



# **BEYOND THE *SAN HAI***

## **The Challenge of China's Blue-Water Navy**

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## About The Asia-Pacific Security Program

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### Cover Photo

Pictured on the cover is China's first indigenously built aircraft carrier, which launched in April 2017. At the time of publication the carrier was still unnamed. (Kyodo/AP Images)

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## **The Challenge of China's Blue-Water Navy**

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## Executive Summary

The United States has enjoyed largely uncontested naval supremacy across the blue waters, or open oceans, for decades. The rapid emergence of an increasingly global People's Liberation Army Navy (PLAN) suggests that this era will soon come to a close. China's ability to conduct power projection and amphibious operations around the world will become a fundamental fact of politics in the near future, with significant consequences for the United States and its allies, all of which need to begin preparing for a "risen China" rather than a "rising China," especially in the realm of maritime security. China's expanding naval capabilities have implications that are difficult to grasp, and more importantly, consequences that will be impossible to ignore, and it is therefore all the more necessary for U.S. and allied planners to reckon with it now. This study has resulted in several key judgments and recommendations for policymakers.

### Key Judgements

**China will be a Blue-Water Naval Power by 2030:** China is rapidly transforming itself from a continental power with a focus on its near seas to a great maritime power with a two-ocean focus. The PLAN is looking beyond the *san hai* – the Yellow Sea, South China Sea, and East China Sea – and out toward the Pacific and Indian Oceans.

**China seeks Military Influence in the Indian Ocean Region (IOR):** China's dependence on energy and commodity flows transiting the IOR gives it large interests in maintaining the region's maritime trade routes and political stability. China so far has prosecuted these interests through diplomacy and massive infrastructure development – notably the "One Belt, One Road" initiative – but it seeks military influence, too. Its dual-use port projects, construction of a military base in Djibouti, and increasing deployments to the region strongly suggest it will become a military power in the IOR by 2030.

**A Global PLAN Offers Possibilities for Cooperation and Competition:** The United States and China will have new opportunities to cooperate, especially in the Indian Ocean and Middle East, on humanitarian assistance, disaster relief, anti-piracy, and similar missions. Cooperation is unlikely to transfer from the Indian Ocean into China's near seas, where China has strong territorial interests. Conversely, competition potentially could spread from China's near seas into the Indian Ocean, where China fears U.S. interdiction of Indian Ocean trade and horizontal escalation of a Sino-American conflict.

### China's New Capabilities Will Increase Allied

**Abandonment Fears:** China's anti-access/area-denial capabilities already give it influence in near-seas conflicts over the South China Sea, East China Sea, and Taiwan Strait. When these are combined with China's growing blue-water power projection and amphibious capabilities, China will obtain sharp advantages in near-seas conflicts relative to U.S. allies and partners. Absent U.S. measures, this development could increase abandonment fears in Japan, South Korea, and Taiwan that cause redundant investments, defense strategies inimical to U.S. interests, and even conflict.

### Future Trends in Sino-American Blue-Water Rivalry:

As China and the United States compete over blue waters, cyber space is likely to be an important frontier. With a larger global presence, the United States is more vulnerable to cyber competition than China.

### Key Recommendations

**Take Seriously China's Maritime Challenge:** China's anti-access/area-denial capabilities already have jeopardized the U.S. presence in East Asia, and its blue-water capabilities threaten to open new arenas for maritime competition. The new administration should take these capabilities seriously; understand that they will profoundly reshape global politics and potentially globalize U.S.-China security competition; and revise wargames and strategic planning to address a global PLAN.

### Respond to China's Manipulation of the Balance

**of Risk:** China's risk-acceptant behavior has given Beijing certain strategic advantages in dealing with a risk-averse United States. To address this asymmetry, and to ensure U.S. presence does not become subject to Chinese invitation, the United States should stop preannouncing freedom-of-navigation operations, continue conducting carrier operations within the First Island Chain, and adopt a permanent warship presence in the South China Sea.

**Invest in U.S. Maritime Capabilities:** The United States should ensure that American blue-water naval and joint force capabilities are of sufficient size and quality to compete with China's naval expansion. With the PLAN approaching 500 ships by 2030, the U.S. Navy should move toward a minimum of 350. Requisite Marine, Air Force, and Army capabilities essential to maritime joint force missions should be strengthened.

**Maintain and Diversify Forward-Deployed U.S.**

**Military Forces in Asia:** Committing to the U.S. forward-deployed position in Asia reassures allies, deters China, and ensures influence over important sea lanes. To strengthen this position, the United States could home-port additional vessels in Guam and South Korea. It also should diversify its posture southward to the IOR by upgrading Diego Garcia and by pursuing new rotational agreements with Australia and India, among others.

**Adapt and Advance U.S. Alliances and Partnerships:**

To address allied anxieties, the United States should continue regular consultations with allies, strengthen its forward-deployed presence, and encourage allies to burden-share. Alliances can be strengthened by encouraging greater connectivity and interoperability between allies and partners. Finally, expanding cooperation and security dialogues to IOR partner states, especially India, will help the United States shape China's blue-water behavior.

**Find Areas of Cooperation:** The United States should seek opportunities to cooperate with a global PLAN on humanitarian assistance, disaster relief, anti-piracy, and similar missions. In pursuing these opportunities, the United States should endeavor to include Australia, India, Japan, and other Asian states so such initiatives are not purely bilateral.

**Join and Strengthen Multilateral Institutions:** To channel China's energies into constructive multilateral security cooperation, the United States should engage multilateral organizations, including Chinese initiatives such as One Belt, One Road as well as non-Chinese initiatives in the IOR and East Asia.

# **01 CHAPTER**

## **Introduction**

CHINA'S EMERGENCE AS A GLOBAL MARITIME POWER

**T**he United States has dominated the world's blue waters for decades. A blue-water navy generally refers to a force capable of operating across open oceans and deep waters. With China's rise, however, the United States' uncontested naval supremacy increasingly will be challenged. The rapid emergence of China as a maritime power in its own right, one with increasingly sophisticated expeditionary and power projection capabilities, is likely to profoundly reshape the politics of Asia and affect the interests of the United States and its allies and partners. By 2030, the existence of a global Chinese navy will be an important, influential, and fundamental fact of international politics. It is therefore all the more urgent for contemporary U.S. and allied security planners to both anticipate and address the consequences of China's growing blue-water capabilities.

China has acquired these capabilities systematically. It has generally limited its investments in power projection capabilities, and officially shunned both overseas bases as well as military alliances. And yet, despite these limitations, senior Chinese leaders long have held dreams for a blue-water navy.

Beijing's blue-water aspirations date back to the early 1980s when Admiral Liu Huaqing, a PLAN commander and later a member of China's ruling Politburo Standing Committee, put forward a three-phase development plan for a global PLAN equipped with aircraft carriers and expeditionary capabilities.<sup>1</sup> In the decades since, China's naval strategy has evolved from a focus on coasts in the 1970s to one on near seas in the 1980s and finally to one on distant blue waters. China's blue-water imperative began in

in the South China Sea, constructed a facility in Djibouti that marks its first overseas military base, and continued to invest heavily in anti-access/area-denial weapons as well as cyber and outer space capabilities. These new capabilities are decades in the making but are finally reaching the culminating point that will allow China to operate in the open oceans.

The growing maritime presence is altering China's identity and perhaps even its interests and objectives. Beijing has long claimed to eschew the trappings of previous great powers that converted economic clout into military power, but its heavy investment in building a blue-water navy – one capable of conducting maneuvers throughout and beyond a single oceanic region – suggests its military ambitions are quite serious. In short, a global Chinese navy is likely to be a structural fact of politics in the period ahead, and one that requires the close attention of defense planners and policymakers throughout the world.

