DEFENSE, EMERGING TECHNOLOGY, AND STRATEGY PROGRAM

Navigating China's Opportunistic Approach to Overseas Naval Base Acquisition

Maxwell Simon
Jayaram Ravi

HARVARD Kennedy School
BELFER CENTER

50 YEARS
OF RESEARCH, POLICY, AND LEADERSHIP

POLICY ANALYSIS EXERCISE
NOVEMBER 2023

The Defense, Emerging Technology, and Strategy Program
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About the Policy Analysis Exercise

The Policy Analysis Exercise (PAE) is the capstone experience to the Master of Public Policy (MPP) curriculum at Harvard Kennedy School (HKS), providing MPP candidates an opportunity to integrate the skills and knowledge they have gained during their time at HKS. An applied thesis, the PAE is different from a traditional research paper in that students are required to engage with a client organization and to develop a series of recommendations to solve a policy or management problem or question for that organization.

The client for this PAE was the Office of the Deputy Under Secretary of Defense for Policy at the U.S. Defense Department. Harvard Kennedy School students Maxwell Simon and Jayaram Ravi studied China's burgeoning overseas naval base acquisition activity and offered recommendations to the Defense Department on how to interpret and respond to this ongoing activity.

About the Defense, Emerging Technology, and Strategy Program

The Defense, Emerging Technology, and Strategy (DETS) program has a dual mission to

1. advance policy-relevant knowledge and strategy on the most important challenges at the intersection of security and emerging technology; and
2. prepare future leaders for public service in relevant arenas.

About The Authors

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We accept sole responsibility for any remaining errors or inconsistencies in this report. The views expressed herein are solely ours and do not necessarily reflect those of the U.S. Government.

Finally, we want to thank our family, friends, and peers who offered their unwavering support throughout this process.

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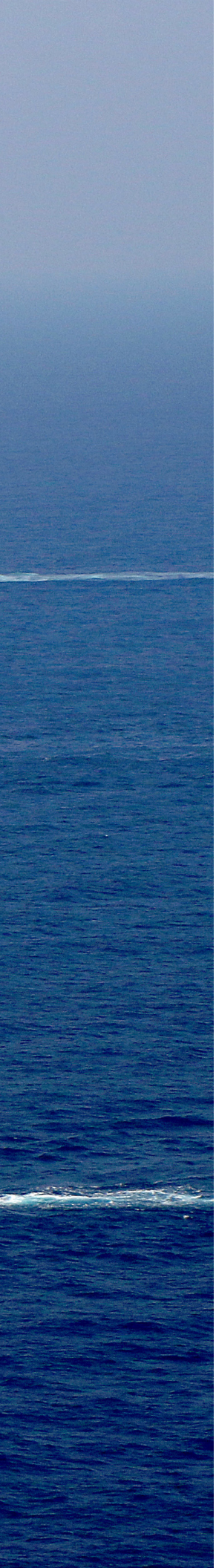
SOUTH CHINA SEA (Oct. 17, 2023) The Arleigh Burke-class guided-missile destroyer USS Dewey (DDG 105), front, and the Independence-variant littoral combat ship USS Gabrielle Giffords (LCS 10), rear, conduct joint operations with the Japan Maritime Self-Defense Force destroyer JS Akebono (DD-108) in the South China Sea, Oct. 17, 2023.

Credit: U.S. Navy photo by Aviation Electronics Technician 2nd Class Lucas Herzog



Executive Summary

Future Chinese overseas naval bases may threaten U.S. interests, and the United States needs a better plan for understanding and responding to this threat. While China has thus far relied on commercial ports to satisfy many of the peacetime functions of dedicated military bases, commercial ports cannot substitute for the sophisticated infrastructure, defense systems, and logistics capabilities offered by dedicated naval bases.

Indeed, the U.S. Defense Department's 2022 China Military Power Report states that China has "likely considered" Cambodia, Myanmar, Thailand, Singapore, Indonesia, Pakistan, Sri Lanka, the United Arab Emirates (UAE), Kenya, Seychelles, Equatorial Guinea, Tanzania, Angola, and Tajikistan as locations for permanent PLA facilities, and has "probably" already made overtures to Namibia, Vanuatu, and the Solomon Islands.[1]

This report thus explores the drivers of setback and success that China has encountered in the process of developing dual-use and military-dedicated naval installations abroad. It looks at cases where China has considered or actively pursued military-dedicated installations to characterize Beijing's general approach to overseas naval base acquisition.

Primary Research Questions

1. What factors help explain where China seeks military bases? In these locations, what determines whether it successfully does so?

2. What should the U.S. Defense Department do now to address China's ongoing naval base acquisition activity? When policymakers judge that a PLA installation threatens core U.S. interests in the future, what should they do to reduce the likelihood that such bases materialize? When bases do materialize, how should policymakers mitigate the risks to U.S. national security?

China's Opportunistic Approach

Drawing on semi-structured interviews, an extensive review of China's defense policy documents, and secondary source literature, this report puts forward a new analytic framework for understanding China's overseas naval base acquisition strategy, termed China's "opportunistic approach." This approach has five components:

1. China is open to establishing an overseas military installation in many different locations, rather than focusing its attention on a small subset of locations it perceives will be particularly useful.
2. All the locations where China is interested in pursuing permanent military installations will provide a minimum viable security value, but relative security value beyond this low threshold does very little to explain where a base will arise.
3. In all the locations where China is interested in pursuing permanent military installations, China will have a significant economic footprint, which often goes hand-in-hand with substantial debt owed to China, but the relative degree of this footprint beyond a moderate threshold does very little to explain where a base will arise.
4. Across the many locations that would provide minimum viable security value and have a significant Chinese economic footprint, Beijing will explore the political feasibility of establishing a permanent military installation, including in some circumstances as a secondary goal to other foreign policy interests.
5. The presence, or lack thereof, of two offsetting factors—host country instability and fragility; and U.S. and partner leverage—helps explain whether China can successfully establish a permanent military installation. If these offsetting factors are absent, China may seize the opportunity to establish a permanent military foothold.

Four case studies demonstrate the opportunistic approach's usefulness across the observable evidence of China's naval base acquisition activity. All four cases—Khalifa Port (United Arab Emirates), Gwadar Port (Pakistan), Ream Naval Base (Cambodia), and the PLA Support Base (Djibouti)—feature locations that provide

Beijing with a minimum viable security value and a significant Chinese economic footprint. Where an offsetting factor was present, however, as was true in the UAE and Pakistan cases, naval bases have not yet materialized. The UAE case details how U.S. leverage undermined China's initial efforts to build a secret military facility adjacent to Khalifa Port. The Pakistan case shows how instability in Pakistan's Balochistan province has contributed to Beijing's hesitation to establish a formal naval installation at Gwadar Port.

Key Findings

In addition to the core tenets of the opportunistic approach framework detailed above, other conclusions were apparent across case studies and discussions with expert interviewees.

1. **Military installations are often established near China-built ports.** Establishing a military installation near a port built by China may satisfy its (and perhaps also the host country's) desire for secrecy and deniability. Since commercial ports already satisfy many of the peace-time functions of formal military installations, many of the same development activities associated with commercial port construction overlap with that of a military base. Even if China does not begin commercial port construction with the premeditated intention of establishing a military base, when political conditions arise that make one highly feasible (i.e., where offsetting factors are absent), it is easiest to do so where China already has skilled personnel present, existing relationships, and knowledge of geographic features.

2. **In countries with consolidated autocracies, China can more easily establish military installations.** In non-democratic systems, leaders are less constrained by their publics, the media, and political opposition. Deals made between Beijing and ruling elites face less scrutiny, and agreements do not need to satisfy the concerns of external stakeholders. As a result, China has a more straightforward path to expansive economic influence and the establishment of a military installation. By contrast, the cyclical power transitions of countries with democratic systems of government tend to create scrutiny on incumbents' policy decisions. Elites vying for power also have incentives to campaign against the choices of their political rivals, potentially at China's expense.

3. **The income level of a country significantly affects its propensity to be swayed by Chinese investment.** For small, lower-income countries, China's investments are a boon. There, Beijing can have significant influence by directing just a moderate amount of resources to the country, given that these investments would make up a greater share of the host country's GDP and these countries are particularly in need of aid and investment.

4. **China's interest in establishing a base may in some cases be secondary to other national interests.** Beijing may choose not to actively pursue a military base, even where offsetting factors are absent, if it expects second-order effects that would run counter to its national security interests, such as stoking the threat perceptions of a powerful neighbor.

Policy Recommendations

1. **Responding to ongoing PLA naval base acquisition activities:** The Defense Department should pursue a mix of prevention- and mitigation-focused policy measures to reduce the likelihood that China establishes a PLA installation and minimize the damage to U.S. interests should one arise.

    - Khalifa Port, Prevention-focused: More clearly communicate the consequences to U.S.-UAE relations should a PLA installation be completed.
    - Khalifa Port, Mitigation-focused: Obtain UAE commitments to limit PLA facility specifications.
    - Khalifa Port, Mitigation-focused: Impose costs (cutting military ties, withdrawal of aid, etc.) based on the operational and counter-intelligence risks to U.S. military operations in the country.
    - Gwadar Port, Prevention-focused: Work with counterparts in India to proactively communicate to China the consequences of a PLA installation in Pakistan for Sino-Indian relations.
    - Gwadar Port, Mitigation-focused: Reinforce relationships with South Asian partners (India, Sri Lanka, Bangladesh), as well as countries near the Strait of Hormuz (Oman, UAE).

- Gwadar Port, Mitigation-focused: Even if a permanent base is established, continue to explore targeted cooperation based on shared interests.
- Ream Naval Base, Mitigation-focused: Monitor developments related to the Isthmus of Kra in Thailand.
- Ream Naval Base, Mitigation-focused: Strengthen military-to-military ties with Thailand.

2. **Analytic-focused measures that the Defense Department should take now to better understand future PLA naval base acquisition activities:**

   - Create a PLA base aspiration monitoring process to regularly assess susceptibility levels of countries of concern and provide early warning to policymakers. Policymakers should focus on places where a PLA base would threaten important U.S. interests, and where a base is particularly likely according to the opportunistic approach framework.
   - Coordinate with the Office of the Under Secretary of Defense for Intelligence (OSD(I)) to reform intelligence collection on PLA base aspiration-related information, with greater emphasis on operator level collaboration across the Intelligence Community (IC).
   - Use the opportunistic approach framework as a basis for coordination with U.S. interagency counterparts designed to reach a shared understanding of the relative susceptibility of different countries to a PLA naval base.

3. **Action-focused measures that the Defense Department should take now to slow the expansion of China's overseas naval installation network:**

   - Expand PLA base acquisition-related intelligence collection, intelligence sharing and other disruption coordination efforts with like-minded partners who may be well equipped to help disrupt PLA base acquisition efforts.
   - Strengthen people-to-people ties with countries in South and Southeast Asia.

- Expand the Foreign Area Officer (FAO) program.
- Develop actionable host country persuasion strategies now. These could be readily adopted in the future if intelligence and other indicators suggest that a country is seriously considering hosting a PLA military installation or has already agreed to do so. Specific Defense Department tools that should be brought to bear include the ability to offer or withhold military exercises, training programs, foreign military sales, and direct military aid.
- Regularly monitor case-specific, analytic-focused, and action-focused measures to ensure objectives are being met.

4. **Measures to mitigate negative effects of bases when they do arise**: Though responses to each future PLA naval installation should be uniquely tailored to its specific context, a few general principles should be considered across all cases.

    - The relative threat to U.S. national security should guide the severity of its response to future PLA outposts.
    - Strengthen security ties with regional partners located near future installations.
    - Assess implications for U.S. and partner military operations in affected maritime areas through tabletop exercises and military exercises.

Chapter I: Introduction

Future Chinese overseas naval bases may threaten U.S. interests, and the United States needs a better plan for understanding and responding to this threat. The People's Republic of China is an increasingly assertive global power. Its economic footprint has expanded around the globe. Since 2013, China has pumped $1 trillion into infrastructure and connectivity projects scattered around Asia, Africa, Europe, and Latin America as part of its Belt and Road Initiative (BRI). Its citizens have gone abroad in large numbers, and its firms own or operate at least one terminal in 96 major foreign ports.[2] In short, Chinese firms, people, and capital are spread around the world. As China's 2017 Defense White Paper states, "overseas interests are a crucial part of China's national interests." China's People's Liberation Army (PLA) is thus tasked to "effectively protect the security and legitimate rights and interests of overseas Chinese people, organizations and institutions."[3]

To operate far from China's shores, the PLA must periodically dock onshore for refueling, maintenance, repairs, and other logistics services. Military-capable installations also provide critical communication and intelligence functions for expeditionary militaries. Great powers have historically established foreign military bases to serve these functions. Thus far, however, the PLA has depended primarily on foreign commercial ports.[4] Ports can satisfy many of the peacetime functions of dedicated military bases, though they may lack the same degree of security and often lack the technicians and parts necessary for the most specialized repairs.[5] More consequentially, should China seek the ability to conduct contested operations in wartime scenarios, commercial ports cannot substitute for the sophisticated infrastructure, defensive systems, and logistics capabilities offered by dedicated bases.[6]

In 2017, China officially announced the opening of the PLA Support Base in Djibouti, China's first overseas military base. In 2022, China's soldiers disguised in Cambodian military uniforms began constructing a PLA-dedicated facility within Cambodia's Ream Naval Base in the Gulf of Thailand, an arrangement both countries have denied.[7] China seeks more formal bases, and it is likely to expand its formal basing presence in the decades ahead, even if its forward basing network never rivals that of the United States.[8]

Indeed, the U.S. Defense Department's 2022 China Military Power Report states that China has "likely considered" Cambodia, Myanmar, Thailand, Singapore, Indonesia, Pakistan, Sri Lanka, the United Arab Emirates (UAE), Kenya, Seychelles, Equatorial Guinea, Tanzania, Angola, and Tajikistan as locations for permanent PLA facilities, and has "probably" already made overtures to Namibia, Vanuatu, and the Solomon Islands.[9]

A limited overseas PLA basing presence does not necessarily threaten core U.S. national security interests. But an assertive forward basing strategy—one in which China sought sophisticated, hardened facilities concentrated near U.S. bases or allied territory, for example—could position the PLA to hold U.S. or allied assets at risk during a conflict.

