 2002, <https://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm>.

102. “New Asian Security Concept for New Progress in Security Cooperation,” remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in

ing that “to beef up and entrench a military alliance targeted at a third party is not conducive to maintaining common security”<sup>103</sup> and that “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia.”<sup>104</sup> At around the same time, China introduced the slogan “community of common destiny,” which envisions alliances as a source of insecurity.<sup>105</sup>

What remains uncertain, however, is how much China values achieving regional hegemony, or what costs it would be willing to bear to achieve this goal. The same statements and documents that openly oppose alliances do not call for the removal or withdrawal of the United States even though that is a clear implication of China’s opposition. A 2017 white paper explicitly accepted the need to work with “military alliances formed in history.”<sup>106</sup> Moreover, China’s military strategy remains focused on prevailing in a conflict over Taiwan, and not on pushing the United States from the region or even preventing the United States from operating in countries such as Singapore or Malaysia that are not formal treaty allies. As Adam Liff concludes, despite China’s “frustration” and “even outright opposition to US alliances,” “it is not clear that Beijing possesses the will, much less the ability, to actively seek to fundamentally undermine the alliance system.”<sup>107</sup>

The possibility, even the likelihood, that China does not place great value on achieving regional hegemony in the short to medium term has important implications for U.S. policy. It reduces the risks of a policy that might be viewed as decreasing U.S. credibility for preserving its security commitments to its treaty allies and its capabilities to protect them. If in the future China comes to place great value on achieving regional hegemony—that is, becomes willing to fight a major war to achieve it—the United States will have had plenty of time to restore any lost credibility. Thus, a policy of partial South China

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Asia, Shanghai Expo Center, May 21, 2014, <https://www.mfa.gov.cn/ce/cenz//eng/ztbd/yxhfh/t1159951.htm>.

103. *Ibid.*

104. *Ibid.*

105. Xi Jinping, “Working Together to Forge a New Partnership of Win-Win Cooperation and Create a Community of Shared Future for Mankind,” United Nations, September 28, 2015, [https://gadebate.un.org/sites/default/files/gastatements/70/70\\_ZH\\_en.pdf](https://gadebate.un.org/sites/default/files/gastatements/70/70_ZH_en.pdf).

106. “Full Text: China’s Policies on Asia-Pacific Security Cooperation,” State Council, People’s Republic of China, last modified January 11, 2017, [http://english.www.gov.cn/archive/white\\_paper/2017/01/11/content\\_281475539078636.htm](http://english.www.gov.cn/archive/white_paper/2017/01/11/content_281475539078636.htm).

107. Liff, “China and the US Alliance System,” pp. 157–158.

Sea retrenchment—which should preserve U.S. credibility but perhaps not completely—could be acceptably risky.

#### U.S. CREDIBILITY WITH ALLIES

If the United States does not help to protect its allies' territorial claims and maritime rights in the South China Sea, they may lose them. The United States, however, would not suffer any direct losses. The potential cost to the United States is that its allies and partners might question U.S. credibility for protecting their truly vital interests—their homelands and economies—if it fails to protect their sovereignty and economic interests in the South China Sea. This could weaken or even destroy these relationships, which would in turn damage U.S. security. The Philippines, Vietnam, and Malaysia all face extensive challenges from China. U.S. decisions not to help resist these challenges could create doubts among both other countries that have South China Sea claims or interests and U.S. allies outside Southeast Asia, especially Japan.

The connectedness of credibility logic provides the link between U.S. South China Sea policies and its credibility with allies and partners. The same basic arguments discussed above for preserving U.S. credibility apply here as well: the United States can pursue a variety of military, economic, and diplomatic policies that should sufficiently demonstrate its commitments to its allies. In addition, the United States is by far the best security option available to these countries, which should significantly increase U.S. prospects for preserving its alliances.<sup>108</sup>

All this said, U.S. allies in Northeast Asia have complicated domestic politics that could undermine U.S. efforts to maintain its credibility, especially as China's economic influence grows in the region. There is thus a risk that not resisting China's drive for South China Sea dominance would strain the United States' East Asian alliances.<sup>109</sup>

The United States would face still greater credibility challenges in Southeast Asia. Southeast Asia is a diverse region in which countries' inclinations to lean toward or against the United States vary quite substantially.<sup>110</sup> Preserving

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108. On a declining power's ability to preserve its alliances, see Jasen J. Castillo and Alexander B. Downes, "Loyalty, Hedging, or Exit: How Weaker Alliance Partners Respond to the Rise of New Threats," *Journal of Strategic Studies*, published online July 30, 2020, <https://doi.org/10.1080/01402390.2020.1797690>.