This report aims to help those defense planners and policymakers better understand the implications of this profound development. The report's second chapter focuses on China's ongoing acquisition of a global navy that will one day rival the United States in some of the world's most important waters. It discusses the evolution of China's naval strategy, the modernization of its navy for the far seas, and finally the kinds of missions a global PLAN likely will undertake. The third chapter focuses on China's deployment of these naval capabilities to other regions, especially to the Indian Ocean and the Middle East. It explores China's interests in the wider Indian Ocean, its

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earnest more than a decade ago, but its most official explanation came in 2015 when a significant government white paper, *China's Military Strategy*, advocated for the PLAN to become a "maritime power" in "every corner of the globe."<sup>2</sup>

More than China's words and reports, however, it is China's actions – especially its long-term military investments in new capabilities – that are making its strategy a concrete reality. Indeed, concomitant with China's economic rise, the PLAN has invested steadily in a military modernization program that is transforming a country with a historically continentalist orientation into a maritime power. Historically, China has focused on its three near seas (*san hai*), but now it is looking beyond them in a "two ocean" strategy that could enable it to challenge the United States in both the broader Western Pacific and Indian Ocean. To that end, China has reorganized the PLAN, elevated the importance of the South Sea Fleet, invested in power projection platforms such as aircraft carriers and landing platform docks, built substantial military outposts

political and economic influence there, and finally the way its military investments in the region may interact cooperatively or competitively with American naval power. The fourth chapter considers how China's growing blue-water capabilities will directly affect U.S. allies and partners. It is paradoxical but nonetheless highly significant that China's far-seas capabilities will have near-seas implications for Japan, South Korea, and Taiwan. This chapter discusses those implications, the near-seas geographic constraints on China's blue-water expansion, and the possibility that Japan may acquire its own blue-water capabilities in response. The fifth chapter turns to consider the future of Sino-American blue-water competition. It pays particular attention to the way competition in cyberspace shapes blue-water rivalry. The sixth and final chapter offers concrete recommendations. It is intended to provoke constructive, long-term strategy and policy discussion within the Trump administration, in Congress, and in Japan and other allied and partner capitals.

# **02 CHAPTER**

## **China's Naval Evolution**

STRATEGY, CAPABILITIES, AND MISSIONS FOR A GLOBAL PLAN



**A**s China has risen, its leaders have advocated for a navy commensurate with both growing national prestige and increasingly expansive interests.<sup>3</sup> As a part of these efforts, China has worked feverishly to increase the size of its navy. In short order, it has emerged as one of the world's leading shipbuilders, relying on a mix of both private yards and state-run companies, as well as commercial theft, to sustain its rapid naval modernization.<sup>4</sup> These bold measures have met with considerable success, and China's navy is now perhaps the world's second-largest. By 2015, China was estimated to have a fleet of 330 surface vessels and 66 submarines. By 2030, if present trends continue, it will have a fleet of 432 surface vessels and 99 submarines – one that is significantly larger than the U.S. equivalent.<sup>5</sup>

The story of China's naval modernization is not only one of quantitative improvement, but also one of significant qualitative enhancement as well. Since 2000, China has focused increasingly on blue-water capabilities, beginning by experimenting with blue-water missions in the First and Second Island Chains before progressing to more sophisticated and frequent far seas deployments.<sup>6</sup> Over the last decade, China also has dramatically increased its investment in capabilities needed for blue-water power projection and amphibious operations in distant waters. As one U.S. observer writes:

China is putting into place power projection components – carrier air, land attack cruise missiles on multi-mission destroyers, and amphibious forces – that, when assembled as a task force, are very credible. By 2020 China will have the second-largest modern amphibious capability in the world (after the United States), and potentially will be able to embark between 5,000–6,000 marines for operations anywhere in the world.<sup>7</sup>

This trend marks a fundamental shift in world politics, one in which a Chinese navy capable of amphibious operations and power projection joins the U.S. Navy in plying open ocean. This chapter analyzes this rapid development in three parts: it discusses the (1) previous evolution of Chinese naval strategy; (2) the present modernization of Chinese naval capabilities; (3) and the future development of China's naval missions.

## The Evolution of PLAN Strategy

Over its modern history, China's naval strategy and missions have expanded significantly, with each change resulting in new responsibilities, operational requirements, and capabilities. Until the 1970s, the PLAN practiced “near coast defense,” which was limited to coastal areas. It largely envisioned the extension of land battles to coastal areas, and primarily anticipated a Soviet amphibious invasion as part of a broader ground campaign.<sup>8</sup>

China's naval strategy began to shift under Admiral Liu Huaqing, the commander of the PLAN and later a member of China's ruling Politburo Standing Committee. In part because of his influence, in the late 1980s China began to pursue a “near seas active defense” or “offshore defense” strategy, which pushed the PLAN beyond coastal areas and envisioned independent PLAN operations farther out. Specifically, the “near seas” component of this strategy envisioned defense of the waters within the First Island Chain, including the Yellow Sea, East China Sea, and South China Sea both to uphold China's maritime and territorial claims and to defend the mainland from invasion by sea.<sup>9</sup> The Taiwan Strait Crises of 1995/1996 were a particularly important moment in China's military development, as they demonstrated that the United States could project naval power near the Taiwan Strait, leaving China with little recourse. It subsequently developed an “active defense” portion of its near-seas strategy to involve joint combined arms campaigns that aimed to keep hostile actors at bay or deny them freedom of operations. Today, this has evolved into anti-access/area-denial (A2/AD) approaches involving ballistic and cruise missiles.



*The USS Nimitz and the USS Independence, pictured here, led two aircraft carrier battle groups in the vicinity of the Strait of Taiwan in 1996 to counter Chinese coercion of Taiwan. The event is thought to be a turning point in Chinese naval strategy. (Photographer's Mate 2nd Class Chris Ware/U.S. Navy)*

Even as China made this initially limited shift to “near seas active defense,” Admiral Liu Huaqing had a broader and far more transformative vision in mind for what would eventually be a global PLAN. In Liu’s vision, this strategy would take place in three phases. Bernard Cole provides a rough outline of Liu’s aspirations:

By 2000, the PLAN would be capable of exerting sea control out to the First Island Chain, defined by the Kurile Islands, Japan and the Ryukyu Islands, the Philippines, and the Indonesian archipelago.

By 2020, sea control would be enforced out to the Second Island Chain, defined by the Kuriles, Japan and the Bonin Islands, the Marianas Islands, Palau, and the Indonesian archipelago.

By 2050, the PLAN would operate globally, with aircraft carrier battle groups.<sup>10</sup>

Liu’s three-part plan continues to find expression in contemporary speeches and high-level documents, with senior leaders themselves taking up the mantle of a global PLAN. Nearly 20 years ago, China’s leaders argued they needed to be able to defend Chinese national interests that were increasingly located farther from Chinese shores. This conclusion was made public and official with then-President Hu Jintao’s 2004 announcement of “New Historic Missions” for the PLAN, which would involve resource protection overseas. Subsequently, PLAN strategy has shifted from a sole focus on “near seas active defense” to add “far seas protection,” or “open seas protection,” even as it continues to emphasize – if not prioritize – its near-seas defense missions and attendant A2/AD capabilities.

Although the announcement of “New Historic Missions” hinted at a more global PLAN, subsequent Chinese statements have made such goals far more explicit and elevated the importance of the PLAN’s blue-water missions. In 2015, China published an official national white paper titled *China’s Military Strategy*.<sup>11</sup> It argued that security principally comes “from the ocean,” that China must transform its maritime strategy from “offshore waters defense” to “open seas protection” and “strategic deterrence and counterattack,” and that active defense requires the navy to become a “maritime power” in “every corner of the globe.”<sup>12</sup> It marks the highest-level and most authoritative explication of China’s blue-water ambitions to date and highlights a few broad goals for its navy.