The geography, concentration, and capabilities of PLA naval bases, as well as the broader geopolitical context, all influence the degree to which a marginal overseas naval facility threatens the operational flexibility of the U.S. military. That judgment should thus be made by policymakers on a case-by-case basis.

However, understanding the dynamics relevant to China's ability to successfully achieve a permanent military installation in any given location will equip U.S. policymakers with approaches to reduce the likelihood that bases deemed threatening materialize. It can also sharpen U.S. government focus on geographic locations where this confluence of factors makes installations more feasible.

This report explores the drivers of setback and success that China has encountered in the process of developing dual-use and military-dedicated naval installations abroad. It looks across cases where China has considered or actively pursued military-dedicated installations to characterize Beijing's general approach to overseas naval base acquisitions. It also identifies the conditions that affect whether China will be successful in its attempts to establish overseas military facilities.

The primary research questions of this report are as follows:

1. What factors help explain where China seeks military bases? In these locations, what determines whether it successfully does so?
2. What should the U.S. Defense Department do now to address China's ongoing naval base acquisition activity? When policymakers judge that

a PLA installation threatens core U.S. interests in the future, what should they do to reduce the likelihood that such bases materialize? When bases do materialize, how should policymakers mitigate the risks to U.S. national security?

The first section summarizes this report's methodology. We then detail the analytical framework created in this report, China's "opportunistic approach" to overseas naval base acquisition. Four cases, informed by secondary literature and expert interviews, are used to show how the opportunistic approach framework works in practice. Finally, we identify key takeaways and offer several policy recommendations.

Chapter II: Methodology

Originating as an academic thesis, this report draws on semi-structured interviews, an extensive review of China's defense policy documents, and secondary source literature to develop a new analytical framework, China's opportunistic approach, for understanding the conditions that make it more likely to pursue and successfully acquire an overseas naval base. This approach is applied to four case studies—the analytical core of the report—to demonstrate the opportunistic approach's usefulness across the observable evidence of China's naval base acquisition activity. Given that China's pursuit of permanent overseas naval installations is a relatively new phenomenon, there is a small body of observable evidence; detailed cases thus provide important insight into how the relevant factors affect outcomes in practice, as well as other nuances of China's base acquisition behavior.

The first two cases, Khalifa Port in the UAE and Gwadar Port in Pakistan, provide an explanation for instances where China has thus far not been able to (or elected not to) establish an overseas military installation. Two other cases, the PLA Support Base in Djibouti and China's portion of Ream Naval Base in Cambodia, use the opportunistic approach to explain why and how China was able to successfully obtain an overseas naval installation. Cases were selected based on their implications for naval military infrastructure and the availability of open-source information. For example, China's Sitod border outpost in Tajikistan's

Gorno-Badakhshan province, its spy base in Cuba, and its possible (and sparsely reported) pursuit of a naval installation in Argentina's Tierra del Fuego province were not included as cases.[10] Nonetheless, at a high-level these contexts seem to reinforce the core tenets of the opportunistic approach framework.

Drawing on case-based evidence, we identify policy-relevant conclusions and recommendations for our PAE client, the Office of the Deputy Under Secretary of Defense for Policy.[11] Semi-structured interviews with experts, spanning both practitioners and academics, informed the entire report. Interviewees were selected to provide insight into China's military strategy, foreign policy thinking, and geo-economic approach, as well as its activity in different regional contexts, particularly helpful for case study development.

Chapter III: Historical Overview and Literature Review

China's military capability and operations beyond its shores have grown alongside its expanding economic presence. Its overseas military and commercial activities offer important context for China's recent pursuit of overseas naval bases. Though the PLA's influence, assets, and operational presence outside of its immediate maritime neighborhood are still modest, trends clearly point to a greater external focus for China's military.

Since 1998, China's strategy documents and public statements reveal a gradually increasing degree of ambition and comfort in declaring its overseas national security interests, and the role of the PLA in securing those interests. In 1998, China declared it "does not station any troops or set up any military bases in any foreign country."[12] But global militaries tend to rely on the varied support functions of dedicated naval facilities, and in 2014, a year after BRI was announced, Chinese strategists began debating the merits of establishing Indian Ocean naval bases.

Defending China's new BRI infrastructure has not been explicitly addressed in official statements, but the government further expanded its expeditionary combat

and supply goals in its 2015, 2017, and 2019 defense white papers. The PLA Navy was directed to enhance capabilities for strategic deterrence and counterattack, maritime maneuvers, and joint operations at sea (2015), with greater emphasis on the need to protect "Chinese people, organizations and institutions" (2017, 2019).[13] Against this backdrop, in 2017, China established its naval logistics facility in Djibouti, its first overseas base and the subject of a detailed case study later in this report (For an extended historical review of China's overseas activities and ambitions, see **Appendix 2**).

Apparent in this brief historical overview is that China's military operations and goals have continually expanded over the past two decades. China will probably pursue additional permanent military installations abroad, even if the PLA continues to rely on commercial ports for many routine military functions for the foreseeable future.[14]

Scholars and policymakers have advanced several theories to understand China's pursuit of overseas military bases, including the debt trap diplomacy model, the interaction of a location's desirability to China and its feasibility to serve as a base, the String of Pearls (SoP) concept, and China's reliance on commercial ports (For a more detailed literature review, see **Appendix 3**).

All these theories are helpful, though they have proven incomplete or unable to account for China's more recent naval base acquisition activity. We thus put forward a new analytical approach, based on a detailed review of China's observable behavior and interviews with experts, termed China's opportunistic approach. While the opportunistic approach framework provides important insight into China's behavior, there are relevant dynamics it does not capture (See Chapter VI).

Chapter IV: China's Opportunistic Approach

China's approach to base acquisition is highly idiosyncratic, as China's policymakers, state-owned enterprises (SOEs), and the PLA engage with each country on a case-by-case basis. China's economic, political, and military engagement with many countries is not solely guided by a desire to establish a permanent military installation in their territory, though party-state officials are probably actively seeking to expand their network of bases in general.[15] China will thus seek to promote political and economic conditions that make military installations more feasible across many prospective locations at once. China's opportunistic approach has five core components:

1. China is open to establishing an overseas military installation in many different locations, rather than focusing its attention on a small subset of locations it perceives will be particularly useful.

2. All the locations where China is interested in pursuing permanent military installations will provide a minimum viable security value, but relative security value beyond this low threshold does very little to explain where a base will arise.

3. In all the locations where China is interested in pursuing permanent military installations, China will have a significant economic footprint, which often goes hand-in-hand with substantial debt owed to China, but the relative degree of this footprint beyond a moderate threshold does very little to explain where a base will arise.

4. Across the many locations that would provide minimum viable security value and have a significant Chinese economic footprint, Beijing will explore the political feasibility of establishing a permanent military installation, including in some circumstances as a secondary goal to other interests.

5. The presence, or lack thereof, of two offsetting factors—U.S. and partner leverage; and host country instability and fragility—helps explain whether China can successfully establish a permanent military installation. If these offsetting factors are absent, China may seize the opportunity to establish a permanent military foothold.

Figure 1. China's Opportunistic Approach

Enabling Factors

There are many countries where a military base would provide at least moderate security value, and China has a significant economic footprint across Asia, Africa, Europe, and Latin America. China will explore the feasibility of establishing a naval base in all these locations, including as a secondary objective to other bilateral issues.

Minimum Viable Security Value

Enabling Factor 1

All the locations where China is interested in pursuing permanent military installations will provide a minimum viable security value, but relative security value beyond this low threshold does very little to explain where a base will arise.

Security value is a function of proximity to sea lines of communication (SLOCs) and maritime chokepoints.[16] SLOCs are maritime routes between ports used for trade, logistics and naval activities.[17] China's economy is highly reliant on maritime trade routes connecting China's mainland through the Malacca Strait and Indian Ocean on to Africa, Europe, and the Middle East. Indeed, over 90 percent of its trade occurs via maritime transit, more than the global average of approximately 80 percent.[18] Securing those trade routes requires military protection, including that necessary to deter state and non-state maritime threats. And, reliably operating far from China's shores requires the PLA to establish a network of military installations or access points, which enable routine matters including replenishment and resupply, repair and maintenance,

and intelligence and communications, as well as higher-tempo operations, if needed.[19] Thus, as the U.S. Defense Department states, "the PLA is most interested in military access along the SLOCs from China to the Strait of Hormuz, Africa, and the Pacific Islands."[20]

Chinese strategists are also concerned with vulnerability to interdiction and blockade through maritime chokepoints, as exemplified by the so-called "Malacca Dilemma," in which its shipping could be interdicted by the United States or another country during transit through the Malacca Strait.[21] As such, all the locations where China seeks a permanent military installation will likely provide a minimum viable security value, as determined by proximity to SLOCs and maritime chokepoints.

Presence of China Owned Infrastructure, and Debt to China's Entities

Enabling Factor 2: Economic Footprint

In all the locations where China is interested in pursuing permanent military installations, China will have a significant economic footprint, which often goes hand-in-hand with substantial debt owed to China, but the relative degree of this footprint beyond a moderate threshold does very little to explain where a base will arise.

Substantial investment and debt held by China will likely be present wherever China seeks a naval installation. China seeks to protect its overseas economic interests, and large sums of economic investment also provide China with greater influence, whether explicit or implicit, over a target host country.

In the last decade, China has developed a large commercial footprint abroad, including over $1 trillion of infrastructure investment as part of BRI.[22] As BRI won more partners, China's state-owned institutions significantly expanded their lending to low- and middle-income countries, becoming the world's largest official creditor.[23] Between 2014-2020, China spent $85 billion per year in international development finance, most of which was in loans.[24] These loan contracts are unique in their stringent confidentiality, making it difficult for international observers to scrutinize their terms. An early selling point of BRI was also China's willingness to provide no-strings funding for developing country projects, bypassing safeguards like financial sustainability requirements and anti-corruption measures.[25] China has occasionally accepted an equity stake as payment in lieu of debt financing and appears to increasingly prefer this alternative model, given the repayment difficulties that many BRI recipients have encountered.[26]

China also desires military installations where it has significant concentrations of China-operated infrastructure, as military access can serve as a terminus of infrastructure development reaching further inland, as it has in Djibouti and Cambodia, for example.[27] China operates several strategic infrastructure investments abroad—including PLA Strategic Support Force-operated satellite telemetry, tracking, and control sites—that signify a close bilateral relationship but also create a need for a greater PLA presence in these countries.[28] The ports, railways, roads, pipelines, and other connectivity infrastructure that China's SOEs are building need protection, as do the millions of Chinese citizens employed by infrastructure projects. China's strategy documents make this point explicitly.[29]

Given the large number of locations with at least a minimum viable security value and a significant Chinese economic footprint, the offsetting factors, explored below, play a more powerful explanatory role in China's overseas base acquisitions (or lack thereof). For this reason, pursuing many different locations at once makes more sense than going "all in" on a smaller subset of locations.

Offsetting Factors

The presence, or lack thereof, of two offsetting factors—U.S. and partner leverage; and host country instability and fragility—help explain variation in China's success with establishing permanent military installations abroad. When offsetting factors are absent, China is more likely to establish a permanent naval foothold.

U.S. and Partner Leverage

Offsetting Factor 1

In countries where U.S. leverage is high, China will be less likely to establish a permanent military installation.

A country considering whether to allow China to establish a permanent naval installation in its territory will likely face some form of pressure from the United States to dissuade the country from doing so.[30] Many countries receive some combination of U.S. humanitarian aid, development aid, and private investment.[31] Security partners of the United States benefit from U.S. military equipment, training, and joint exercises. For countries accustomed to or reliant on these inducements, the possibility that they will be withheld in the future is a powerful source of leverage. More directly, the United States could levy sanctions or other economic penalties to pressure a country not to allow a PLA

installation. Moreover, in prospective host countries where U.S. allies and partners, such as Australia or India, have high degrees of leverage, this offsetting factor functions similarly, as those countries also have powerful incentives to stop the proliferation of PLA bases.

Conversely, U.S. leverage is lower in countries that are beneficiaries of relatively greater aid and investment from China, as denying China a base could throw these benefits into question. Like Washington, Beijing seeks to expand its influence abroad, including under the auspices of BRI and more recent efforts like the Global Development Initiative (GDI) and Global Security Initiative (GSI).[32] When a country signs on to these initiatives, the GSI in particular, it indicates a greater openness to military cooperation with China.