109. On general concerns about U.S. credibility, see Hiroyuki Akita, "Time for Asia to Rethink Its Deep Dependence on US for Security," *Nikkei Asia*, March 3, 2019, <https://asia.nikkei.com/Spotlight/Comment/Time-for-Asia-to-rethink-its-deep-dependence-on-US-for-security>.

110. David Shambaugh, "U.S.-China Rivalry in Southeast Asia: Power Shift or Competitive Coex-

credibility with the Philippines may be the most difficult because it has urged the United States to clarify that the Philippines' South China Sea claims are covered by the mutual defense treaty.<sup>111</sup> In addition, for decades the United States' inconsistent attention to the region has generated doubts about the extent of its interests and commitments, which has increased the opportunities available to China.<sup>112</sup> China has gained regional influence by developing deep economic ties with many Southeast Asian countries—ASEAN is now China's largest trading partner, surpassing the United States and the European Union—which it has used both to demand acquiescence to its interests and to dampen the political costs of its bullying.<sup>113</sup> In part, the United States' inconsistent prioritization of the region reflects its belief that Southeast Asia plays a limited role in U.S. security.

### *How Hard Should the United States Resist China?*

Although U.S. policy toward the South China Sea will include a variety of elements, in broad terms the choice facing the United States is how hard to resist China's efforts to control the South China Sea. This requires the United States to weigh the risks and benefits of different levels of resistance to China's efforts. The key risk is the probability of escalation to armed conflict, which depends on not only U.S. policies but also China's willingness to fight. In addition, increased U.S. resistance could further worsen U.S.-China relations. The key benefit is U.S. credibility with China and with U.S. allies, which can be increased by intensified U.S. resistance.

We conclude that, at least for the time being, the United States should maintain roughly its current level of resistance to China's assertive policies in the South China Sea. Within this range of current policies, however, the United States should lean toward less competitive actions. For example, it should consider planning not to respond militarily in the most dangerous scenario—

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istence?" *International Security*, Vol. 42, No. 4 (Spring 2018), pp. 85–127, [https://doi.org/10.1162/isec\\_a\\_00314](https://doi.org/10.1162/isec_a_00314).

111. Gregory Poling and Eric Sayers, "Time to Make Good on the U.S.-Philippine Alliance," *War on the Rocks*, January 21, 2019, <https://warontherocks.com/2019/01/time-to-make-good-on-the-u-s-philippine-alliance/>.

112. Joseph Chinyong Liow, *Ambivalent Engagement: The United States and Regional Security in Southeast Asia after the Cold War* (Washington, D.C.: Brookings Institution Press, 2017).

113. Feng Zhang, "Is Southeast Asia Really Balancing against China?" *Washington Quarterly*, Vol. 41, No. 3 (2018), pp. 191–204, <https://doi.org/10.1080/0163660X.2018.1520573>.

China's military seizure of additional South China Sea features. As we explore below, bluffing may sometimes be the United States' best option.

A key reason for retaining the current level of resistance is that China can likely be deterred, which means the risks of the U.S. policy are relatively small. Before its increased assertiveness in the past decade, China pursued a slow and steady approach to increasing its control in the South China Sea. Even by 2022, however, China has not moved to take the roughly forty-five islets and rocks currently controlled by other countries. China has also not moved to limit or restrict foreign military vessels from transiting, patrolling, or exercising in these waters, nor has it attempted to coerce littoral states to stop hosting U.S. forces that operate in the South China Sea. Furthermore, China has sought to increase its control of the South China Sea by relying primarily on its coast guard and maritime militia forces, while depending on the PLAN to back them up only if necessary, which suggests that China is reluctant to provoke a major armed conflict. China's caution suggests that it can likely be deterred.

Nevertheless, because the United States has quite limited interests in the South China Sea, the risks of increased military resistance would be unwarranted. Increased commitments and red lines could appear to directly challenge China's territorial sovereignty claims and its status goals, leading to more forceful Chinese behavior. They could also further strain U.S.-China relations, creating additional incentives for China to strive to push the United States out of East Asia. Firmer commitments could also create expectations within the U.S. government and public that the United States should respond to Chinese provocations.