### The Modernization of PLAN Capabilities

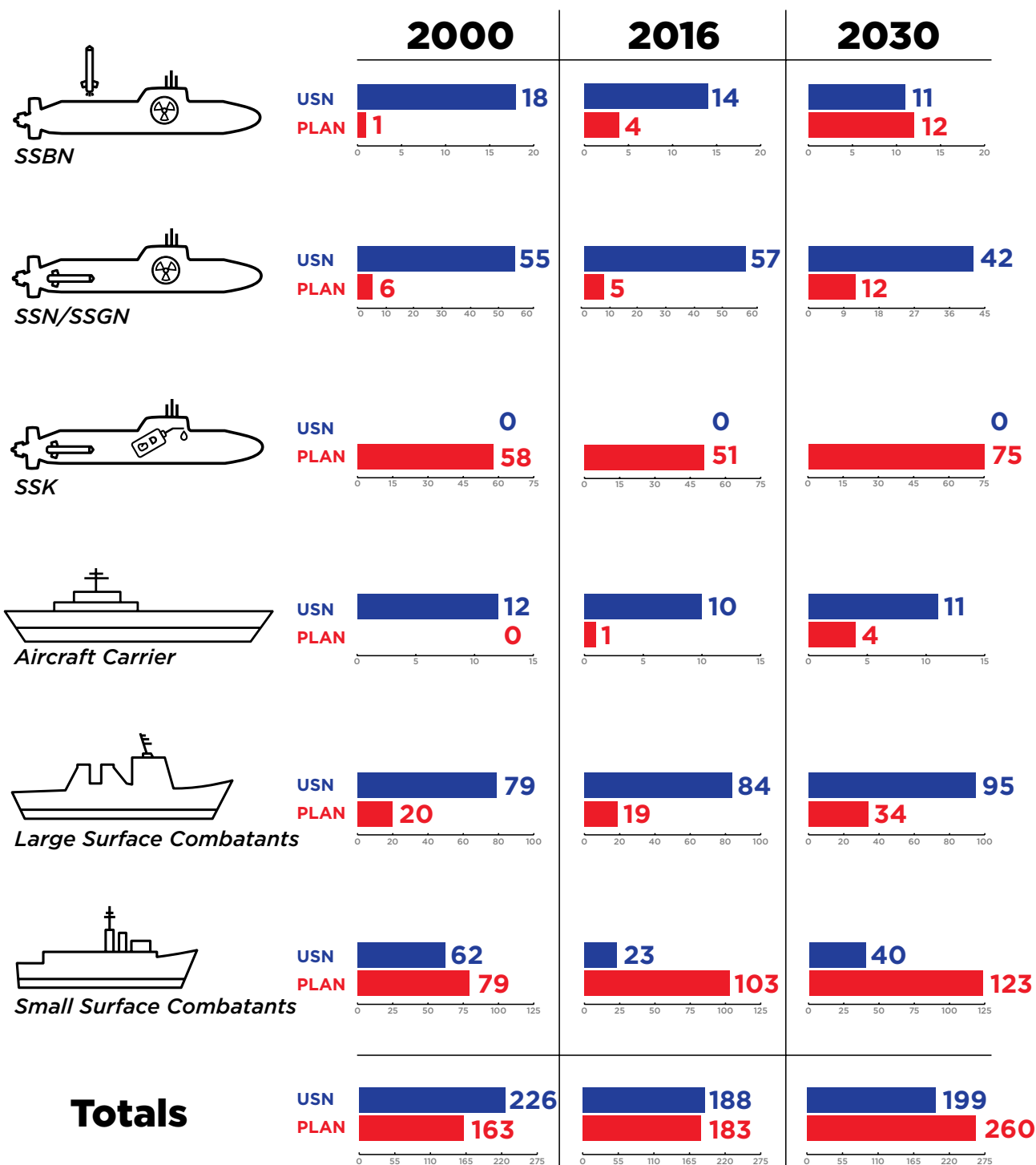
China’s evolving naval strategy is underwritten by concrete investments in modernization, especially in power projection and expeditionary forces. For the last several years, China has launched more ships than any other country in the world, and this trend is expected to continue for at least another decade.<sup>13</sup>

China has not released a long-term naval shipbuilding plan, but analysts can make reasonable estimates about its future force structure. By 2020, the PLAN will surpass Britain, Russia, Japan, and India to become the second largest navy in the world. Some estimates suggest that it will homeport 265–273 major surface vessels and could surpass the U.S. Navy in number as early as 2022.<sup>14</sup> By 2030, many forecasts suggest that China will be quantitatively on par with the United States, while others suggest Beijing may even have a significantly larger naval order of battle than the United States (i.e., perhaps 500 PLAN vessels to 300 for the U.S. Navy).<sup>15</sup>

Regarding qualitative comparisons, most analysts assume that by 2030 China’s navy will not be far behind the U.S. Navy with respect to certain key power projection and expeditionary capabilities.<sup>16</sup> The most significant area of convergence is in carrier strike groups (CSGs). China is already organizing its far-seas operations around CSGs and will have perhaps two operational carriers in the near term, with a far-seas navy that at least initially resembles a smaller version of U.S. blue-water force structure both in capabilities and vessel classes.<sup>17</sup> By 2030, if these trends continue, the PLAN will have capabilities that will facilitate a far-seas presence and allow for near-seas defense, surge operations, and goodwill deployments. By 2030, it is likely China will have at least two, perhaps even four carrier strike groups. As the U.S. experience reminds us, however, these will not all be at sea at once, but deployed on a cycle.

Although the PLAN has not released any detailed information on the composition of its CSGs, certain inferences can be made about the capabilities and vessels required to support and make survivable its aircraft carriers. In essence, China will need to improve its logistics support, produce more multi-mission destroyers and frigates, rely on amphibious ships with helicopter capabilities, and improve its antisubmarine systems and air defenses to ensure protection against air, surface, and subsurface strikes.<sup>18</sup> One PLA author envisions that China’s carrier strike groups will include four to six guided missile destroyers and frigates, one to two nuclear attack or conventional submarines, and one supply ship.<sup>19</sup>

## U.S. and Chinese Capabilities in 2000, 2016, and 2030<sup>91</sup>



\* Large Surface Combatants are defined as cruisers and destroyers.  
 Small Surface Combatants are defined as frigates, LCSs, and mine warfare ships.  
 SSBN- nuclear powered ballistic missile submarine  
 SSGN- nuclear powered guided missile submarine  
 SSN- nuclear powered attack submarine  
 SSK- diesel powered submarine

China is well into the process of building this larger force structure to support its aircraft carriers. Indeed, many of China's modern surface combatants, submarines, amphibious ships, auxiliaries, and other platforms are already suited for both near-seas and far-seas operations.<sup>20</sup> A crucial element of this force structure is China's new class of multi-mission destroyers – 8,000-ton warships with land-attack cruise missile capabilities that most nearly resemble the U.S. DDG-51.<sup>21</sup> China currently has eight of these destroyers and may have as many as 18 to 20 by the early 2020s.<sup>22</sup> The PLAN is already receiving new Shang-class nuclear-powered attack submarines.<sup>23</sup> With respect to antisurface warfare, China's vessels soon will be able to deploy more antiship cruise missiles with longer ranges than the U.S. Navy.<sup>24</sup> Finally, with respect to expeditionary capabilities, China's four new 20,000-ton landing platform docks can embark 800 soldiers or marines and provide an amphibious capability with utility not only in Taiwan scenarios but also in contingencies outside of East Asia.<sup>25</sup>

Setting aside China's military investments, observations of PLAN behavior suggest that the navy has been “normalizing” far-seas training missions, including those that simulate opposing forces, and focusing on the difficult long-distance combat support capabilities that give a navy global reach.<sup>26</sup> Moreover, one of the most important recent indicators of China's interest in plying the far seas has been the construction of its first overseas military base. Breaking with long-standing policy, in 2016, on the coastal scrubland of Djibouti and just a few miles from America's largest base in Africa, Beijing built a naval facility to anchor its economic and security interests on the other side of the Indian Ocean.<sup>27</sup>

### **Black Swans at Sea – Challenges for PLAN Modernization**

China's efforts to build far-seas capabilities and bases have occasioned a wealth of recent commentary by experienced China watchers and military experts, both official and non-official. Although present trends strongly suggest a global PLAN with more vessels than the United States and similar blue-water capabilities by 2030, there remain lingering questions about whether such trends are immune to certain “black swan” events. Indeed, there are at least four ways that the PLAN's expansion could be disrupted or derailed.