The extent of U.S. and partner leverage is dynamic and may change in response to new bilateral developments as countries make their own foreign policy decisions. Many countries—even those that that currently have close relations with the United States—will constantly assess if their interests are best served by the status quo or if instead pursuing close relations with Beijing alongside that of Washington is a more prudent strategy. If a prospective host country assesses that the benefits from primary or even sole reliance on the United States are insufficient, it may seek a more active balancing strategy, either to win concessions from U.S. policymakers or to hedge against unfavorable future political developments in Washington. For example, Gulf countries seem to be increasingly comfortable with a greater role for China in the region, given perceptions of American retrenchment.

What may today be sufficient U.S. and partner leverage to stop threatening PLA base activity will not necessarily foreclose the possibility that countries choose to go a different way in the future.

Host Country Instability and Fragility

Offsetting Factor 2

In countries, or regions within those countries, with an unstable or fragile governance situation, China will be less likely to establish a permanent military installation.

Domestic instability and fragility are characterized by high degrees of insecurity, organized violence, terrorism, and conflict.[33] These contexts often feature weak state institutions and complicity by officials with

criminality. The central government often lacks a monopoly on power.[34]

Military installations require security to protect against threats posed by state and non-state actors. China's national security doctrine is highly sensitive to challenges posed by internal threats to societal stability and domestic security, not just in China, but also in China's security cooperation with partners, formalized since 2014 as its "holistic national security" concept.[35] Because China is risk averse to the loss of life and prefers not to operate in uncertain environments, China will likely hesitate to establish permanent military installations in fragile and unstable locations.[36]

Chinese strategic thinking has long-emphasized the importance of economic development to improve domestic stability and root-out anti-government sentiment, both within China, along its periphery, and with other partners.[37] As part of BRI, and especially as part of the China-Pakistan Economic Corridor (CPEC), China has marshaled resources to this aim.[38]

But experience has shown that fragility can also impede efficient economic development, even with considerable resources.[39] One effect of internal instability on military base acquisition, then, will be to draw out the process as China evaluates if political conditions are becoming more amenable to a permanent military footprint.

Chapter V: Case Studies

Four cases—Khalifa Port (UAE), Gwadar Port (Pakistan), Ream Naval Base (Cambodia), and the PLA Support Base (Djibouti)—are detailed to show how the opportunistic approach works in practice. Each case satisfies the opportunistic approach's enabling factors: military bases in these locations would provide at least a minimum viable security value and China has a significant economic footprint near its observed base acquisition activity (For detailed explanations of how each case satisfies the enabling factors, see **Appendix 4**).

However, where offsetting factors are present, China has not successfully established a permanent naval installation. The first and second cases demonstrate

how offsetting factors work to undermine China's military installation acquisition aims. At Khalifa Port, U.S. leverage derailed China's initial aim to establish a PLA military facility. At Gwadar Port, internal instability has slowed commercial development and created significant uncertainty for China, reducing its interest in turning the dual-capable port into a formal naval installation.

The third and fourth cases demonstrate how the absence of offsetting factors facilitated China's establishment of permanent naval bases. In the PLA Support Base and Ream Naval Base cases, both offsetting factors were absent, which allowed China to successfully establish formal bases.

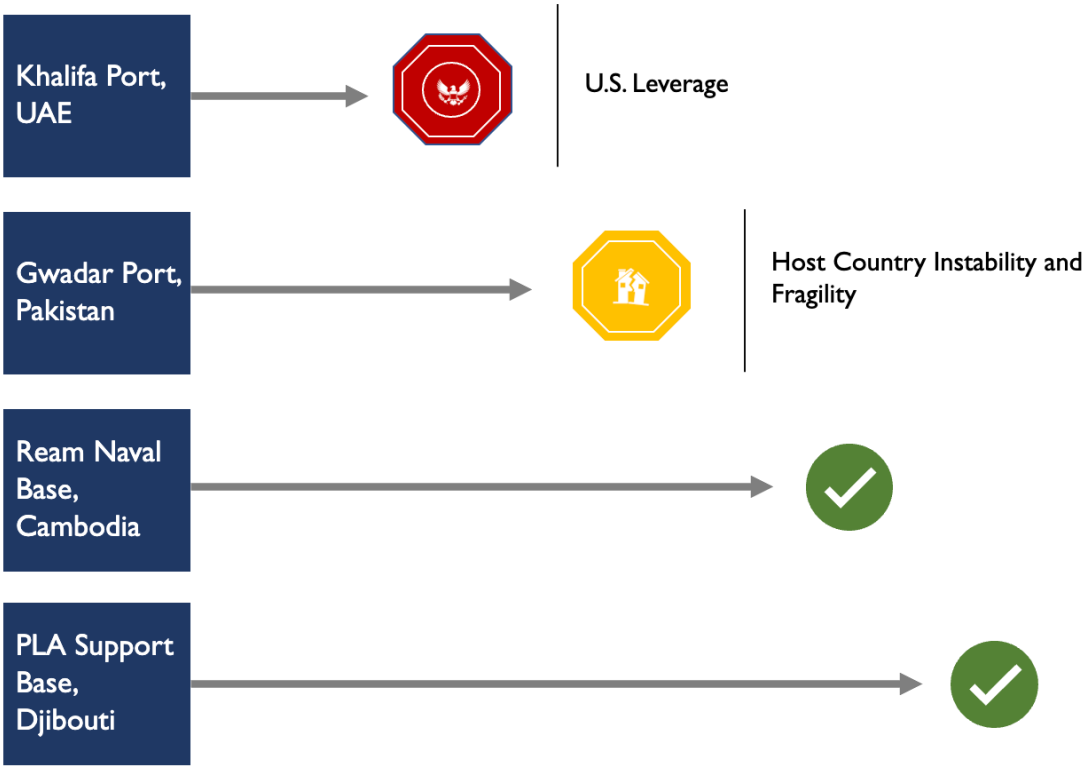


Figure 2: Applying the Opportunistic Approach Framework to Cases

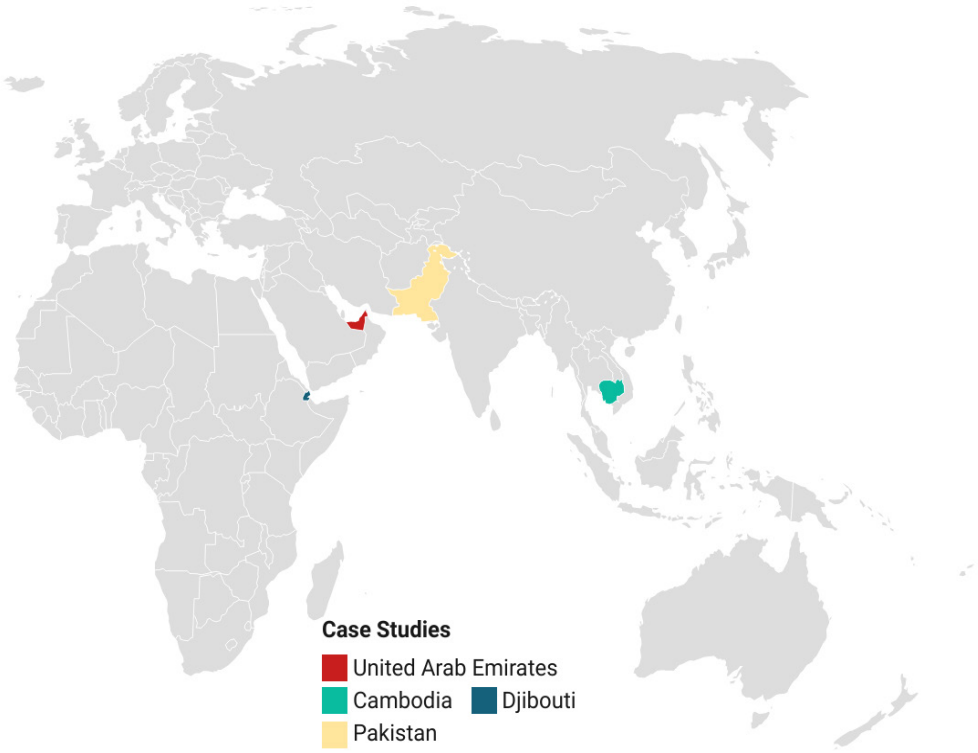


Figure 3: Case-Study Locations

Khalifa Port, UAE

Overview

China is in the process of constructing the China-UAE Industrial Capacity Cooperation Demonstration Zone (ICCDZ), a large industrial zone adjacent to Khalifa Port. It was within the ICCDZ that China has also sought to construct a covert military facility. Khalifa Port is strategically positioned along the Strait of Hormuz, a chokepoint through which over 40 percent of China's oil is shipped.[40] The UAE is a part of the BRI, and China is the UAE's largest trading partner.[41] Though both enabling factors are present—security value and a significant economic footprint—a permanent PLA military outpost has not yet materialized because Washington was able to exert leverage over the UAE to stop Beijing's efforts (for an extended explanation of how Khalifa Port satisfies the opportunistic approach's enabling factors, see **Appendix 4**).

Offsetting Factor: U.S. Leverage

Washington's considerable leverage over the UAE, exercised with its threat to downgrade its military cooperation if the UAE were to allow China to finish constructing a PLA facility, allowed the United States to inhibit China's basing attempt near Khalifa Port.

Figure 4: Khalifa Port

The UAE has a historically strong defense partnership with the United States, which remains the UAE's most important security partner.[42] UAE leaders see military strength as a key means of protecting its regional influence. Their priorities include countering Iran, with which it has longstanding territorial disputes and concerns regarding its proxy activities, and managing terrorism threats.[43] Its close security partnership with the United States has been an important part of achieving these goals: large numbers of its military personnel train in U.S.-led programs, and the United States had sold the UAE $29.3 billion of military equipment and systems through the Foreign Military Sales system as of 2021.[44] The two countries have signed a "Defense Cooperation Agreement," which encourages military interoperability and has allowed 3,500 U.S. soldiers to be based in the UAE currently.[45] The U.S. Air Force runs operations out of the Al Dhafra Air Base, which is 20 miles south of Abu Dhabi and 40 miles south of Khalifa Port.[46]

When the UAE joined the BRI in 2018, it signed an agreement with COSCO, a Chinese SOE, to construct the ICCDZ near Khalifa Port.[47] In the spring of 2021, the U.S. Intelligence Community (IC) claimed it had identified the construction of a PLA military facility intended to evade detection in the ICCDZ.[48] Satellite imagery

revealed underground construction of a multi-story building, and the site was later covered to avoid detection.[49]

In response, the U.S. government froze certain arms sales, including that of F-35s and reaper drones.[50] Senior U.S. government officials, including the National Security Advisor, Jake Sullivan, and the National Security Council Coordinator for the Middle East and North Africa, Brett McGurk, traveled to the UAE several times to communicate the potential consequences to U.S.-UAE defense cooperation, should the UAE allow China to construct a military facility.[51] McGurk later remarked, "We have made our position very clear about the types of activities that would jeopardize our ability to do things that our partners want," referencing weapons sales and technology transfer.[52]

Anwar Gargash, a senior advisor to the UAE president, acknowledged that U.S. concerns directly led the UAE to order China to stop work on the facility.

President Biden also spoke directly to UAE President Mohammed bin Zayed Al Nahyan (MBZ) twice—in May and again in August—to convey the negative impact of a UAE-hosted PLA facility on bilateral relations.[53] MBZ later said he had heard President Biden "loud and clear."[54] By the fall of 2021, the UAE stopped China's construction of the PLA facility, and allowed Jake Sullivan and Brett McGurk to inspect the site to verify that construction was halted permanently.[55] The UAE Embassy in Washington insisted, "the UAE has never had an agreement, plan, talks or intention to host a Chinese military base or outpost of any kind."[56] Regardless of the government's knowledge, in December 2021, Anwar Gargash, a senior advisor to MBZ, disputed characterizations of the PLA facility as a military one, but acknowledged that U.S. concerns directly led the UAE to order China to stop work on the facility.[57] Gargash also expressed weariness about getting dragged in between Washington and Beijing.[58] Leaked U.S. government intelligence indicates that China may have resumed construction of the facility in 2023, suggesting that U.S. leverage may no longer be sufficient to limit the scope of UAE-China relations, or simply that Dubai initially told China to pause construction until it perceived there to be less scrutiny on the site.[59]

In short, despite the UAE's hesitation to shut down the PLA facility, the United States was able to exert sufficient leverage over the UAE, forcing it to halt

construction of the PLA facility in 2021. In this case, U.S. leverage came from a robust security partnership with the country. However, it is still unclear if this leverage can be exerted to indefinitely halt the site's development as China continues to probe for opportunities to complete its construction.

Gwadar Port, Pakistan

Overview

Located in Pakistan's Balochistan province along its southwestern Makran coastline, the Gwadar Port project highlights the offsetting effect of an unstable and fragile governance situation on China's dual-capable infrastructure projects. Development of Gwadar and its surrounding infrastructure began in 2001; over the last two decades, China and Pakistan have developed close military, diplomatic, and economic ties. Located 400 km east of the Strait of Hormuz, a maritime chokepoint where over 40 percent of China's imported oil transits, Gwadar provides security value to China. China's economic footprint in Pakistan is also vast; indeed, the project has been heralded by China and Xi Jinping as the highest priority of BRI—the "crown jewel" of CPEC (for an extended assessment of how Gwadar Port satisfies the opportunistic approach's enabling factors, see **Appendix 4**).