The United States should continue to update its assessments of China's determination to dominate the South China Sea, which would be reflected in a shift toward even more assertive policies. These could include seeking to reclaim land at Scarborough Shoal and build a fifth base in these waters, attacking and seizing features held by other claimants or coercing them to relinquish them, or coercing littoral states to stop hosting U.S. forces (especially the Philippines, which signed the Enhanced Defense Cooperation Agreement in 2014).<sup>114</sup>

If China's future actions indicate that it is much more determined than it is today and, therefore, that U.S. deterrent policies are more likely to fail, then the

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114. Carl Thayer, "Analyzing the US-Philippines Enhanced Defense Cooperation Agreement," *Diplomat*, May 2, 2014, <https://thediplomat.com/2014/05/analyzing-the-us-philippines-enhanced-defense-cooperation-agreement/>.

United States should shift to a policy of partial South China Sea retrenchment. Shifting to a less competitive policy in the face of more assertive Chinese behavior may appear counterintuitive. But given the increased risk posed by China, this is the logical conclusion.

Under a policy of partial retrenchment, China would be able to militarily dominate the countries of Southeast Asia along their South China Sea periphery. The United States would indicate its unwillingness to use force to protect their territorial or maritime claims. There would be an exception for treaty allies—specifically the Philippines—for which the United States would protect access to trade in addition to the security of Philippine homeland territory. Critically, the United States would maintain its ability to deny China the ability to operate in the South China Sea during war. It would also likely continue to send naval ships through the South China Sea during peacetime, including to conduct FONOPs, among other reasons to help preserve the credibility of its commitments to its allies. But the United States would not extend such operations to breaking a Chinese blockade of a Southeast Asian country that is not a U.S. ally. This policy of partial retrenchment would, in effect, accept a Chinese limited sphere of influence over the South China Sea, while maintaining the U.S. ability to fight a major war in East Asia. The United States would continue to use nonmilitary means—including sanctions and shaming—to indicate its opposition to China's assertiveness.

The following subsections consider the components of a U.S. policy that continues to resist China's assertiveness in the South China Sea (such as the seizure of features, intimidation, further militarization of features, and denial of navigational rights to U.S. naval vessels). U.S. decisions about these components would determine the specifics of its overall policy and the extent of the risks that each generates. Within the current policy of resisting China's control, we tend toward the less competitive variants of the following policies.

We focus on those policy options that bear directly on increasing or decreasing the risk of crises and war because they most significantly influence the risks of resisting China in the South China Sea. At the same time, although we do not consider them below, the United States should continue to pursue other policies that do not significantly alter the risk of armed conflict between the United States and China in the South China Sea. These include increasing the capability of littoral states to monitor, patrol, and defend their waters—through maritime domain awareness and naval and law enforcement capacity-building—and continuing to support the ruling of the 2016 tribunal regarding maritime claims and the legitimacy of coastal states' rights in their own EEZs.

DETECTING AND RESPONDING TO CHINA'S SEIZURE OF FEATURES

So long as the United States continues to militarily resist Chinese South China Sea dominance, its most consequential policy choice will be whether and how to prevent China from expanding its control over South China Sea land features held by other claimants. These scenarios are the most dangerous because they could involve direct and possibly large-scale conflict between U.S. and Chinese forces.

The United States has a range of options for trying to deter China from seizing a large number of the islands and reefs held by others. The United States could intensify its resistance, which we oppose, by explicitly committing itself to use force to defend an ally's or partner's South China Sea interests. The United States could establish red lines for territorial claims and abandon its current policy of neutrality regarding the underlying claims to sovereignty over the islets and rocks in the South China Sea. The United States has shifted in this direction by partially clarifying the reach of its treaty commitments to the Philippines. In 2019, it included attacks against "Philippine forces, aircraft, or public vessels in the South China Sea" as falling under the U.S.-Philippines Mutual Defense Treaty.<sup>115</sup> The United States only partially clarified this U.S. commitment because it did not specifically reference the Spratly features controlled or claimed by the Philippines. Thus, the United States could go further and include these features in the treaty with the Philippines and extend similar protections to Vietnam, Malaysia, and Taiwan. To prevent allies and partners from taking advantage of the U.S. guarantee to pursue more assertive policies, the United States could adopt a policy of dual deterrence—promising protection only when China's actions were not provoked by the ally's overtly assertive action.