First, China has been building shipyards and ships without much attention to the full life-cycle costs of its investments, and these costs will begin to catch up to Beijing once its vessels are seaborne. As naval experts have noted, a government is likely to pay two or three

times the initial costs of a vessel over its entire life, and China's enthusiastic production may begin to slow as these costs begin to be realized. It is therefore unlikely that China can remain on its current shipbuilding trajectory indefinitely.<sup>28</sup>

Second, China's naval development continues to be uneven across ship classes and technologies. It has encountered roadblocks to building modern propulsion systems, for example, and the PLAN continues to struggle with logistics and antisubmarine warfare, among other areas.<sup>29</sup> Even if Beijing is able to cope with the life-cycle costs of its rapidly expanding fleet, it may leave holes in its blue-water force structure as a result of these uneven developments.

Third, analysts must keep in mind that, quite apart from its defense planning, China's economic fortunes could take a turn. Most economists agree that China's economy has begun to slow significantly, and believe that the days of double-digit growth are in its past. Rather than simply slowing to 6 or 7 percent annual growth, however, it is possible that China's economy will stagnate or stumble.<sup>30</sup> A simple slowdown seems unlikely to derail shipbuilding plans as China's naval goals are such a high priority for its leadership, but a major disruptive economic event or deep stagnation could force the Chinese Communist Party (CCP) to revise its plans.

Fourth, the naval trajectories outlined here could be disrupted by technological innovation in the United States or China. Naval development and production is relatively slow and plodding, and it is therefore especially susceptible to sudden disruptive technological

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advances that change naval warfare. If the United States were to develop a path-breaking naval technology as an early part of its Third Offset, for example, this could have a significant impact on China's ability to achieve its longer-term objectives – including establishing sea control in its near seas. The United States' decision to repurpose the SM-6 missile and *Virginia*-class payload

module, for example, will meaningfully improve its land and sea attack capabilities.<sup>31</sup> While U.S. Navy planners can only assume that China's 2030 capabilities will match its stated objectives, it also is important for Washington and its closest allies to remember that the future of PLAN development also may depart from its recent past.

One or more of these four challenges could significantly alter China's naval modernization. Nonetheless, China is still likely to have the second largest "far seas" navy in the world as soon as 2020, with roughly 100 overseas combatants.<sup>32</sup> It is important to recall, however, that China's open-ocean capabilities will still not give it a truly global presence. The PLAN is unlikely to challenge the United States in open-water combat until after 2030. China's naval modernization, however, still will reshape international politics. Much like the Soviet Navy of the 1970s and 1980s, an increasingly global PLAN will give China unprecedented political freedom of action and pose challenges for the United States across East Asia, the Indian Ocean region, and the Middle East.

More fundamentally, a shipbuilding slowdown probably will not dramatically alter China's ability to fulfill the key maritime objectives of its 2015 white paper. That paper suggested that China must (1) develop a modern maritime military force structure; (2) safeguard its sovereignty and its maritime rights and interests; (3) protect the security of the sea lanes on which it relies; and (4) participate in international maritime cooperation.<sup>33</sup> These new missions for a global PLAN will be realizable even if certain "black swans" afflict China's naval modernization, and for that reason, it is worth considering them in greater detail.

### Future Missions for a Global PLAN

Previous CNAS research has concluded that, by 2030, China may be capable of conducting a range of missions throughout the Indo-Pacific, including major humanitarian assistance/disaster relief operations, noncombatant evacuation operations (NEOs), securing high-value assets such as nuclear weapons, defense of sea lines of communication (SLOCs), sea-to-shore strike, and limited stabilization operations.<sup>34</sup> This section expands on that analysis, laying out a number of plausible missions in which a global PLA might engage. They are separated by peacetime, times of crisis, and times of conflict, although in practice the lines between these states are blurry and many missions may apply in multiple conditions.



*China has been exploring its blue-water equipment and human capital abilities through peacetime missions, notably through near-continuous anti-piracy deployments since 2009 off the Horn of Africa. Here, U.S. and Chinese sailors participate in a joint search and seizure training event in the Gulf of Aden. (Mass Communication Specialist 1st Class Gary M. Keen/U.S. Navy)*

### PEACETIME MISSIONS

China's near-continuous deployments since 2009 to assist in international anti-piracy efforts in the Gulf of Aden give us some sense of the out-of-area activities China may continue to pursue in peacetime. It will try to shape its environment to prevent the emergence of traditional and nontraditional threats to its security.

*Military Diplomacy:* Chinese forces deploying to the Gulf of Aden routinely make goodwill port calls on states throughout the Indian Ocean and into the Mediterranean, and these in turn allow for joint military exercises, such as the *Joint Sea-2015* exercises with Russia in the Mediterranean Sea and the landmark 2014 naval exercise with Iran.<sup>35</sup> Chinese scholars emphasize the role that such security cooperation plays in promoting overall positive political relations with the partner countries, as well as potentially generating future opportunities for expanded access and presence arrangements for the PLA.<sup>36</sup> China is likely to augment its military outreach through arms sales, including potentially to U.S. allies and traditional arms customers.<sup>37</sup>

*Maritime Security Patrols:* Expanded presence and capacity will allow China to play a greater role in the strategic SLOCs that traverse the Indian Ocean. China already has contributed to navigational security through its aforementioned participation, albeit as an "independent provider," in the multilateral Gulf of Aden counterpiracy effort, which experts believe is likely to



continue at least as long as the Security Council authorizes the mission.<sup>38</sup> PLAN officials are expecting pelagic convoy escort to be a long-term military requirement, and China's white paper includes its aspiration to provide more "public security goods."<sup>39</sup> China's presence and greater operational flexibility can be used not only



China's Peace Ark hospital ship, pictured here during the 2014 RIMPAC exercise, has been deployed to disaster zones around the world and burnished perceptions of Beijing's soft power. (Mass Communications Specialist 1st Class Shannon Renfro/U.S. Navy)

against pirates, but also in international efforts to counter the spread of dangerous weapons, as demonstrated by the PLAN's participation in the international effort to dispose of Syrian chemical weapons.

*Humanitarian Assistance/Disaster Relief:* China's growing amphibious and aviation capabilities will allow it to play a greater role in responses to potential humanitarian disasters, as outlined in recent defense white papers. The PLAN has been conducting more and more deployments of its *Peace Ark* hospital ship to disaster zones around the world, which burnishes China's international image and softens concerns about Chinese expansionism. China's capacity to make such contributions will increase with its overseas presence.

#### CRISIS RESPONSE MISSIONS

*Noncombatant Evacuation Operations:* Beijing's 2013 and 2015 defense white papers make clear that protection of Chinese nationals working abroad – of whom there are already more than 5 million, a number likely to swell as the One Belt, One Road initiative moves forward – is a high priority for the CCP. China already has had to rescue thousands of citizens from escalating violence in Libya in 2011 and Yemen in 2015. China's milestone

overseas basing arrangement in Djibouti is likely geared in part to facilitate these types of operations.<sup>40</sup> So far, China's NEOs have involved no combat, but future episodes may see increasingly capable Chinese amphibious forces conducting opposed interventions in civil conflicts to rescue Chinese citizens.