Figure 5: Gwadar Port

The port's location, capacity, and China's close military ties with Pakistan have led analysts to predict it could become China's next Indian Ocean military installation. Some Chinese analysts have stated explicitly that the PLA is considering establishing a support base in

Gwadar. Nonetheless, despite summitry and ambitious intentions, Gwadar is still under-utilized and critical enabling connectivity infrastructure—roads, railways, and pipelines—has yet to materialize. Instability in Balochistan, which suffers from multiple conflicts and entrenched criminality, has undermined Gwadar's commercial development and forestalled conditions that could support China's willingness to establish a permanent naval installation at Gwadar Port.

Offsetting Factor: Instability and Fragility

The Gwadar Port project has been routinely discussed by officials in China and Pakistan—and indeed the West as well—as if it were already commercially operational and highly successful, but in reality, it has been plagued by difficulties since construction began two decades ago. Principal among them is the unstable and fragile governance of Balochistan, where Gwadar is based. Balochistan's instability has undermined commercial development while also reducing China's willingness to pursue a permanent base, given its preference for stability and certainty wherever it seeks to operate.[60]

Balochistan is Pakistan's poorest province, riven with insecurity and violence, organized crime, and inadequate governance. Conflict in the province has multiple dimensions, with violence stemming from conflict between the state and militant Baloch nationalist groups, inter- and intra-tribal feuds, and sectarian tensions. Separatist/anti-central government violence has been especially evident: nationalist groups, including the Balochistan Liberation Army, have taken issue with the central government's control over the province's natural resources. More recently, the development of Gwadar Port has set off conflict and exacerbated nationalist grievance.[61]

Pakistan's central government has sought to exert influence in the province by forming alliances with willing tribal and political elites in exchange for access to state resources. These arrangements occasionally collapse, leading to violent uprisings against the state, followed by military repression and the formation of a new network of elite pacts. As one analyst describes, this cycle has created a "nexus among criminality, militancy, and terrorism" in the province.[62] Chinese analysts have described this instability and terrorism as a "cancer that hinders the development of Balochistan."[63] But, according to Xi's holistic national security outlook, economic development is a core component of managing such insecurity, an approach it has employed in Pakistan.[64]

Thus, in 2001 then-PRC Prime Minister Zhu Rongji committed China's support for the Gwadar Project.[65] A bidding process reportedly took place, but the China Harbor Engineering Company (CHEC), a subsidiary of China's leading SOE for global port projects, was selected as the general contractor for its initial development. China's Export Import Bank also provided approximately $200 million of financing for the initial project, which concluded in 2007.[66]

Implementing Phase II of the Gwadar project required identifying which entity would be responsible for expanding the number of terminals, constructing storage facilities, and managing the operations of functioning areas of the port. The Gwadar Port Authority awarded the Port of Singapore Authority (PSA) with this contract, but it quickly encountered local political, legal, and operational challenges, leaving much of the port's facilities in disrepair.[67] China was eager to take over, and in 2013, the China Overseas Port Holdings Company (COPHC)—an SOE that was, according to its chairman, "specially-designed and purposely built for the construction of the Gwadar port by the Chinese government"—purchased PSA's equity and took over operational responsibilities.[68]

But COPHC, too, has faced an array of obstacles, foremost among them local political and militant pushback. The Pakistan Ministry of Maritime Affairs reported decreases in shipping throughput every year between 2013 (when COPHC took over operations) and 2017, the last time cargo traffic through Gwadar was officially reported. In that period, only 60 ships were handled at the port,[69] and by 2020, Gwadar was still operating well below its designed capacity.[70] Pakistan's two biggest ports, Karachi and Port Qasim, still process over 99 percent Pakistan's total maritime trade.[71] Work on the transport infrastructure designed to connect Gwadar to China and elsewhere in Pakistan via rail, road, and pipeline networks has also encountered difficulties.[72] Above all, Baloch nationalist groups are hostile to China's presence and have conducted attacks on Chinese workers and projects connected to Gwadar.[73]

Under-utilized for commercial purposes, Gwadar's port facilities can already support the PLAN's largest vessels, including its largest amphibious assault ships, landing platform docks, and fleet replenishment ships. Under most conditions, PLAN aircraft carriers and accompanying surface combatants could also call on Gwadar.[74] As some Chinese commentators have stated, the infrastructure for a formal basing arrangement is already sufficient.[75] And, given Pakistan's reliance on

China for diplomatic, military, and economic support, if Beijing wanted a base at Gwadar, it could likely have one.[76] Yet, China has not established one.

Given Pakistan's reliance on China for diplomatic, military, and economic support, if Beijing wanted a base at Gwadar, it could likely have one. Yet, China has not established one."

Gwadar and its surrounding area remain highly uncertain and unstable, conditions that China prefers to avoid in prospective locations for permanent military outposts.[77] Some analysts have argued that Chinese strategic culture is particularly sensitive to "losing face", as could be the case if an overseas installation is repeatedly targeted by local opposition and non-state militant groups.[78]

While these conditions have not slowed the pace of investment in dollar terms, it has delayed the development, construction, and commercial viability of CPEC infrastructure, including that of Gwadar.[79] It has also stymied China's interest in establishing a naval installation. China's military is sensitive to casualties and operating in conflict ridden locations.[80] To protect its commercial operations in Pakistan, China instead relies on Pakistan's "Special Security Detachment," 3,000-5,000 of which are dedicated to protecting Chinese citizens in Gwadar.[81] Despite these efforts, the scope of terrorist attacks in Balochistan has also worsened over time, further reducing China's appetite for a permanent military presence.[82]

As a recent China Maritime Studies Institute report asserted, economic development will likely need to precede military utilization, as CPEC investment is meant to "develop and secure Pakistan for China's benefit."[83] Chinese officials seek to "create permissive conditions for political decisions that could support military utilization of the port and its surrounding infrastructure."[84] But, in Gwadar and elsewhere, instability has inhibited development and even as infrastructure investment has grown, fragility has not subsided. Thus, the unstable and uncertain situation surrounding Gwadar has created hesitation that has, for now, forestalled any decision by China to establish a base.

Ream Military Base, Cambodia

Overview

In 2019, China and Cambodia made a secret agreement providing the PLA with exclusive access to a portion of Cambodia's Ream Naval Base, a 190-acre installation at the tip of a small peninsula in the Gulf of Thailand. Ream Naval Base has a moderately valuable geographic location. Situated to the west of the South China Sea, the base would allow the PLA to project force over the Malacca Strait and operate closer to the Indian Ocean. China also has a substantial economic footprint in Cambodia, with concentrations in the territory surrounding the Bay of Kampong Som, near its eventual base. In parallel, Cambodia has accrued significant debt to China. Cambodia thus meets the minimum threshold for both enabling factors of the opportunistic approach, minimum viable security value and a significant Chinese economic footprint (For an extended explanation of how Ream Naval Base satisfies the opportunistic approach's enabling factors, see **Appendix 4**).

China has developed a close partnership with Cambodia, where its leader Hun Sen, has ruled with China's support since 1997. It is also reasonably stable, as the state has a monopoly on power and has cracked down on opposition groups and media. In the absence of offsetting factors, China began constructing its portion of Ream in the summer of 2022.

Absence of Offsetting Factors

While a permanent military installation at Ream Naval Base meets the requisite enabling factors, a base in Cambodia was made possible by the absence of significant U.S. leverage and a stable internal governance situation.

Civil conflict in Cambodia plagued the country from the 1960s until 1998, when the Khmer Rouge movement effectively fell apart. While instability in the country left a legacy of public health, economic, and political crises, the situation began to stabilize by the early-2000s, as Cambodia was admitted to ASEAN in 1999 and joined the WTO in 2004.[85]

Figure 6: Ream Naval Base

Cambodia's leader, Hun Sen, has long pursued a strategic partnership with China.[86] The two countries have shared close political relations for some time, as Cambodia has supported China's position on South China Sea disputes and Taiwan. In return for such support, Beijing has consistently backed Hun Sen, dating back to 1997 when he ousted his co-prime minister.[87] In the years since, independent journalists have been silenced with intimidation and violence; the government has brutally suppressed political opposition and intimidated voters.[88] Hun Sen's government has few political costs for its actions, and leadership has full control over allocation of development aid. This has allowed China to provide rents to corrupt elites and win influence without providing public goods to the population.[89]

Meanwhile, military-to-military ties between China and Cambodia have gradually deepened. Indeed, China is Cambodia's largest donor of military aid and has made important inroads in terms of exercises and military aid in the years preceding the agreement to give China exclusive access to a portion of Ream.

From 2013-2018, Cambodia received more than $500 million in military equipment from China, including helicopters, trucks, and anti-aircraft systems, offered as direct aid or financed by loans from China-owned entities.[90] Following a visit by Xi Jinping in 2016, the two countries conducted their *Golden Dragon* joint military exercises together for the first time.[91] U.S. attempts to maintain influence with Phnom Penh were comparatively ineffective. Just one month following *Golden Dragon*, in January 2017, Cambodia canceled its annual Angkor Sentinel joint military exercise with the United States, the first time the ruling government did so since exercises began seven years prior.[92] As Hun Sen consolidated power and Cambodia became a de-facto authoritarian state, moreover, the United

States signed onto a 2018 UN letter condemning the government's human rights record.[93] The United States has also applied tailored sanctions and reduced aid to the country, citing human rights and corruption issues. These efforts have further worsened bilateral relations, with Cambodian officials dismissing sanctions as "politically motivated."[94]

Nonetheless, the United States remained eager to maintain a security relationship with Cambodia to keep it from fully entering Beijing's orbit. Thus, when Cambodia's defense ministry requested U.S. support to modernize portions of Ream in early-2019, Washington offered to provide it. But to the Trump administration's surprise, Cambodia retracted their request, instead notifying the United States in July 2019 that it was demolishing two U.S.-built facilities at Ream.[95] The Defense Department concluded that Cambodia's refusal of U.S. aid was likely rooted in its decision to accept assistance from China instead.[96]

That assistance was detailed in a secret agreement signed between China and Cambodia, according to a draft seen in July 2019 by the Wall Street Journal and finalized in 2020. While the agreement was denied by both sides, China committed to construct one pier for itself and another for Cambodia. In exchange, China would gain exclusive access to the 62-acre northern portion of the installation for 30 years, with automatic renewals thereafter in 10-year intervals.[97]

A permanent PLA presence at Ream is illegal under the Cambodian constitution, and there are indications of growing skepticism toward China at the popular level, but these sentiments have no avenue for political expression in Cambodia's de facto one-party state.[98]

Since 2022, the PLA has had a significant presence at Ream. The two governments have sought to mask China's activities, restricting the movements of foreign delegations visiting the base and outfitting Chinese personnel with Cambodian military uniforms.[99] An anonymous Chinese official confirmed that the China will have exclusive access to a portion of the base, though the official said that scientists would also use the facility.[100]

Though Cambodia has sought a more neutral approach of late, supporting the May 2022 U.S.-ASEAN special summit in Washington and carrying out joint military exercises with the United States, U.S. attempts to convince Cambodia to shift

course at Ream have born little fruit. The 2022 Consolidated Appropriations Act, for example, prohibits aid to Cambodia unless the State Department certifies that Cambodia verifiably maintains the neutrality of Ream.[101] Nonetheless, Cambodia has banned U.S. visits to the naval installation, and PLA construction began in 2022.[102] A ground station for China's BeiDou navigation satellites is already operational on its portion of the base.[103] In September, a new pier had been completed, and by November 2022, satellite imagery showed that construction had begun on at least 10 buildings.[104] Dredgers have also been seen off Ream's shores, suggesting it may eventually be able to host larger PLA vessels as well.[105]

In July 2023, Hun Sen announced he would retire and transfer power to his son, Hun Manet, in August. There are some indications that Hun Manet may have a more favorable view of the United States than his father because he graduated from U.S. Military Academy West Point.[106] Nonetheless, the country's continued authoritarian slide and dependence on Beijing could limit the extent of a potential reorientation. Other unknowns include Hun Manet's relationship with CCP leaders, the extent of Hun Sen's continued involvement, and the turnover of other key cabinet officials, all of which will have implications for Cambodia's foreign policy decision-making moving forward.[107]

Thus, China's ability to successfully establish a permanent military installation at Ream Naval Base was advanced by the United States' lack of influence with Cambodia relative to China's, as well as a stable governance situation in the country. When Washington sought to impose punitive actions on Cambodia to persuade the country to shift course, they had little effect, except to damage bilateral relations.

PLA Support Base, Djibouti

Overview

Djibouti is strategically located on the Strait of Bab-el-Mandeb and provides logistical support for PLA counter-piracy operations in the Gulf of Aden. Djibouti has also been a recipient of significant Chinese infrastructure investment, meeting the threshold for both enabling factors of the opportunistic framework (for an extended assessment of how Gwadar Port satisfies the opportunistic approach's enabling factors, see **Appendix 4**). Djibouti also hosts a U.S. military base.

Washington signed a long-term renewal agreement in 2014, after which U.S. leverage over Djibouti was limited. It was the presence of both enabling factors, and more importantly, the absence of any offsetting factors, that enabled the PLA Support Base to be established in Djibouti, despite pushback from the United States.