Alternatively, instead of clarifying its commitment to respond to China's forceful expansion, the United States could maintain its more ambiguous position, which we conclude is more appropriate given the risks that the United States needs to balance. To achieve this, the United States would not further clarify its commitment under the U.S.-Philippines Mutual Defense Treaty, nor would it extend explicit protection to other countries' forces or South China Sea claims. This ambiguity is advantageous because it gives U.S. leaders greater leeway to make decisions that factor in the nuances of specific situ-

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115. Michael R. Pompeo, "Remarks with Philippines Foreign Secretary Teodoro Locsin, Jr. at a Press Availability," U.S. Department of State, March 1, 2019, <https://2017-2021.state.gov/remarks-with-philippine-foreign-secretary-teodoro-locsin-jr/index.html>.

ations or crises, and it avoids provoking China. The downside, however, is that the ambiguity option could contribute less to deterrence.

Under either of these policies, the United States could knowingly bluff or threaten to respond to Chinese aggression but plan not to. Bluffing could deter Chinese expansion and avoid fighting if deterrence fails, and it retains U.S. credibility with its allies. A policy of bluffing might be harder to implement if the United States makes explicit deterrence commitments because U.S. leaders might feel greater pressure from both the public and within the government to meet such commitments,<sup>116</sup> and they might be less likely to critically question the risks and benefits of fighting. Best of all would be if China is deterred, conflict is avoided, and U.S. credibility is preserved. But if China decides to expand, conflict is still avoided, although U.S. credibility would likely be damaged by bluffing.

If deterrence fails and China seizes features held by other claimants, the U.S. response should be influenced by the extent of China's expansion. If China seizes many features simultaneously, the United States could launch military operations to retake those features from China and then to defend them against counterattacks. Such a response would likely result in a much wider conflict with China, which could extend beyond the South China Sea. We believe that the risks would be too large and oppose fighting to retake these features. Moreover, China would have demonstrated significantly increased resolve to dominate the South China Sea, which would support a U.S. shift toward partial South China Sea retrenchment.

Reducing U.S. military resistance in response to extensive Chinese expansion would not entail tacit approval of China's actions. In this scenario, the United States should intensify military cooperation with its allies and partners, enact substantial economic sanctions,<sup>117</sup> and pursue shaming measures to make clear that China's assertive policies violate widely accepted international norms and agreements. Especially in combination, these policies might deter China from seizing more features in the South China Sea. Even if they do not, these measures would highlight U.S. disapproval of China's actions, which would contribute to preserving U.S. alliances against China.

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116. There is, however, extensive debate on audience costs. See, for example, Jayme R. Schlesinger and Jack S. Levy, "Politics, Audience Costs, and Signaling: Britain and the 1863–4 Schleswig-Holstein Crisis," *European Journal of International Security*, Vol. 6, No. 3 (August 2021), pp. 338–357, <https://doi.org/10.1017/eis.2021.7>.

117. Michael O'Hanlon develops the case for relying on sanctions in these low-value, high-risk situations. Michael E. O'Hanlon, *The Senkaku Paradox: Risking Great Power War over Small Stakes* (Washington, D.C.: Brookings Institution Press, 2019).

The U.S. calculus should be different if China seizes only a single feature, such as the Philippine-held Second Thomas Shoal. In this case, China's action would not signal significantly greater determination to control the South China Sea, and the risks of continuing U.S. resistance would not have increased; consequently, the U.S. decision is more complicated. To preserve its ability to deter further Chinese expansion, the United States might need to take actions to demonstrate its continuing commitment. Although we would not favor using force to retake the feature, other less risky actions could be appropriate. These could include imposing economic sanctions, further clarifying the scope of the treaty with the Philippines, and temporarily or permanently deploying surface and air forces near other features that China may threaten.<sup>118</sup> Although such responses to very limited expansion would bolster U.S. credibility with allies and China, deepening the U.S. commitment (except for sanctions) could also increase the probability of direct conflict because deterrence of subsequent expansion might nevertheless fail.

#### DETECTING AND RESPONDING TO CHINA'S INTIMIDATION

China has frequently violated the resource rights of Southeast Asian states and used force to intimidate them. The United States has not used force to prevent China from violating states' rights within their EEZs. One reason why the U.S. Navy has increased its general presence in the South China Sea is to counter Chinese intimidation of Malaysian and Vietnamese oil exploration within their respective EEZs.<sup>119</sup> These presence operations implicitly suggest that the United States would respond to Chinese efforts to disrupt a country's activities, thereby hoping to reduce the fear that China intends to generate.