*Stabilization Operations:* As China's overseas investments grow, so do its equities in the political stability of the host countries. As the PLAN achieves greater endurance, whether through overseas basing agreements or organic logistics support such as floating bases,<sup>41</sup> Beijing will have greater scope to consider intervention to stabilize distant crises.<sup>42</sup> Beijing is slowly shedding its doctrinaire adherence to the principle of non-interference in other countries' affairs, but also considers large-scale ground occupations of foreign countries largely ineffective.<sup>43</sup> Thus, any stabilization operation would have to be, at least *ex ante*, limited in scale and duration. Nevertheless, it is possible to envision China in the 2020s conducting such operations either in concert with other nations or alone.<sup>44</sup>

*Coercive Diplomacy:* A global PLAN presence allows China to conduct shows of force and surge operations to shape the actions and calculations of other states. One PLAN officer from the Academy of Military Sciences has advocated use of Chinese forward presence for "active

**A global PLAN presence allows China to conduct shows of force and surge operations to shape the actions and calculations of other states.**

deterrence" to prevent or resolve crises.<sup>45</sup> Given the PLAN's increasing capabilities for power projections using precision-guided weapons, amphibious capabilities, and naval airpower, a PLAN task force that appeared off the coast of a country engaged in a dispute with China would have a powerful coercive effect. If this were done unilaterally, it would create a dilemma for other nations, including the United States, about whether and how to intervene. Similarly, China could employ forward-deployed forces in ways that complicate or even disrupt U.S. coercive operations in the region, much as the Soviet Union attempted – with some success – to prevent the United States from intervening in the 1967 and 1973 Arab-Israeli wars. Such actions would raise the specter of a general escalation of tensions emanating from a crisis in the IOR.<sup>46</sup>

## CONFLICT OPERATIONS

*Power Projection:* The modern PLAN vessels that are suited to far-seas duty have increasingly sophisticated power projection capabilities.<sup>47</sup> The PLAN's growing amphibious capabilities, including the Type 071 Yuzhao-class landing platform docks, are notable. Perhaps even more significant are the PLAN's emerging strike capabilities. The surface fleet, especially its most recent destroyers and frigates, have long-range antiship and land-attack cruise missiles. The PLAN has invested heavily in a range of sensors and datalinks to enable over-the-horizon targeting. Its submarine fleet and nascent aircraft carrier program are not currently suited to land-attack missions, but in the future, the PLAN likely will be able to conduct strikes ashore against undefended targets, perhaps for counterterrorism missions.

*Contesting Sea Control:* Most analysts judge that the Chinese navy will not be able to challenge the U.S. Navy for sea control beyond the range of airpower based on China's shores for decades, if ever. Developing the requisite area air defense and open-water antisubmarine warfare capabilities will be a major challenge. Nevertheless, China still sees protecting the major Indian Ocean SLOCs – its energy “lifelines” – as a major defense

may be aimed at practicing other skills. China's goal is to keep Indo-Pacific commerce, especially energy supplies, flowing. The government reportedly hopes to ensure control of the commercial decision-making by setting a target that “as much as 85 percent of the foreign crude oil purchased by China be carried by Chinese-controlled ships.”<sup>49</sup> Therefore, the PLAN's likely priority in wartime is not to destroy the U.S. fleet, but to use its waxing antisurface capability for counter-interdiction, especially around key choke points.

The foregoing list of potential missions is by no means exhaustive, nor is it guaranteed that China will develop the capability or intention to undertake all of them. But these missions are within the realm of possibility given expert judgments about the trajectory of China's naval development. China's far-seas missions require it to be able to protect the sea lanes in wartime, and therefore call upon the PLAN to be able to contest U.S. sea control in an increasingly wider arc.<sup>50</sup> Far-seas operations will require China to develop a new force structure, as well as to grow its naval capabilities and to diversify them in type.<sup>51</sup> This mission set requires a mix of capabilities that can allow China to operate thousands of miles from its shores, including surface combatants, aircraft, and submarines.<sup>52</sup> As these capabilities mature, China will be able to carry out these missions beyond the *san hai* and into the broader IOR as well as the Middle East. As China ventures out, its geographic presence across Asia could well reshape the region's politics.

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priority, and it likely will try to use its forces toward that end. China's deployment of attack submarines into the Indian Ocean since 2013, nominally under the banner of its counterpiracy and naval escort forces, has been an important development in its forward posture.<sup>48</sup> Submarines are not publicly included in U.S.-led counterpiracy task forces, suggesting the PLAN's cruises

## **03 CHAPTER**

# **China's Indian Ocean Venture**

RISING INTERESTS, INFLUENCE, AND NAVAL INVESTMENTS



It is now clear that China's naval strategy, capabilities, and missions have evolved to focus more closely on distant blue waters than at any other time in China's modern history. What is far less clear, however, is how to understand the political and strategic ramifications of this increasingly capable PLAN. For that reason, this section looks beyond China's more traditional "near seas" missions within the First and Second Island Chains and considers China's growing military presence in the IOR.

As Chinese naval vessels sail from eastern China through the Malacca Strait and as far as the energy-rich Middle East, China will be transformed from a regional power largely constrained by East Asian geography to a global one with a large footprint stretching throughout the Indo-Pacific. China's "two ocean" strategy increasingly will draw its attention both to the Pacific and Indian Oceans, though China's influence in these two regions will not necessarily be equal. Although China may be able to actively oppose U.S. sea control operations within the First and Second Island Chains, in part because it can rely on its A2/AD capabilities, its navy would face significant challenges in conducting high intensity warfare with the United States in the Arabian Sea or off the African coast.

Even so, the PLAN will be among the most powerful navies in the IOR, able to conduct significant open-seas operations and power projection ashore. China will be able to affect maritime security in critical sea lanes, influence events ashore in countries along the Indian Ocean littoral, and shape the U.S. response to regional crises all the way from the Middle East to East Asia. China's

### **China's Interests in the Indian Ocean and Middle East**

In some respects, China's ties to the Indian Ocean region are long-standing. Over the course of history, China often has been connected to the IOR through the trade and commerce that flowed across both the continental and maritime Silk Road; nevertheless, today's dense ties nonetheless mark a sharp departure from the long history of economic interaction between these regions: never before has China's prosperity and resource security depended so heavily on Indian Ocean trade flows.

Beginning in the late 1970s, as Chinese economic growth accelerated and its imports and exports across the Indian Ocean began to grow, the country's leaders increasingly recognized their dependence on the SLOCs connecting China and the Middle East. As previous CNAS research has demonstrated, China's economy is starkly dependent on imported economic inputs from the Middle East and Africa – especially oil, gas, and certain raw minerals – with significant implications for Chinese security.<sup>53</sup>

Over the last few decades, as it has become virtually dependent on Middle East resources, China has discussed that dependence in high-level documents and speeches, including former President Hu Jintao's invocation of "New Historic Missions," as well as in various official white papers and pseudo-doctrinal military publications. In non-official Chinese writings, it often is explicitly stated that one potential reason for China's increased focus on IOR resource flows stems from

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growing influence outside the Western Pacific will present new opportunities for both cooperation and conflict between Beijing and Washington. It is one of the main reasons that U.S.-China relations in 2030 may well make today's complex and often fraught bilateral ties seem quaintly simple by comparison.

Addressing these developments will require the United States to look over the horizon and formulate a nuanced response. To that end, this chapter will discuss (1) China's interests in the IOR; (2) its multifaceted political, economic, and diplomatic engagement with the region; and (3) the implications of its growing military power for the United States.

China's fear of a potential U.S. maritime blockade of oil shipments flowing across the Arabian Sea and through the Malacca Strait – even though such an initiative would be costly and exceedingly difficult to implement.

Resource flows may increasingly occupy the attention of top Chinese defense planners, but they are not the only reason for China's growing interests in the IOR; indeed, the domestic politics and political stability of the IOR's various resource-supplying states also can profoundly influence Chinese interests. At present, China generally lacks the capability to influence these states through military means or to secure these SLOCs from military threats. For that reason, it has tended to emphasize

other forms of statecraft that give Beijing a larger role in the region's affairs and in the domestic politics of local states, all so that Beijing can ensure the continued production and transportation of vital commodities to its shores.