Absence of Offsetting Factors

Figure 7: PLA Support Base, Djibouti

Since its civil war ended in 2000 with a power sharing agreement between the major ethnic groups in Djibouti, President Ismail Omar Guelleh has ruled Djibouti with no meaningful electoral contest for power.[108] Djibouti has remained stable with no major threats to the cohesion of the state or control of the regime. Djibouti's stability is notable in a neighborhood where protracted civil wars and other conflicts have been common, including in Ethiopia, Eritrea, Somalia, and Yemen. France has maintained a military base in Djibouti since 1977, when it granted Djibouti independence, and after the September 11th attacks, the United States established a military base in Djibouti, Camp Lemonnier, to launch counterterrorism and anti-piracy operations in the region. For China, too, Djibouti's stability made it an attractive location for economic investment and a permanent military presence.

The government of Djibouti sought investment in two critical infrastructure and connectivity projects, the Doraleh Multipurpose Port and the Addis Ababa-Djibouti Railway, to expand the government's primary source of revenue generation: the collection duties on goods going to and from Ethiopia. Before the pandemic, Djibouti was collecting more than $1.5 billion from Ethiopia every year.[109] In contrast, since 2020, Djibouti was only earning an estimated $125 million from foreign military base lease payments each year—of which, $63 million came from the United States and $20 million from China.[110]

China's willingness to invest heavily in Djibouti's high priority infrastructure led Djibouti to pursue closer ties with China.[111] In 2012, Djibouti sold 23.5 percent of its stake in the existing Doraleh Container Terminal, which was Djibouti's largest employer and single source of revenue, to China Merchants Holdings (CMH), and in 2014, Djibouti awarded CMH the right to build the new Doraleh Multipurpose Port.[112]

In February 2014, China's Defense Minister visited Djibouti to sign a "Security and Defense Partnership Agreement," which scaled up military-to-military cooperation.[113] That August, China began construction of the $590 million Doraleh Multipurpose Port. As a result of China's financing and construction of the port, its vessels received priority handling and lower docking fees, giving China's commercial transport companies a price and speed advantage when shipping to European markets.[114]

Also in 2014, the United States finished renegotiating its 10-year military base lease renewal agreement with Djibouti, doubling its annual payments to $63 million per year.[115] Some reporting suggests it agreed to double the payment to keep the Russians out of Djibouti.[116] Camp Lemonier is the United States' only permanent military base in Africa. Furthermore, the Pentagon had also announced that it would invest $1 billion to upgrade Camp Lemonnier over the next 25 years, making clear that the U.S. military intended to stay and expand its presence in Djibouti.[117]

But, completing the agreement also reduced Washington's leverage over Djibouti, for which the lease payments are a significant source of government revenue, making it more difficult for the United States to convince Djibouti to prevent China from establishing a base. Therefore, there was little the United States could do when the Central Military Commission Chief of Staff and PLA Navy Chief of Staff met with Guelleh to finalize details for the planned military base in November 2015.[118] By then, it is likely that China had already obtained exclusive access to use the western most berth of the commercial port and the land directly adjacent to it for military utilization.

In an otherwise unstable corner of the world, Washington had few alternative options to establish a comparable military base for anti-piracy and counterterrorism operations. Senior U.S. officials made multiple attempts in

2015 to dissuade Guelleh from authorizing the PLA military base, including direct conversations between Guelleh and then-Secretary of State John Kerry, then-Deputy Secretary of State Tony Blinken, and the U.S. Ambassador to Djibouti Thomas Kelly.[119] The content of these discussions was not publicly disclosed, but they were unsuccessful nonetheless.[120] Guelleh called Washington's bluff when he publicly authorized China to construct its base in 2015.[121] China began to construct its naval base in February 2016.[122]

It was also difficult for the United States to form a coherent case in the global court of public opinion to object to China's establishment of a base in Djibouti, given that the United States and several of its partners had military bases in the country.[123]

On August 1, 2017, China officially opened the base. China's base is approximately seven miles from Camp Lemonnier. When it opened, China insisted on labeling the base a "support facility" to downplay its military potential and emphasize the base's role in supporting China's participation in UN-sanctioned anti-piracy missions off the Horn of Africa.[124] Since 2015, Djibouti's President and Foreign Minister stressed that the Chinese base would be no different from any of the other foreign military bases coexisting on their soil.[125]

Washington lost much of its leverage when it signed its own base lease renewal agreement in 2014, finalizing its yearly payment amount for the next decade.

In sum, Djibouti's internal stability and strategic location make it valuable to both the United States and China. After signing its own military base lease renewal agreement, Washington lacked leverage over Djibouti and failed to convince the country to reject the PLA Support Base.

Chapter VI: Thematic Conclusions from Case Studies

As detailed in the opportunistic approach framework, China generally tends to pursue military installations in locations that provide at least a minimum viable security value and where China has a significant economic footprint. In these

locations, China will explore the political feasibility of establishing a permanent military installation. However, two offsetting factors—significant U.S./partner leverage, and host-country instability and fragility—play an outsized role in determining whether political conditions are ripe for China to establish a base.

Host countries probably understand that permitting the PLA to establish a naval installation in their territory will elicit a strong reaction from the United States. This may dissuade countries from seriously considering PLA attempts to establish a base at all. If a country is receptive to Beijing's overtures, however, the United States will seek to convince the country to reverse course with a mix of punishments and inducements. Where U.S. leverage is high, Washington's efforts are more likely to be successful. This point is evident across the cases. The UAE case demonstrates that Washington can quickly disrupt Beijing's attempts to establish a military outpost by threatening to withhold foreign military sales, an important source of leverage. In Cambodia, U.S. leverage is diminished, as the country receives more development and military aid from China. Applying tailored sanctions and withholding humanitarian aid has had little effect in shifting the status quo.[126] Where Beijing's influence relative to Washington is currently insufficient, China has often sought to build relationships at lower levels of government (e.g., municipality, province) to gradually shift political conditions in its favor.[127]

Internal instability will also undermine the political conditions necessary for China to seek a permanent naval installation. The Gwadar case shows how instability and fragility—created by Balochistan's militant separatist movement and Islamabad's approach to governance in the region—have reduced Beijing's appetite for a formal military footprint. The CPEC project seeks to address instability through economic development, but violence has not subsided. As a result, here too, China will wait to see if conditions shift and stability improves enough for it to consider establishing a permanent installation. Evident across these cases is Beijing's view that offsetting factors, even if difficult to overcome today, can be undermined slowly through longer-term efforts.

In addition to the core tenets of the opportunistic approach framework, this section identifies several additional insights from the case studies, discussed below.

Military Installations are Often Established Near China-Built Ports

In three of the four case studies, a permanent military installation was pursued (or considered) adjacent to an existing commercial deep water port project. In Djibouti, China's base was built adjacent to the Doraleh Multipurpose Port, which CMH began to construct in parallel with the base. Gwadar Port and its surrounding dual-use infrastructure will probably be the site of a PLA installation along the Makran coast in Pakistan, should China decide to establish one. The thwarted covert PLA military facility in the UAE was constructed within a China-funded industrial zone adjacent to Khalifa Port. Across the cases, only the PLA-exclusive access site connected to Ream Naval Base in Cambodia is not directly connected to a commercial deep-water port project.

Case-based evidence suggests several potential explanations for China's propensity to establish military bases near commercial ports. Establishing a military installation near a port built by China may satisfy its (and perhaps also the host country's) desire for secrecy and deniability. China is sensitive to regional pushback that could arise from pursuing overseas military installations.[128] It did not acknowledge its base in Djibouti until at least 2 years after it began constructing it; Beijing still has not acknowledged that it is constructing military-dedicated infrastructure inside Ream Naval Base. It has also sought to covertly construct a military facility adjacent to Khalifa Port.

By establishing a base near a commercial port, a Chinese SOE can send in its personnel under the auspices of commercial activity, but then readily convert a portion of such infrastructure into an acknowledged, PLA-dedicated military installation. Since commercial ports already satisfy many of the peace-time functions of formal military installations (e.g. replenishment and resupply; intelligence and communications; repair and maintenance),[129] many of the same development activities associated with commercial port construction overlap with that of a military base.[130] Moreover, the Chinese Communist Party's Military-Civilian Fusion concept compels its SOEs and private companies to support the party-state through statutory means, reducing barriers between PLA activity, SOEs, and private Chinese companies.[131]

Even if China does not begin commercial port construction with the premeditated intention of establishing a military base, when political conditions arise that make

one highly feasible (i.e., where offsetting factors are absent), it is easiest to do so where China already has skilled personnel present. In the process of building a port, an SOE also gains knowledge of the location's unique maritime features, builds relationships with local government actors and contractors, and establishes location-specific logistics procedures. Constructing a base in the same location takes advantage of these up-front costs. Co-locating with a port has the added benefit of positioning the PLA to protect its citizens operating the port.

Regime Type/Institutional Arrangement

The degree of autocratic consolidation in a country significantly affects the potential for China's political and economic presence to elicit domestic political pushback of the sort that could undermine its ability to establish a permanent military installation. In non-democratic systems, leaders are less constrained by their publics, the media, and political opposition. Deals made between Beijing and ruling elites face less scrutiny, and agreements do not need to satisfy the concerns of external stakeholders. As a result, China has a more straightforward path to expansive economic influence and the establishment of a military installation. The UAE, Djibouti, and Cambodia are all categorized as "not free" in Freedom House's annual *Freedom in the World* report.[132] China established its first overseas naval base in Djibouti. In Cambodia, regular people are increasingly skeptical of China's economic influence, and foreign military bases are expressly prohibited in its constitution, but Hun Sen has gone forward with permitting China to construct a base anyway. There has also been a severe crackdown on independent press, limiting the government's accountability.[133]

By contrast, the cyclical power transitions of countries with democratic systems of government tend to create scrutiny on incumbents' policy decisions, especially regarding non-democratic states and sovereignty concerns.[134] Elites vying for power have incentives to campaign against the choices of their political rivals, potentially at China's expense.[135] Even if there are not China- or foreign military base-skeptical factions currently present in opposition, political institutions are likely to facilitate this pushback through the competitive election process.[136]

These dynamics have played out in the Maldives, Malaysia, Sri Lanka, and to a lesser extent in Pakistan.[137] For example, in the run up to Sri Lanka's 2015 elections, Maithripala Sirisena drew on the economic pain created by China's

infrastructure investment at Hambantota Port to bolster his own popularity, politicizing China's presence in the country. When he won, the government immediately paused several projects undertaken by his predecessor, Mahinda Rajapaksa. Though the government's balance of payments crisis eventually required it to get back in China's good graces, including by leasing Hambantota to a joint entity controlled by CMH, it included clauses preventing the PLA from using Hambantota without advanced approval by the Sri Lankan president.[138] It is more difficult for China to sustain economic influence with democratic states, but Beijing will also find it challenging to translate its presence into a formal military footprint, consistent with the conclusions of other studies.[139]

For these reasons, when China wades into democratic waters, it has preferred to partner with strongman leaders—those with populist and authoritarian tendencies—directly and indirectly aiding their consolidation of power.[140] In Cambodia, China has consistently backed Hun Sen since 1997, when he seized power in a coup. With the Maldives (Abdulla Yameen), Sri Lanka (Mahinda Rajapaksa), Malaysia (Najib Razak), and the Solomon Islands (Manasseh Sogavare), China found strongmen eager to embrace BRI and an outsized role for China in their countries' economic affairs. With Sogavare, this approach paid dividends when in March 2022, the two countries signed a security pact feared in Washington to be the precursor to a PLA base agreement.[141] But Beijing has also underappreciated the degree that competitive elections can undermine its engagement approach, and its international reputation.[142]

There are some indications that China is learning from previous missteps: in new projects, its SOEs have preferred equity investments rather than debt financing. They have also negotiated phased investment contracts, designed to reduce incentives for opposition leaders in democracies to campaign against China's presence.[143]

Earning Influence in Lower-Income Countries

The income level of a country significantly affects its propensity to be swayed by Chinese investment. For small, lower-income countries, China's investments are a boon. There, Beijing can have immense influence by directing just a moderate amount of resources to the country, given that these investments would make up a greater share of the host country's GDP and these countries are particularly

in need of aid and investment.[144] Put another way, engaging with lower-income countries, particularly those positioned in geographically valuable locations, provides higher yield in Beijing's exploration of new military sites. Djibouti, Pakistan, and Cambodia have all borrowed heavily from China. Though straightforward, this dynamic is also key to understanding China's recent inroads with Pacific Islands Countries (PICs), which are resource poor, in need of climate-resilient infrastructure, and until recently, received less attention from Washington.[145]

Engaging with lower-income countries, particularly those positioned in geographically valuable locations, provides higher yield in Beijing's exploration of new military sites.

By extension, in wealthier countries, all else equal, China's investments will earn it less influence. The unique benefits of a close partnership with the United States, such as military-to-military cooperation and foreign military sales, become more consequential. Though the UAE participates in BRI and conducts a large volume of trade with China, it chose to prioritize its security partnership with the United States when Washington sought to exert its leverage.

Geopolitical Context: Relevance of Second-Order Effects

With some countries, China's interest in establishing a base will be secondary to other national interests. Beijing may choose not to actively pursue a military base, even where offsetting factors are absent, if it expects second-order effects that would run counter to its national security interests. For example, even if instability subsides in Gwadar, China may judge that it should not rush to establish a formal military installation: managing its strained relationship with India is a major priority for Beijing. When considering a permanent base in Gwadar, China will carefully weigh the benefits to its naval posture with the potential for destabilizing its important relationship with New Delhi.[146] A dynamic calculation that accounts for such second-order effects will shape Beijing's decisions, an important limitation of the opportunistic approach framework.