The United States could extend this type of counter-intimidation to all Southeast Asian countries; it could also extend its scope to include harassment and interruption of fishing. The United States could state clear guidelines for when it will engage in counter-intimidation operations or leave its policy rather ad hoc. An explicit policy would deepen the U.S. commitment to the Philippines and to non-allied claimant states, contribute more to U.S. credibility for protecting allies' and partners' interests, and increase the salience of

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118. See O'Hanlon, *The Senkaku Paradox*.

119. Niharika Mandhana, "U.S. Warships Support Malaysia against China Pressure in South China Sea," *Wall Street Journal*, May 13, 2020; and Drake Long, "China's Coast Guard Shows Up at Vanguard Bank Again," *Radio Free Asia*, July 7, 2020, <https://www.rfa.org/english/news/china/vietnam-southchinasea-07072020183440.html>.

China's transgressions. Of course, the United States should only do so if desired by these states, which still must manage their own relations with China.

This type of counter-intimidation policy would generally be less risky than policies that commit the United States to deter and defeat China's forcible acquisition of islands and reefs. In counter-intimidation operations, the United States is unlikely to engage in fighting. If actual fighting were to occur, either intentionally or accidentally, the prospects for keeping the conflict from escalating should be reasonably good given its limited size and stakes. For example, if a U.S. naval ship engages in a skirmish with a Chinese naval ship while trying to counter Chinese intimidation of a South China Sea state that is exploring oil reserves, there is a high probability that this incident would not escalate to a large war. The credibility benefits of counter-intimidation operations could accumulate rather quickly because China's encroachments have occurred relatively frequently. Yet the frequency of China's encroachments means that there would be more events that could escalate to the use of force if China chose to use its naval ships to escort its commercial vessels.

An alternative variant that avoids the increased probability of military conflict would be to respond to Chinese intimidation by imposing economic sanctions instead of employing military threats. For example, the United States could sanction Chinese individuals or firms that seek to extract resources from within the EEZs of Vietnam, Malaysia, and the Philippines. Another option would be for the United States to provide public guarantees to protect U.S. firms that are involved in projects or operating in the EEZs of these states.

#### RESPONDING TO CHINA'S MILITARIZATION OF FEATURES

Whatever level of resistance to China's assertiveness the United States chooses, it must ensure that China understands that its South China Sea bases do not significantly reduce the U.S. ability to defend its allies in a large war. The United States should therefore deploy any additional forces (e.g., air-launched standoff missiles)<sup>120</sup> that might be required to confidently defeat China's buildup in the Spratly Islands and make clear that it will continue to offset improvements to these Chinese bases. This policy should put to rest concerns that China's South China Sea bases are weakening U.S. capabilities by requiring it to divert forces that would otherwise be committed to essential

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120. In fact, the United States is already doing this. Sirota, "Air Force, Lockheed Martin Finalize \$818 Million JASSM-ER Contract"; Larter, "As China Expands Navy, US Begins Stockpiling Ship-Killing Missiles"; and Larter, "US Navy Set to Receive Latest Version of the Tomahawk Missile."

missions in other parts of the East Asia theater. Because the additional forces would be small relative to the overall U.S. force, this acquisition would not unduly burden the U.S. defense budget.

The United States should not, however, place great political significance, as opposed to military significance, on China's Spratly bases, given that China already occupies them.<sup>121</sup> Instead, it should view this military buildup as another component of China's ongoing military modernization and enlargement, and plan to offset it.

#### PROTECTING THE NAVIGATIONAL RIGHTS OF U.S. NAVAL VESSELS

The United States will need to preserve its military capabilities for fighting a large war in East Asia even if it decides to reduce its opposition to China's efforts to dominate the South China Sea. Whether this requires continuing to exercise its naval forces and to gather intelligence in the South China Sea will depend on the evolution of China's regional military capabilities. As long as the United States plans to fight from the South China Sea, it should continue to exercise the full range of high-seas freedoms, including transiting through these waters (and airspace), operating in these waters (including surveys and surveillance), and conducting exercises in these waters with littoral states or other states. Given China's current positions on UNCLOS, surveillance is the only source of explicit friction in China's EEZ. If, however, China clarifies its position on the nine-dash line to include denying high-sea freedoms, expanding its restriction on military operations in its EEZ, or issuing baselines around the Spratly Islands (and thus formally claiming a much greater area of jurisdiction under UNCLOS), then the U.S.-China mismatch will grow much larger.