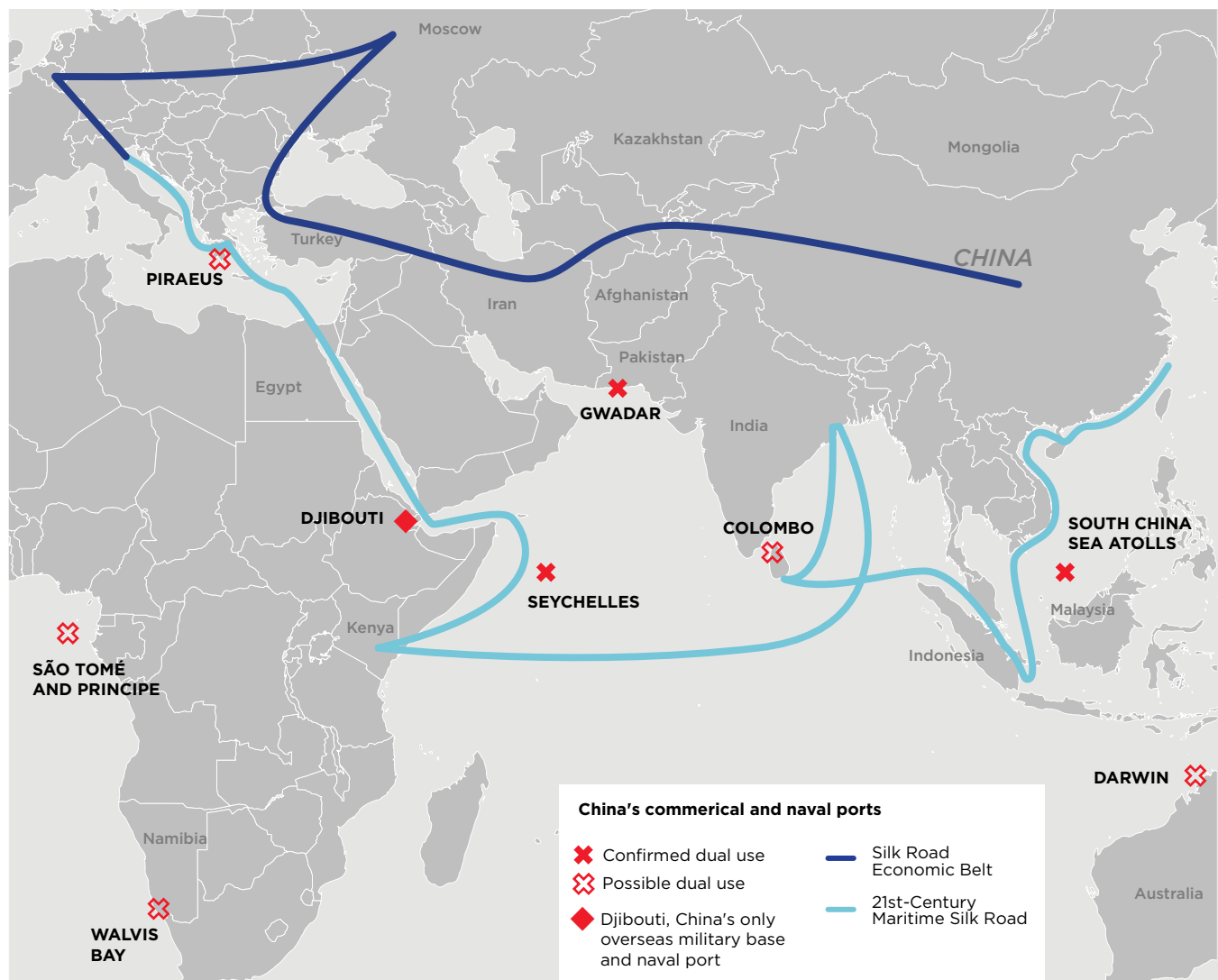
### China's Political and Economic Statecraft

China's attempts to influence affairs in the IOR have not been restricted to its military investments and modernization; perhaps more fundamentally, China has strengthened its political and economic statecraft across the region. These efforts may well reshape the interests of the region's states and provide a political and infrastructural foundation for an increased Chinese military presence across the IOR – even as they create new Chinese liabilities in the form of costly projects, overseas Chinese communities, and overseas facilities.<sup>54</sup>

China's broader IOR strategy advanced rapidly with the announcement in 2013 of Xi Jinping's One Belt, One Road initiative. This ambitious initiative seeks to link China with the rest of Eurasia and parts of Africa both through maritime and overland routes.<sup>55</sup> The maritime component of this strategy, known as the "Twenty-First Century Maritime Silk Road," involves Chinese investment in and construction of port facilities and other infrastructure all across the Indian Ocean region. These projects are intended to facilitate maritime connectivity across routes upon which China long has relied, and to that end China has invested more than \$100 billion across Western Asia, the Middle East, and North Africa since 2014 – with far greater amounts committed for the future.<sup>56</sup>

Critically, the Maritime Silk Road is not simply an economic program. By institutionalizing China's investments and its relationships with states across the Indian

### Chinese Expansion into the Indian Ocean Region<sup>92</sup>



Beijing's One Belt, One Road Initiative aims to connect China with Eurasia and parts of Africa. This initiative includes projects to improve maritime connectivity via ports that can be dual-use in the future.

Ocean, the initiative also has profound political consequences. In short, the Maritime Silk Road affords China the opportunity to convert economic aid into political influence that in turn may yield geostrategic benefits, including greater military access for a more expeditionary PLA.<sup>57</sup> Many of China's port projects likely are dual-use and could accommodate military vessels as well as civilian ones, offering China the opportunity to pursue a "places not bases" strategy with a lighter footprint than one focused entirely on permanent military facilities. Indeed, few aspects of international politics are as complicated as stationing troops on the sovereign soil of another country. Even so, China's enhanced military presence still will require some bases like its recent facility in Djibouti. Chinese scholars acknowledge that sustained presence and influence will require expanded basing agreements, which it has learned from America's experience are politically difficult to obtain and tricky to maintain.

The political foundations of China's military posture in the Indian Ocean require close attention from Beijing. Chinese officials and scholars recognize that building up a sustained military presence in the Indian Ocean requires a generally receptive attitude from the countries in regions where it operates. They also acknowledge that their expanding power engenders suspicions that will have to be handled deftly and promptly. Economic investment, foreign assistance, and political cooperation can create goodwill, but they cannot fully soften the sharp edges of greater military participation. To make its future military position in the IOR less threatening, China's 2015 national security white paper advocates "[strengthening] international security cooperation in areas crucially related to China's overseas interests." In other words, even as Beijing takes more unilateral steps in its home waters, to the greatest extent possible it will embed its out-of-area activities within international, legal, or multilateral frameworks. It also will supplement these political arrangements with economic initiatives, such as the Maritime Silk Road, and a variety of other possible future programs.

### **Implications for Sino-American Relations**

The fact that China's military presence in the IOR requires local political support offers Washington a variety of opportunities to work with littoral countries to critically shape the nature of China's overseas security activism. Chinese IOR activism will create ripples throughout the region, and U.S. policymakers would do well to firmly grasp how China's behavior interacts with preexisting political cleavages within the region

to create the potential for new partnerships. They also will need to better understand how the aperture of U.S.-China interactions – expanded beyond East Asian and global governance matters to security matters in the Indian Ocean and Middle East – will reshape the overall dynamics of bilateral relations. In specific terms, there are at least three broad areas worth greater consideration: (1) the implications of greater Chinese involvement in the Middle East; (2) the potential for Sino-American cooperation across the IOR; and (3) the complex strategic linkage between the Indian Ocean and Western Pacific.

First, China's involvement in the Middle East could lead to strategic competition with the United States in a region of significant economic consequence and considerable political instability. Both the United States and China may increasingly acquire the ability to undermine the other's respective goals in this region in a reprisal of U.S.-Soviet Middle East rivalry during the Cold War. Even absent such overtly competitive behavior, the differences in the two countries' political systems means that they may take fundamentally different approaches to regional hot spots, such as future instability in Pakistan.