Chapter VII: Policy Recommendations

The insights of this project suggest several policy recommendations designed to better equip the Defense Department to address the challenges posed by China's pursuit of overseas naval installations.

First, we suggest measures the Defense Department should take now to mitigate the risks to U.S. national security posed by China's current base acquisition-related activities. These recommendations, tailored to Gwadar Port and Real Naval Base, provide an approach for prudent Defense Department action now, as well as a framework for its response to future PLA base acquisitions, if and when they arise.

In reality, however, there are limits to a purely reactive approach to PLA naval installation acquisitions. A proactive approach will more effectively address threats to U.S. national security posed by a wider network of PLA naval installations. We provide analytic-focused recommendations designed to help the Defense Department apply the opportunistic approach framework to identify future cases of concern more quickly, narrowing its attention to the most important determinants of success in China's base acquisition efforts. We also propose several action-focused recommendations intended to reduce the likelihood that China can establish overseas installations in locations that would threaten U.S. interests.

While addressing the China base acquisition challenge requires a whole-of-government approach, recommendations are tailored to the Defense Department's unique positioning and resources. We assessed a range of policy options based on three primary evaluation criteria:

1. **Attentive to U.S. national interests**: Policy recommendations should account for the degree to which a PLA naval installation in a specific location threatens U.S. national security. They should balance the relative importance of stopping the PLA from acquiring a base with the importance of the United States' broader relationship with the country. Undermining an important U.S. bilateral relationship to stop a base of minimal consequence to U.S. national security is a bad idea.

2. **Likelihood of achieving desired outcome:** Recommendations designed to shift the decision-making calculus of host-governments should have a reasonable chance of doing so. When Washington has few tools at its disposal to prevent a base, mitigation may be more appropriate. A recommendation's effectiveness should be capable of being monitored by policymakers. Policy recommendations should have a reasonable likelihood of successful execution, accounting for implementation challenges such as coordination within the U.S. government, and with allies and partners.

3. **Resource requirements:** Financial resources required to carry out a desired action should be proportionate to the threat to national interests, and the likelihood of success.

How should the Defense Department respond to ongoing PLA naval base acquisition activities?

The Defense Department has learned to work around the PLA Support Base in Djibouti. Thus, case-specific recommendations focus on the other three cases. At Khalifa Port, recent reporting suggests China may have resumed efforts to build a covert military facility. At Gwadar Port, China has probably not yet decided whether to pursue a permanent military base. At Ream Naval Base, Washington should consider threat mitigation approaches, preparing for the likelihood that the base will eventually come to fruition.

Khalifa Port

The Defense Department should pursue a mix of prevention- and mitigation-focused policy measures to reduce the likelihood that China establishes a PLA installation and minimize the damage to U.S. interests should one arise. U.S. policymakers should first assess the extent of damage to U.S. operations if a PLA facility adjacent to Khalifa Port were to materialize, prioritizing threat mitigation over prevention if appropriate.

1. ***Prevention-focused*: More clearly communicate the consequences to U.S.-UAE relations should a PLA installation be completed.** Washington should internally determine whether this PLA installation should drive a

major rupture in bilateral relations, and if so, clearly explain to the UAE the ways it complicates existing defense ties between the two countries, as well as the specific actions that Dubai would need to take regarding the installation to avoid a bilateral setback. Policymakers in the UAE resent being forced to "choose" between the two countries, and may believe that highly desirable military sales, sensitive technology transfer, and intelligence coordination efforts will not be interrupted. Leaving the extent of the downgrade ambiguous may lead to miscommunication and misunderstandings about the tradeoffs associated with allowing the establishment of this PLA installation.

2. ***Mitigation-focused*: Obtain UAE commitments to limit PLA facility specifications.** Such measures may include commitments against future expansion of the site and verifiably preventing the PLA from hosting intelligence collection assets. These commitments would reduce operational risks to U.S. national security and maintain practical bilateral cooperation.

3. ***Mitigation-focused*: Impose costs (cutting military ties, withdrawal of aid, etc.) based on the operational and counter-intelligence risks to U.S. military operations in the country.** Excessive punishment, however, could undermine an important, multifaceted bilateral relationship, limiting the possibility of cooperation on a wider range of issues (such as Iran and counterterrorism) that need not be impacted by the establishment of a PLA facility.

Gwadar Port

The Defense Department should pursue a mix of prevention- and mitigation-focused policy measures to reduce the likelihood that China establishes a PLA installation and minimize the damage to U.S. interests should one arise.

1. ***Prevention-focused*: Work with counterparts in India to proactively communicate to China the consequences of a PLA installation in Pakistan for Sino-Indian relations.** Informed by China's sensitivity to second-order effects of a base at Gwadar, direct the Assistant Secretary of Defense for Indo-Pacific Security Affairs (ASD/IPSA) to seek out information from New Delhi on its likely response to a PLA installation

at Gwadar and encourage India to privately relay its concerns to China on the consequences of (a) consistent PLA utilization of Gwadar Port, and (b) formal militarization of a naval facility adjacent to the port. U.S. leaders should avoid criticizing commercial development of Gwadar but be clear that formal militarization would damage U.S.-Pakistan relations.

2. ***Mitigation-focused*: Reinforce relationships with South Asian partners (India, Sri Lanka, Bangladesh), as well as countries near the Strait of Hormuz (Oman, UAE).** To reduce the likelihood of a concentration of PLA installations and bolster regional operational capability should one be established in Gwadar, the the United States should strengthen defense ties with regional partners, and expand military exercise and training activities (e.g., Cooperation Afloat Readiness and Training/Marine Exercise with Sri Lanka).

3. ***Mitigation-focused*: Even if a permanent base is established, continue to explore targeted cooperation based on shared interests.** Given current levels of U.S. leverage relative to China's leverage over Pakistan, excessive cost imposition (cutting military ties, withdrawal of aid, economic sanctions, etc.) will probably have limited effect on deterring a base while pushing Pakistan further into China's orbit.

Ream Naval Base

Defense Department action should focus on mitigating the effects of a PLA outpost at Ream Naval Base, given that construction is already underway.

1. ***Mitigation-focused*: Monitor developments related to the Isthmus of Kra in Thailand.** Ream would become significantly more valuable to Beijing if it can convince Thailand to construct a canal through the Isthmus of Kra, providing an alternative maritime access point to the Indian Ocean from the Malacca Strait (see Figure 10 in Appendix 4). If a Chinese SOE were to build and operate the canal, China could theoretically deny international access through the canal, enforcing its move by projecting power from Ream.

2. ***Mitigation-focused*: Strengthen military-to-military ties with Thailand.** Expand the annual Copra Gold military exercises. Direct the Assistant Secretary of Defense for Legislative Affairs (ASD/LA) to begin advocating

with Congress for expanded military capacity building funding for Thailand, including through existing military aid pathways, including the International Military Education Training and Southeast Asia Maritime Security Initiative programs. Instruct the director of the Defense Security Cooperation Agency to explore additional opportunities for military equipment sales—the Thai Navy and Army have recently preferred inexpensive equipment from China though more capable U.S. equipment should be formally offered.[147]

What analytic-focused measures should the Defense Department take now to better understand future PLA naval base acquisition activities?

1. **Create a PLA base aspiration monitoring process to regularly assess susceptibility levels of countries of concern and provide early warning to policymakers.** The Defense Department will benefit from narrowing its focus to places where a (1) PLA base is likely and (2) where it threatens important U.S. interests.

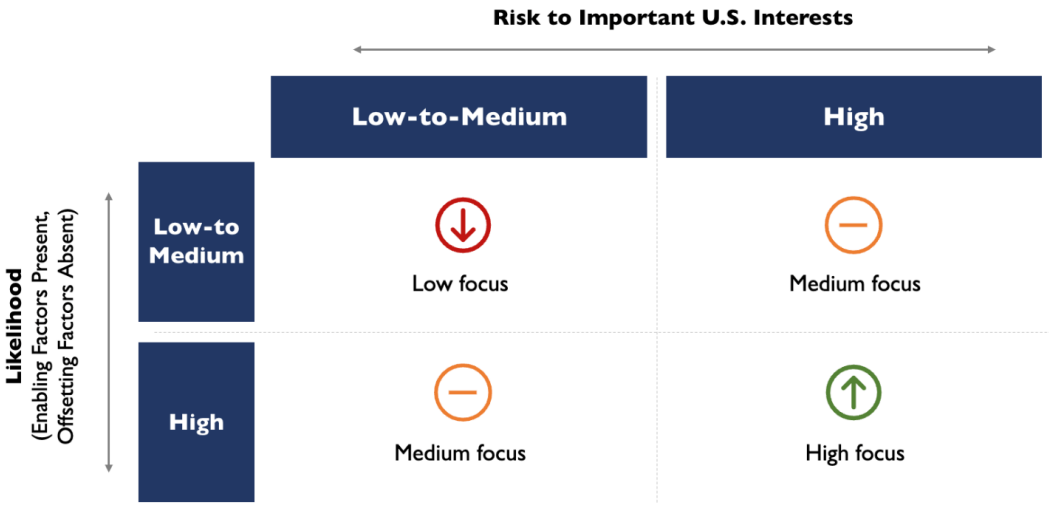


Figure 8: Narrowing U.S. Focus of China's Overseas Base Acquisition Activity

- **Narrow focus to places where a PLA base would threaten important U.S. interests**. China will likely obtain additional overseas military installations, even if their basing network never matches that of the United States. This does not inherently threaten the operational flexibility of the U.S. military, though some bases may be particularly problematic. The Defense Department should think systematically about the parameters that make a specific base particularly threatening.

At least five factors should contribute to this determination: (1) concentration near other PLA bases; (2) proximity to U.S. forces and allied territory; (3) proximity to valuable maritime routes (sea lines of communication, chokepoints); (4) overall tensions/military posture vis-à-vis China; and (5) capabilities hosted at the base. Tabletop exercises designed to identify which base locations would be particularly damaging to U.S. operational flexibility may also be helpful.

Naval installations closer to the United States, such as in South America, would pose a significant threat to U.S. national security, shifting the way military leaders would have to plan for conflicts in the South China Sea or elsewhere. Recent reporting that China is pursuing a naval installation in Argentina's Tierra del Fuego province suggests that monitoring should be more vigilant in South America.[148]

- **Narrow focus to places where a PLA base is more likely**. The Defense Department should use the opportunistic approach framework to continually monitor the presence of enabling and offsetting factors across countries of concern. Recognizing that many countries satisfy the enabling factors, the Defense Department and U.S. interagency should monitor countries for vulnerability to specific offsetting factors, rather than focusing on China's investment activity in general, and develop observable indicators to track over time. For example, host country instability and fragility indicators may include: (1) number of terrorism incidents, as well as other attacks on China-operated infrastructure or Chinese citizens; (2) vacuums of power measured by absence of state presence and/or episodes of state violence; (3) frequent, sporadic transitions in power (such as coups); and (4) wide-scale protest activity. Set collection requirements for the IC informed by offsetting factor indicators.

2. **Coordinate with the Office of the Under Secretary of Defense for Intelligence (OSD(I)) to reform the intelligence gathering process for PLA base aspiration-related information, with greater emphasis on operator level collaboration across the IC.** Monitoring China's base aspirations requires fusing the intelligence gathering tools employed across the IC, including the Defense Intelligence Agency, National Geospatial Intelligence Agency, and Central Intelligence Agency, and doing so at the operator level. Country-based grassroots coordination cells should be

established to create intelligence products on the ground to inform OSD(P) decision-making. This effort would complement the top-down coordination efforts of the Office of the Director of National Intelligence (ODNI) and build upon informal coordination efforts already happening in theaters outside of South and Southeast Asia.[149] The Defense Department is uniquely situated to lead this effort given its budget, global presence, and privileged access.

3. **Use this framework as a basis for coordination with U.S. interagency counterparts** designed to reach a shared understanding of relative susceptibility of different countries to a PLA naval base. Creating a shared risk assessment for PLA base intentions allows the interagency to quickly react to threatening PLA bases in coordination with the Defense Department, bringing to bear each agency's unique resources and authorities.

What action-focused measures should the Defense Department take now to slow the expansion of China's overseas naval installation network?

The following recommendations should be tailored to prospective host countries of high and medium focus, based on the above analysis of U.S. interests and PLA base likelihood.

1. **Expand PLA base acquisition-related intelligence collection, intelligence sharing and other disruption coordination efforts with like-minded partners, which may be well equipped to help disrupt PLA base acquisition efforts.** U.S. influence across Africa and Asia varies considerably, but its network of allies and partners is among its most valuable comparative advantages over China, and partners can be force maximizers in efforts to deny China permanent installations in threatening locations, allowing the United States to lead from behind.[150] For example, India's historic ties and robust commercial relationship with Sri Lanka position New Delhi more favorably than Washington to lead outreach with the country. Doing so first requires having a shared basis of information. OSD should direct the Defense Intelligence Agency to begin working across the IC on strategies to streamline intelligence sharing with allies and partners as it relates to PLA basing aspirations.

- Where interests overlap in disrupting a threatening PLA base, the Defense Department should also coordinate efforts with partners to make it more difficult for China to achieve its basing goals. U.S. military equipment and capacity building efforts are an important part of its leverage. Especially given many countries' preference for inexpensive equipment, working with partners with complementary systems and capacity building services to craft a joint military aid package could make cooperation with the the United States and allies and partners more attractive, or could make the prospect of losing that joint military aid package more serious, to prospective PLA base host countries.