The United States should continue to occasionally conduct FONOPs. Such operations are part of exercising high-seas freedoms but are arguably less important than the simple practice of navigation and presence in these waters. Unlike the military exercises discussed above, which are designed to enhance U.S. military capabilities, FONOPs demonstrate that the United States is unwilling to accept China's interpretation of UNCLOS and any effort to limit navigation in the South China Sea. There is likely little material value in transiting through territorial waters, but failing to exercise this right might mislead China into believing that the United States will accept more problem-

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121. For an opposing view, see Ratner, "Course Correction," pp. 69–70.

atic Chinese claims about its historic rights in the South China Sea and straight baselines in the Spratly Islands. Given this purpose, the United States should reduce if not eliminate the publicity of individual FONOPs because it incites Chinese nationalist reactions without doing much to advance their relatively narrow purpose of asserting the U.S. interpretation of UNCLOS.

The United States should consider possibilities for reducing clashes and friction, while preserving its military capabilities and credibility. For example, the United States might be able to reduce somewhat the scope and tempo of surveillance activities, especially if other means can be used to gather the same intelligence, even though China's continued modernization may increase the demand for such operations. Similarly, the United States should maintain the reduced frequency of FONOPs when compared with 2019 and 2020. The United States should keep in mind that China's key positions on UNCLOS—including on innocent passage and surveillance within EEZs—are long-standing, dating back to the early discussions of the convention and restated when China accepted the overall package encompassed by the treaty. Therefore, China's opposition to FONOPs does not fundamentally change China's position.<sup>122</sup>

### *Conclusion*

This article has analyzed the challenges that China's more assertive policies in the South China Sea pose to U.S. interests. We summarized China's policies, examined U.S. interests, and identified three broad U.S. options—increased resistance, current U.S. policy, and partial retrenchment.

We concluded that the United States' best option is to maintain its current level of resistance to China's efforts to dominate the South China Sea. This policy brings dangers—the possibility that U.S. deterrent policies would fail and that a conflict would escalate to a larger war—but these escalatory risks currently appear to be limited and in line with U.S. interests. Intensified U.S. resistance will tend to generate still greater risks, which would exceed U.S. interests.

If China becomes much more assertive in the South China Sea and more willing to fight to achieve its objectives, the risks of the current U.S. policy

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122. Odell, "Mare Interpretatum," p. 261. See also Ronald O'Rourke, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress* (Washington, D.C.: Congressional Research Service, March 24, 2018), pp. 8–9.

would no longer be warranted. The United States should then shift to partial retrenchment. As we have stressed, the cost of reducing U.S. resistance and shifting to partial retrenchment would be small if the United States could retain its credibility with its allies and China. This, however, might not be easy. Given uncertainty about the future, the United States should take steps now to deepen its credibility, which could include enhancing its regional force structure, selling military and maritime awareness equipment to allies and partners, increasing joint exercises with South China Sea claimants, sharing information, furthering integration across alliance partners, and consistently prioritizing East Asia. Although U.S. policies will likely appear somewhat threatening to China, this risk is warranted in light of our increased estimate of China's regional ambitions.

In fact, we argue that these efforts are warranted even if the United States maintains its current South China Sea policy because they will deepen U.S. alliances. The United States has already undertaken a variety of such measures, including the 2021 AUKUS security pact.<sup>123</sup> Moreover, if China's policy becomes more assertive, U.S. allies and partners are likely to seek intensified security cooperation with the United States. Chinese behavior that increases states' insecurity will encourage intensified balancing with the United States—allies are likely to become more open to basing U.S. forces on their respective territories and sharing defense responsibilities with the United States. The result would be a decrease in the risk of partial South China Sea retrenchment.

In closing, we emphasize again that while maintaining its current level of military resistance to Chinese South China Sea control, the United States must keep the stakes in mind. Although China's assertive policies in the South China Sea are worrying, there is very little of material value at stake for the United States. Exaggerating the value of the South China Sea could undermine U.S. policy by fueling overly competitive policies; to avoid this pitfall, the United States must be vigilant in critically assessing its interests in the South China Sea.

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123. Other U.S. security efforts in the region include the Pacific Defense Initiative and the Enhanced Defense Cooperation Agreement.