As Chinese influence in the Middle East begins to grow, it is also clear that the American commitment (and capability) to remain involved in the region and to secure its resource flows may increasingly rely on the U.S. domestic-political environment. Decreasing dependence on foreign energy, combined with growing nationalist and isolationist sentiments among American voters, may decrease political will for maintaining U.S. forces in the region.<sup>58</sup> Similarly, the U.S. role in the region rests on the support of Arab leaders whose own political situations may change in the years ahead. Although reduced U.S. influence would spare China the possibility of Sino-American competition in the Middle East, it still would bring serious potential liabilities for Beijing. As discussed previously, securing the SLOCs between the Gulf and East Asia requires any maritime power to possess not only operationally robust blue-water naval units, but also permanent and stable support facilities on the ground in the Middle East to assist such naval operations. In attempting to obtain such facilities, China may deliberately or inadvertently entangle itself in the region's complicated politics in ways that could prove counterproductive.

This leads to a second possibility in the Middle East and wider IOR – Sino-American cooperation. Indeed, given the serious difficulties China may face in sustaining a presence in the region, it is possible that instead of pursuing an overtly competitive strategy in the Middle East as well as in the broader IOR, China's leaders will

seek some form of multilateral or bilateral collaboration. Such a scenario would militate against the view that expansions of Chinese power are necessarily threats to U.S. interests, and there may instead be an opportunity to leverage Beijing's very real equities in the region as well as its desire to be welcomed within it into a partnership for addressing areas of mutual concern throughout the IOR. By building on recent anti-piracy cooperation, the United States may be able to channel growing Chinese activism into multilateral frameworks for addressing regional issues ranging from nonproliferation to disaster relief and refugee flows.<sup>59</sup> And yet, although China's growing Indian Ocean presence and its "two ocean" strategy may appear to create possibilities for cooperation, it would be misguided to assume that cooperation in one ocean would necessarily spill positively into the politics of the second ocean.

**By building on recent anti-piracy cooperation, the United States may be able to channel growing Chinese activism into multilateral frameworks for addressing regional issues ranging from nonproliferation to disaster relief and refugee flows.**

This leads to a third and final consideration: In the balance sheet of Sino-American relations, it is unlikely that Indian Ocean affairs will outweigh equities in Asia itself. On the one hand, this has certain positive attributes. It is generally unlikely that a miscommunication or clash outside of Asia could lead to a general U.S.-China war the way that a clash in Asia's flashpoints – such as the East or South China Seas, Taiwan Strait, or Korean

Peninsula – might. On the other hand, even though cooperation in the Indian Ocean is unlikely to spill into Asia, it nonetheless remains possible that conflict in Asia could pour into the politics of the Indian Ocean. U.S. mastery of Indian Ocean sea lanes creates a profound vulnerability for China. As Chinese overseas interests and capabilities grow, these sea lanes may provide both sides with the prospect of horizontal escalation for the purposes of signaling, coercion, and operational advantage in wartime. The precise ways in which this will influence conflict and bargaining dynamics are hard to specify *ex ante*, but it will be imperative for the United States to understand them as circumstances change.

Although the relationship between the United States and China in the Indian Ocean and Middle East could vary between cooperation and conflict, one fact remains certain: Unchallenged U.S. supremacy in this broad region cannot be taken for granted in the future. In force posture, military planning, and crisis responses, the United States increasingly will need to account for likely Chinese reactions, much as it did vis-à-vis the Soviet Union during the Cold War. The United States is of course not the only state that will need to cope with a global PLAN. U.S. allies in East Asia also will need to plan for a world in which U.S. naval power is contested, and as they do, they are likely to find that China's far-seas capabilities hold important implications for Asia's near-seas strategic competition.

# **04 CHAPTER**

## **U.S. Alliance Adaptation**

DETERRENCE AND REASSURANCE AMIDST BLUE-WATER RIVALRY

**A**s defense planners wrestle with the implications of China's quest to build a navy for the open ocean, they also must consider the effects of that naval modernization closer to China's shores, particularly for close U.S. allies. China's pursuit of a blue-water navy for far-seas operations in the Indian Ocean and the Middle East will strengthen the PLAN's ability to conduct near-seas defense missions. This in turn may raise significant deterrence and assurance concerns for allies and partners like Japan and South Korea, which are likely to fear abandonment absent concrete U.S. reassurance.

This chapter analyzes the implications of China's new far-seas capabilities and strengthened near-seas defense capabilities for U.S. allies. It explores (1) the near-seas consequences of China's blue-water navy for U.S. allies and territorial disputes; (2) how these allies might exploit near-seas geography to frustrate Chinese far-seas operations; and finally (3) whether and how U.S. allies may themselves venture out into distant blue-waters in response to a global PLAN.

### **Far-Seas Forces, Near-Seas Consequences**

An increasingly global PLAN that operates in the far seas likely will have consequences for U.S. allies in China's near seas. As the PLAN gains the ability to operate in the Indian Ocean, off the African Coast, and in the Middle East, U.S. allies in East Asia undoubtedly will be affected. There are perhaps three direct ways a more global PLAN presents challenges for U.S. allies in East Asia.

First, as China's naval expansion proceeds, Beijing will gain the ability to more competently execute complex near-seas missions. Experience in amphibious operations or power projection from Indian Ocean ventures can transfer directly to near-seas operations in the South China Sea, East China Sea, Taiwan Strait, and even around the Korean Peninsula.

Second, China's far-seas assets will almost certainly be dedicated to near-seas missions. Amphibious vessels and aircraft carriers will operate not only in the Indian Ocean but also within the First Island Chain, where they can be used for campaigns involving Taiwan or the Senkaku Islands. This use of far-seas assets is likely in large part because China's blue-water missions will not become a higher priority than near-seas contingencies involving territorial disputes. If China's far-seas operations remain a secondary mission set, and if the PLAN continues to place priority on near-seas active defense, then its far-seas assets can and will be readily dispatched for local operations – especially because in many cases they will be based off China's coast rather than in faraway Indian Ocean sites.

Third, China's blue-water navy may inaugurate a cycle of increasing naval investment. As international-relations scholars long have noted, rising powers' capabilities tend to expand along with their interests. Although it is difficult to make predictions about the size and structure of the PLAN beyond 2030, the notion that Chinese interests will feed naval shipbuilding, and that naval shipbuilding in turn will feed an ever more expansive definition of Chinese interests, is a plausible and powerful force that could affect near-seas contingencies. Moreover, naval expansion can create domestic interest groups in favor of continued naval shipbuilding. In this way, initial plans for a relatively conservative four-carrier navy may grow into plans for a still larger one – and all those new assets can be directed to near-seas contingencies.

Taken together, these three considerations yield a basic concern for U.S. allies in Northeast Asia: An increasingly capable, global, and growing PLAN will continue to prioritize its interests in the East China Sea, South China Sea, and Taiwan Strait. This in turn will directly affect the interests of Japan, Korea, and Taiwan.

For Japan, China's new capabilities and force structure will improve its ability to launch an amphibious landing on the Senkaku Islands or the broader Ryukyu Islands chain of which they are a part. Full carrier strike groups would improve China's ability to sustain sea- and air-based operations and to support any amphibious operations. Similarly, improved submarine and antisubmarine-warfare capabilities would make it more difficult for the United States and Japan to establish sea control or retake the islands. In short, if China's fungible blue-water fleet were employed in near-seas operations over

**An increasingly global PLAN that operates in the far seas likely will have consequences for U.S. allies in China's near seas.**

disputed territory, this could meaningfully improve its chances of seizing sea control from Japan and the United States, at least for a time, thereby improving its odds of successfully executing a *fait accompli*.