2. **Strengthen people-to-people ties with countries in South and Southeast Asia.** The Defense Department should work with interagency partners to create multilateral professional development initiatives for next generation leaders in high-focus countries that provide training and enhance mutual understanding between the United States and partner countries. In doing so, it will promote lasting connections between next generation leaders in partner countries and their U.S. counterparts.

    - The Emerging Defense Leaders Program and Young Southeast Asian Leaders Initiative, funded by the Defense Department and State Department respectively, provide a model for this work in the ASEAN context.

3. **Expand the Foreign Area Officer (FAO) program.** Foreign area officers, embedded in U.S. embassies, provide critical support to U.S. diplomatic efforts abroad and liaise with foreign militaries, while also advancing State Department-Defense Department coordination abroad and in Washington. FAOs also serve as security assistance officers, ensuring foreign military sales are responsive to partner needs, improving partner capability, and increasing the attractiveness of forming a close partnership with the United States. Increasing FAOs' footprint is a valuable way to expand U.S. military-to-military influence, thus positioning the United States for better analysis, prevention, and mitigation of China's overseas naval base acquisition activity.

- **Convene a FAO expansion committee** designed to increase FAO participation across military branches by 20% over 10 years. The Committee will provide OSD with recommendations to improve recruitment, sustainment, and skills maintenance.
- **Develop and administer a China Base Acquisition Qualification Course** for FAOs stationed in medium- and high-attention countries (based on the Army Special Forces model). A qualification course should cover concepts related to China's geo-economic strategy, Civil-Military Fusion concept, recent doctrinal developments, and detecting indicators that China is pursuing a military installation in certain location.

4. **Develop actionable host country persuasion strategies now. These could be readily adopted in the future if intelligence and other indicators suggest that a country is seriously considering hosting a PLA military installation or has already agreed to do so.** The Defense Department should work with the State Department, Treasury Department, and other interagency stakeholders to begin developing country-specific persuasion strategies now. Persuasion approaches should be tailored to each country and account for the relative risk to U.S. national security if a base were to arise, but several general principles should guide country-specific strategies:

    - **When intelligence suggests final decisions have not yet been made, conduct outreach privately.** Discussions should communicate an appropriate mix of inducements and credible communication of future consequences to bilateral relations. Intermediate goals could include maintaining channels of communication and inspecting prospective locations.
    - **Assess tradeoffs between prevention and mitigation.** If Washington has strong leverage over a country, prevention may be more appropriate. If it is unlikely to stop China from establishing a base, the Defense Department should explore ways to reduce its damage to U.S. national security before PLA base agreements are finalized. Such measures may include host country commitments to keep installations

below a certain size, limit the presence of especially threatening systems, etc.

- **Avoid excessively punitive measures with countries where Washington has low leverage or a strong interest in continued partnership on other issues.** Fully scaling back foreign military sales, exercises, training activities, and other instruments of U.S. defense policy with these countries is likely to spark retaliation and push them further into Beijing's orbit.
- **When punitive measures are imposed, tailor measures to achieve narrow and specific goals, clearly communicated to the potential host country.** Punitive measures are more effective at shifting state behavior when they are specific and their intended goal is narrowly tailored to problematic host country conduct.[151] The Defense Department (and other interagency actors) should clearly communicate what will happen should the PLA be permitted to establish a base, as well as the concrete steps that should be taken to avoid punitive measures.
- **Specific Defense Department tools that should be brought to bear include the ability to offer or withhold military exercises, training programs, foreign military sales, and direct military aid.** The Defense Department should proactively deepen defense cooperation and engagement with countries susceptible to PLA basing to increase U.S. influence.

5. **Regularly monitor case-specific, analytic-focused, and action-focused measures to ensure objectives are being met.** Establish a quarterly monitoring and evaluation session as a sub-committee of the Deputy's Management Action Group (DMAG), to track progress on core objectives related to preventing and/or mitigating the impact of PLA overseas base acquisition activities. The committee should be comprised of executive Level III or IV/military three-star officials with participation from OSD(P), the Joint Chiefs of Staff, INDOPACOM, and OSD(I).

How should the United States mitigate the effects of bases when they do arise?

Though responses to each future PLA naval installation should be uniquely tailored to their specific context, a few general principles should be considered across all cases.

1. **The relative threat to national security should guide the response to PLA bases.** In circumstances when U.S. national security is seriously threatened by a PLA installation, it should constitute a major rupture in U.S. bilateral relations with the host country and with China. If an installation is of low consequence to U.S. national security, Washington should continue engaging with the host country on issues of shared interest. It is probably inevitable that China will obtain a wider network of overseas naval installations—when bases are established in low consequence locations for the U.S. military, the Defense Department should continue to probe for opportunities to reduce risk with China.
2. **Strengthen security ties with regional partners located near future installations.** Expand bilateral and multilateral exercises, capacity building activities, and foreign military sales to improve partner capabilities and improve military-to-military familiarity. This approach will mitigate the negative effects of new PLA installations and reduce the likelihood that China develops a concentrated footprint far from its shores.
3. **Assess implications for U.S. and partner military operations in affected maritime areas.** Tabletop exercises should be conducted, individually and with allies and partners, to prepare for conflict contingencies in new regions where the PLA has a permanent presence. Eventually, lessons learned should be integrated into exercises.

Appendix

Appendix 1: Interview Subjects

Mohammed Khalid Alyahya, Editor-in-Chief of Al Arabiya English, Fellow at the Middle East Initiative at the Harvard Kennedy School, and Non-Resident Senior Fellow at the Hudson Institute

Dr. Andrew Erickson, Professor of Strategy, U.S. Naval War College; and Research Director, China Maritime Studies Institute

Dr. Caileigh Glenn, Postdoctoral Grand Strategy, Security, and Statecraft Fellow, MIT Security Studies Program

Kenneth Juster, former U.S. Ambassador to India

Dr. Isaac Kardon, Senior Fellow for China Studies, Brookings Institution

Paul Nantulya, Research Associate, Africa Center for Strategic Studies, National Defense University

Chris Li, Research Director, Asia-Pacific Initiative, Belfer Center

David Shinn, former U.S. Ambassador to Burkina Faso and Ethiopia

Guido Torres, National Security Fellow, Harvard Kennedy School

Reja Younis, Predoctoral Fellow and PhD candidate, Johns Hopkins SAIS

Anonymous Interviewees (2)

Appendix 2: Historical Overview

China's military capability and operations beyond its shores have grown alongside its expanding economic presence. Its overseas military and commercial activities offer important context for China's more recent push for an overseas military basing network. Though the PLA's influence, assets, and operational presence outside of its immediate maritime neighborhood are still modest, trends clearly point to greater external focus for China's military.

China now has people, companies, and markets across the world. Its economic interests are global, impacting how it will seek to use its military. An analysis of its PLA deployments, overseas investment activity, and defense strategy documents, released every several years since the first defense white paper in 1998, shows an increasing degree of ambition and comfort in declaring China's overseas national security interests, and the role of the PLA in securing those interests.

China's defense white papers feature carefully presented assessments of national security issues intended to favorably influence foreign perceptions, but a review of these documents still provides insight into the desired scope of operations sought by China's senior policymakers, as well as strategic guidance for military capabilities development, since strategy documents have historically influenced PLA modernization as well.[152]

Until more recently, China's expeditionary naval ambitions were poorly conceptualized in terms of military assets and defense strategy pronouncements. China's 1998 defense white paper detailed limited naval ambitions and asserting that China "does not station any troops or set up any military bases in any foreign country."[153] But leader remarks and strategy documents over the next 10 years show an increasing comfort with operating abroad. The next defense white paper, in 2000, indicated China has "acquired the capability of offshore defensive operations."[154]

In 2004, Hu Jintao's "New Historic Missions" charter created the strategic direction for the PLA to develop the concepts, capabilities, and experience necessary for a more active far seas strategy, China's first step toward its current naval strategy of "near seas defense and far seas protection."[155] Hu tasked the PLA with defending China's expanding national interests and upholding global peace, new missions

beyond those previously required of the military.156 China's 2006 defense white paper discussed the importance of securing international shipping routes and energy supplies, and in 2008, China highlighted the need for the PLA Navy to effectively conduct "cooperation in distant waters."[157]

These documents foreshadowed a second phase in China's overseas military ambitions, when it began Gulf of Aden counter-piracy deployments, which have continued almost continuously until the present, featuring rotations of surface vessels and occasional involvement from submarines.[158]

This demonstrated expanded goals for the PLA—protection of China's maritime commercial interests over 5,000 miles from China's shores—and such missions also required the capability to replenish at sea, perform long-distance navigation, maintain complex formations, and operate in difficult weather conditions, relatively new accomplishments for the PLA at the time.[159]

The 2013 defense white paper went yet another step further, noting that China will seek to "strengthen overseas operational capabilities", including merchant vessel protection, and security support for China's overseas interests. Indeed, the PLA Navy has increased the complexity, frequency, and duration of its expeditionary operations, as well as their distance from China.[160] By 2014, the PLA had, according to Chinese press, normalized its deployments in the Western Pacific and Philippine Sea. It conducted its first surface ship deployment to the Indian Ocean for non-counter-piracy operations and began exercising for operations through maritime chokepoints.[161]

Chinese strategists began debating the merits of building overseas military bases in the Indian Ocean region (IOR). Some thinkers claimed that permanent military bases in strategic locations in South Asia were required if the country wished to become a global power, while others argued that such discussions were premature given China's current national strength and wealth.[162]

China's announcement of BRI (then termed the One Belt, One Road Initiative) in 2013 marks a third phase in its overseas ambitions. The maritime portion of Xi's plan, the Maritime Silk Road Initiative (MSRI), was, above all, designed to deepen trade relations and cultural exchanges with countries in the Middle East,

South Asia, and Southeast Asia.[163] China's cumulative investments in countries participating in BRI between 2013-2021 exceeded $770 billion.[164]

Defending China's new BRI infrastructure was not explicitly addressed in official statements, but the government further expanded its expeditionary combat and supply goals in its 2015, 2017, and 2019 defense white papers. The PLAN was directed to enhance capabilities for strategic deterrence and counterattack, maritime maneuvers, and joint operations at sea (2015), with greater emphasis on the need to protect "Chinese people, organizations and institutions" (2017, 2019).[165] Against this backdrop, in 2017, China established its naval logistics facility in Djibouti, the subject of a detailed case study further in this report. Most recently, in February 2023, China unveiled its Global Security Initiative (GSI). Though the document primarily reiterates Beijing's long-standing principles and packages existing activities under a new label, it is also a statement of China's interest in playing a greater role in international politics.[166]

Apparent in this brief historical overview is that China's military operations and goals have continually expanded in the past two decades. China will thus probably pursue additional permanent military installations abroad, even if the PLA continues to rely on commercial ports for many routine military functions and never has a basing network that matches that of the United States.

Figure 9: Timeline of Key Developments in China's Overseas Military Ambitions

Appendix 3: Existing Explanations for China's Formal Base Acquisitions

Scholars have sought to introduce various analytical frameworks designed to understand when and where China might seek to establish military-dedicated overseas naval facilities. Perhaps the most well known in popular discourse is China's so-called debt trap diplomacy strategy, whereby China's extensive infrastructure investment is financed by loans from its own entities. If debt is unsustainable and a country is unable to meet scheduled payments, the country must decide between forfeiting operational control of critical infrastructure or making other unattractive concessions to China.[167] One way China could use such leverage is by coercing a host state to allow a permanent PLA footprint on their soil. More recently, however, this concept has been scrutinized by scholars as incomplete or inaccurate: China's development financing system is highly fragmented and rarely centrally coordinated.[168] Debt trap arguments also overplay the role of China in host country debt sustainability crises, while underplaying the agency of host government decision-making and economic mismanagement.[169] Case-based analysis in this report reveals that unsustainable debt to China may have a subtle and important effect on the decision calculus of leaders, but it is not sufficient to explain whether China is able to achieve a permanent military installation.[170]

Another analytical approach has focused on identifying locations based on a combination of their desirability to China and the willingness of the host country to permit China to establish an installation.[171] These approaches are logically sound. But evaluating desirability (usually some permutation of military utility) is both subjective and dynamic over time. Weighting desirability equally with feasibility across country contexts is also not particularly effective in explaining the small body of basing evidence that China has already provided. A standardized predictive formula struggles to explain, for example, why a base was developed in Djibouti and another is currently being built in Cambodia, while Gwadar Port in Pakistan has remained a commercial asset.[172]

Proponents of the String of Pearls (SoP) concept argue that China will seek to convert commercial port infrastructure built by its SOEs across the IOR into forward naval bases.[173] For SoP advocates, China will use its economic statecraft as part of MSRI, the BRI's Indian Ocean maritime infrastructure, to

build leverage over IOR states. Over time, they will be left with little choice but to allow PLA use of their ports, and perhaps eventually permit China to establish permanent naval bases there, enabling it to project power over IOR SLOCs and chokepoints.[174] At first glance, the story of China in Djibouti seems to suggest some validity to this analytical framing, as Beijing parlayed China Merchants Holdings' development activity at Doraleh Multipurpose Port into its first overseas military installation a few years later, adjacent to the port. But there are important shortcomings with the SoP concept. First, many MSRI port projects are poorly suited as military bases, due to their specifications, geographic proximity to SLOCs, or vulnerability in times of conflict. Second, the SoP framework does not account for obstacles to turning commercial projects into militarily useful outposts, such as domestic pushback in host states or international backlash.[175] Finally, it struggles to explain instances where China seeks bases unconnected to port infrastructure, such as the naval installation currently being built in Cambodia.

A final line of thinking suggests China simply will not be as reliant on traditional naval bases as other great powers, instead drawing on its global network of commercial ports. Chinese firms own or operate portions of 96 major ports in 53 countries.[176] The PLA is already using ports for many of the same functions that bases would provide, including logistics, maintenance, and intelligence. Nonetheless, these networks are of limited utility in wartime scenarios, when non-allies could simply deny the PLA use of commercial infrastructure. For power projection during conflict, China would need military-dedicated facilities, which are more politically sustainable and have sophisticated infrastructure with robust defenses.[177] While PLAN use of ports is a critical part of understanding its maritime activity, China will also pursue dedicated naval bases to achieve its goal of becoming a first-tier global military power.[178]

All these theories are helpful, though they have proven incomplete or unable to account for China's more recent naval base acquisition activity. We thus put forward a new analytical approach, based on a detailed review of China's observable behavior and interviews with experts, termed China's opportunistic approach.

Appendix 4: Assessment of Each Case's Enabling Factors

4A. Khalifa Port

Security Value

Located along the coast of the Persian Gulf and the volatile Strait of Hormuz, through which 40 percent of China's oil is shipped, Khalifa Port near Abu Dhabi, UAE meets the security threshold of the opportunistic approach.[179] China is the largest importer of oil in absolute volume through the strait.[180] Securing sea lines of communication like the Strait of Hormuz will remain a priority for China given its continued dependence of foreign oil imports to meet its energy needs.[181]

Economic Footprint

The UAE's economic relationship with China is robust enough to meet the threshold of the second enabling factor under the opportunistic approach. China is the UAE's largest trading partner.[182] The UAE joined the Belt and Road Initiative (BRI) in 2018, and one of the major projects announced as part of this deal was that Chinese SOE, COSCO would construct the China-UAE Industrial Capacity Cooperation Demonstration Zone (ICCDZ) near the Port of Khalifa.[183] The ICCDZ is an industrial park intended to promote cooperation between Emirati and Chinese firms in sectors like high-end manufacturing, technology, green energy, and fine chemicals.[184] At least nine Chinese firms have decided to open a venture in the ICCDZ, which attracted more than $500 million in investment between 2019 and 2021.[185] ICCDZ is already partially open and construction on it will be fully complete by the end of 2023. The UAE also has another similar industrial park project under the umbrella of the BRI in the UAE's other major city: the Dubai Trader's Market.[186] The UAE expanded space cooperation with China,[187] and contracted with Chinese telecoms giant, Huawei, to build out the country's 5G infrastructure.[188]

4B. Gwadar Port

Security Value

Gwadar Port meets the minimum viable security value threshold outlined in the opportunistic approach. It is located 400 km east of the Strait of Hormuz, a maritime chokepoint where 40 percent of China's imported oil transits. As a military installation, it would provide the PLA with an outpost from which to project power into the Arabian Sea and protect its maritime commercial transit going to and from the Persian Gulf.

While Gwadar serves important economic development purposes for China, it also has critical internal and external security purposes, rooted in Xi Jinping's holistic national security concept.[189] Externally, should CPEC plans be realized, Gwadar and its support infrastructure would provide China with a direct land route, via Chinese infrastructure, to the Indian Ocean and Persian Gulf. Pakistan is contiguous to both China and the Indian Ocean—Chinese road, rail, and pipeline infrastructure, then, if achieved, would anchor a direct connection between landlocked Xinjiang Province and the northern Indian Ocean. Secure energy flows are central to China's commercial and military goals.[190] Chinese strategists reference a "Malacca Dilemma" in which its shipping could be interdicted during transit through the Malacca Strait, but overland transit via Gwadar could shed 85 percent of the sea-only transport, avoiding Malacca entirely.[191]

Internally, Gwadar helps Beijing promote economic growth in Xinjiang and along China's periphery in Balochistan. China's leaders believe economic growth in Xinjiang and along China's western frontier is key to managing perceived risks to China's stability posed by Uyghur Muslim separatism.[192] Thus, the Gwadar Port project, and CPEC more generally, is principally driven by Beijing's interest in addressing internal stability through economic development.[193]

Economic Footprint

China has a large economic footprint in Pakistan, capitalized by the CPEC, which was officially launched in 2015 by Xi Jinping during a visit to Pakistan, where he announced a $46 billion investment package as part of the initiative.[194] China's financing and technical assistance were highly attractive to Pakistan's

leaders, and by 2020, CPEC included 122 projects related to energy, transport, manufacturing and other connectivity infrastructure, with $87 billion in total committed financing, of which at least $29 billion has already been allocated.[195] Notable projects include a $7 billion railway connecting Peshawar to Karachi, two Kashmir-based hydroelectric power plants, and Huawei fiber-optic cable connections between China and Pakistan. Given Pakistan's acute power generation challenges, moreover, most CPEC funds have gone toward construction of coal power plants.[196]

The Gwadar project, however, is CPEC's flagship initiative, collectively encompassing port infrastructure, the adjacent support facilities that make up Gwadar's special economic zone, an international airport, and the as-of-yet unrealized network of transport infrastructure connecting Gwadar to the Chinese mainland and elsewhere in Pakistan.

While CPEC infrastructure development has underperformed according to official targets, China's investment, in addition to Islamabad's inability to make long-overdue structural reforms, has created a substantial debt burden for Pakistan: In 2013, the country owed $44.35 billion in external public debt, of which 9.3 percent was owed to China; by 2021, external debt had doubled to $90.12 billion and 27.4 percent was owed to China.[197] In 2018, the country faced a sovereign debt crisis, receiving an IMF bailout a year later. China's economic footprint in Pakistan, and particularly in the area surrounding Gwadar, meets the moderate threshold of China's economic footprint outlined in the opportunistic approach framework.

4C. Ream Naval Base

Security Value

Ream Naval Base has a moderately valuable geographic location, situated to the west of the South China Sea while also helping the PLA extend its influence over the Malacca Strait and operate closer to the Indian Ocean. Some analysts assert that a permanent PLA presence in Cambodia would gain particular value if a long-sought canal across the Isthmus of Kra in southern Thailand is eventually constructed, approximately 300 miles from Ream. Such a canal has been of strong interest to Beijing, as it would provide a direct sea link from the Gulf of Thailand to the Indian Ocean, offering an alternative passage to the Malacca Strait. For now, however, a potential Kra Canal project is a distant possibility.[198]

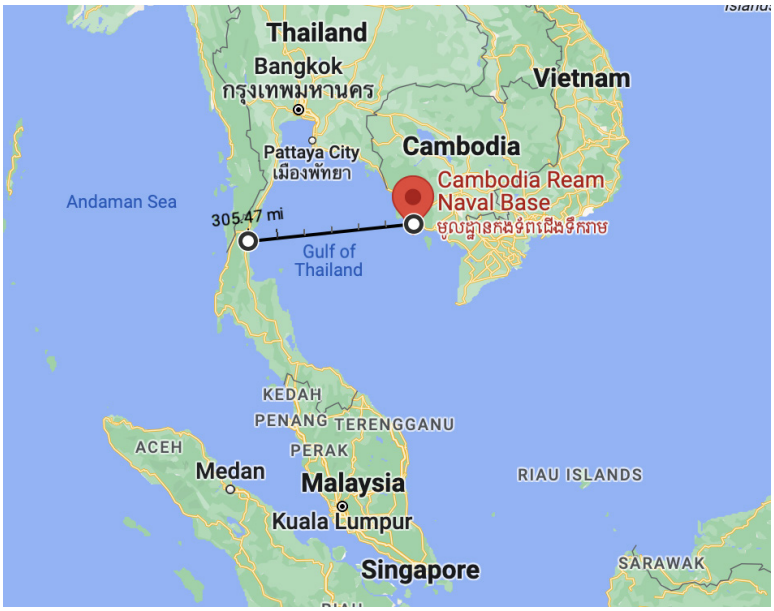


Figure 10: Ream Naval Base's Proximity to the Isthmus of Kra

An outpost at Ream also improves the PLA's ability to hassle Vietnam, which disputes territory with China in the South China Sea, complementing China's long-standing presence in the Parcel Islands and recent militarization of the Spratly Island chain.

Conversely, waters in the Gulf of Thailand have an average depth of approximately 50 meters, and the waters immediately surrounding Ream, in the Bay of Kampong Som, may be as shallow as 5-10 meters, limiting the facility's ability to service large PLA vessels without periodic dredging.[199] Even with dredging, this depth is unlikely to enable use of submarines, which rely on depth to reduce noise and avoid detection.[200] Thus, while Ream Naval Base meets the minimum viable security value threshold, its utility as a major military outpost is fairly limited.

Economic Footprint

China has a substantial economic footprint in Cambodia, with concentrations in the territory surrounding the Bay of Kampong Som, in close proximity to its eventual base. In parallel, Cambodia has accrued significant debt to China. Cambodia thus meets the minimum threshold for China's economic interests necessary under the opportunistic framework.

Cambodia has been a significant recipient of China's infrastructure and connectivity aid, including under the auspices of under the auspices of BRI, which the ruling government strongly supports.[201] Indeed, as of 2017, Chinese entities had constructed over 2000 km of roads, seven major bridges, and a container terminal in Cambodia. China's cumulative investment in Cambodia is between $14 billion and $16 billion.[202]

Since as early as 2008, much of this aid has been concentrated in the area surrounding Ream Naval Base and the nearby Sihanoukville Port, Cambodia's sole deep-water port. China's Tianjin Union Development Group secured a 99-year concession to build and operate the Dara Sakor International Airport in 2008.[203] It is located 62 km from Ream (42 km from Sihanoukville) and is expected to be operational in 2023. While Beijing and Phnom Penh have said the project will support tourism and commerce, Washington and its partners have lobbied Cambodia not to allow the PLA to use it: The 2-mile-long runway is significantly longer than needed for any normal commercial purposes—though it is big enough for China's long-range bombers and other military aircraft—and its capacity exceeds anything that would be needed if it were solely dedicated to supporting civilian or economic opportunities in the area.[204] Additional plans include an expressway connecting Sihanoukville to Phnom Penn, to be developed on a build-operate-transfer basis by a Chinese SOE, and a special economic zone in the area, already under development.[205] As a result of this activity, Cambodia owes China over $4 billion in debt, 41 percent of its total foreign-owned debt.

Most recently, in February 2023, Hun Sen sought financing from China for a new $4 billion high-speed railway line (also under a build-operate-transfer basis) that would connect Phnom Penh to the border with Thailand.[206]

4D. Djibouti PLA Support Base

Security Value

Djibouti is strategically positioned along the African side of the Strait of Bab-el-Mandeb, through which more than 10 percent of the total global trade passes.[207] The Strait runs between the Red Sea and Gulf of Aden, a chokepoint just 18 miles across at its narrowest point. Djibouti's strategic location and internal stability has made it an ideal choice for foreign countries to establish military bases that could assist with counterterrorism and anti-piracy missions in this region.[208] In fact, seven countries have a military presence in Djibouti—France, the United States, Japan, Italy, Spain, Germany, the United Kingdom, and China—and several others have signaled an interest in establishing their own presence in Djibouti.[209]

Piracy off the Horn of Africa has been a long-standing challenge for China, and since 2008, the PLA Navy has conducted counter-piracy deployments in the Gulf of Aden on a continuous basis. These operations have included a rotation of surface vessels and occasionally drawn on submarine assets, creating demand for a logistics hub nearby.[210] The growing presence of Chinese nationals working in the Middle East has also created a desire in Beijing to have its own launching point for hostage rescue operations.[211] Establishing this base further allowed the PLA to collect intelligence on foreign military and commercial activity happening in Djibouti and passing through the Strait of Bab-el-Mandeb.

Economic Footprint

China's formal push to acquire a base in Djibouti was also preceded by its investment in numerous critical infrastructure projects, creating, for China, a highly concentrated economic footprint near its eventual base. In parallel, Djibouti has accrued significant debt to China: Between 2012 and 2020, Djibouti borrowed $1.5 billion from various Chinese SOEs, including China EXIM bank.[212]

Major infrastructure and connectivity projects include improvements to the Addis Ababa-Djibouti railway and the deep-water commercial Doraleh Multipurpose Port.[213] In Djibouti, like elsewhere in Africa, China's investment activity has centered around ports and minerals. Ports can generate a financial

return on investment and can serve as dual-use military infrastructure in a way that other infrastructure investments like roads or railways cannot.[214]

China's SOEs have thus created pockets of highly concentrated economic activity and investment around the ports in Djibouti. A permanent military presence is, in part, designed to protect this infrastructure.[215] In Djibouti, China built its military base directly adjacent to the Doraleh Multipurpose Port. All signs point to China having negotiated the terms and rights to construct both the new commercial port for Djibouti and its own military base at the same time.

The impressive speed and volume of financing provided to Djibouti for development of infrastructure starting in 2012 helped to secure political support for China to establish a base in 2014-15.[216] China holds 70 percent of Djibouti's external debt, and the World Bank has classified Djibouti as being at a high risk of debt distress for the last several years. China's debt hangs over the decisions made by Djibouti's government, which has twice had to negotiate debt restructurings with China.[217]

Therefore, due to the port's strategic value and China's substantial economic footprint, the opportunistic framework's two enabling factors, Djibouti was sufficiently valuable for China to seek a permanent military installation.

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