The same capabilities could pose similar risks to South Korea. While Seoul and Beijing's dispute over Socotra Rock (Ieodo) historically has had less escalation potential than the Senkaku Islands – in part because the rock itself is submerged – South Korean and Chinese fishermen often clash in the Yellow Sea. If Sino-Korean relations were to degrade in the coming years, China's improved



ability to establish sea control in this area could be of real concern. If China and South Korea find themselves in an increasingly fraught relationship – perhaps over North Korea – the PLAN’s ability to sustain major naval operations near the Peninsula will worry Seoul.

As ever, China’s blue-water capability may have the most profound implications for Taiwan. An expeditionary amphibious capability – while not necessary for a cross-Strait landing – certainly would improve China’s capabilities in a Taiwan contingency. Many of its other investments, from guided-missile destroyers to submarines and fleet defenses, would be a boon in its quest to establish sea control. Indeed, PLA analysts have every reason to believe that Taiwan will remain China’s primary naval concern, and one must expect that if a Taiwan crisis or contingency is in the offing, the PLAN will have the full spectrum of necessary capabilities on hand. Far-seas operations surely will take a back seat in a Taiwan contingency, and far-seas assets undoubtedly will be directed toward the Taiwan Strait.

U.S. allies and partners recognize that the United States still possesses the world’s leading navy in quantitative and qualitative terms, but they also are well aware that the American quantitative edge is quickly eroding and that qualitative advantages may wane within a

## **China’s blue-water capability may have the most profound implications for Taiwan.**

decade. These trends will make it increasingly difficult for the United States to persuade allies that its forward presence is superior to China’s growing capabilities for near-seas active defense.

As allied anxieties rise in the period ahead, it will be all the more important for the United States to reassure its security partners in several ways. The United States will need to bolster and diversify its forward-deployed presence; increase its naval investments; strengthen allied coordination on development, procurement, and operational decisions; and consult regularly with its allies and partners about a wide range of issues. It also will be important to continue encouraging these same allies and partners to acquire capabilities necessary to make Chinese pursuit of a *fait accompli* costly. Even if American security partners rely on U.S. support for a protracted campaign, they should be able independently to signal to China that a short, sharp, near-seas campaign will come at a very high initial cost, and the United States should assist them in determining how best to do impose such costs.

Even as China’s far-seas capabilities grow, U.S. allies and partners also have certain geographic advantages they can apply near China’s coasts. A strategy in which these allies work in concert with the United States to wield aspects of Chinese A2/AD against a more global PLAN may prove plausible in addressing some of the region’s territorial disputes, especially given the unique geography of China’s near seas. These techniques also will directly affect China’s far-seas campaigns.

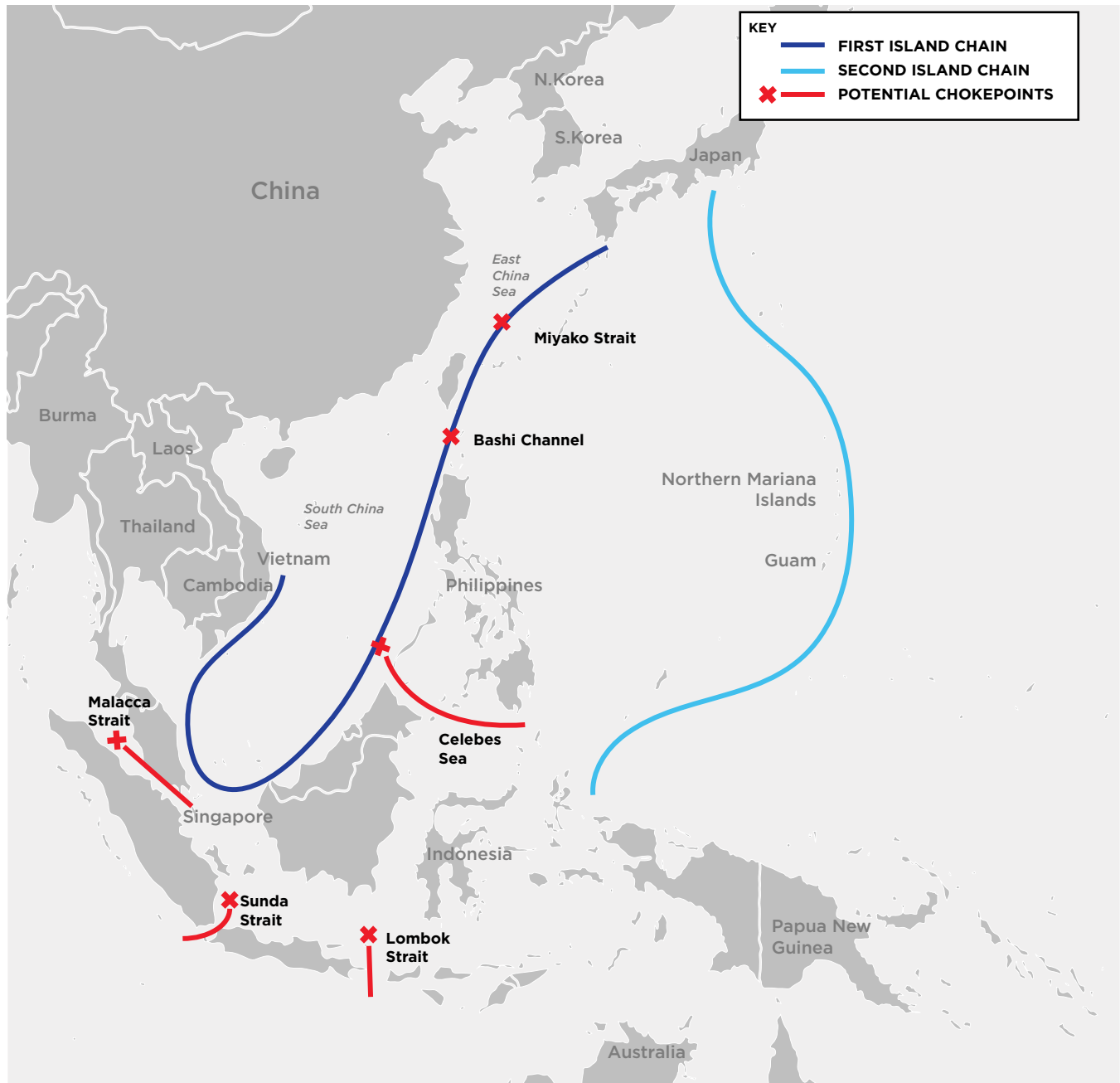
### **Near-Seas Geography, Far-Seas Consequences**

Just as China’s far-seas capabilities may have certain consequences for near-seas contingencies, so too do the near seas directly affect China’s ability to reach the far seas. In more specific terms, the PLAN’s blue-water ambitions are constrained in part by geography. Unlike Japan and the United States, both of which have major naval bases that are fully open to the Pacific Ocean, all of the PLAN bases are located in the semi-closed waters of the East and South China Seas.

China’s First and Second Island Chains – with their various islands, archipelagic nations, and choke points – impinge upon China’s “two ocean” strategy. For the PLAN and the People’s Liberation Army Air Force (PLAAF) to operate outside of their AORs and proceed into the Pacific or Indian Oceans, their units must pass through a number of choke points, some of which are controlled by U.S. allies. These include Japan’s southwestern islands chain, the waters between Taiwan and the Philippines, the waters between the Philippines and Indonesia, and of course the Malacca, Sunda, and Lombok straits.

Although China’s ability to enter and exit these choke points remains unimpeded during peace time, during a conflict it is possible that U.S. allies may cut off China’s access to them. Some Japanese strategists have suggested Japan’s Self-Defense Forces prioritize a denial capability over the Miyako Strait and even prepare to operate in the Bashi Channel between Taiwan and the Philippines.<sup>60</sup> Australian forces presumably could control access near the Indonesian archipelagos. U.S. forces working in concert with these allies also could seek to prevent the PLAN from entering the high seas. China no doubt fears the possibility that the United States, perhaps in concert with these allies, would implement a comprehensive strategy to exploit the region’s geography and interfere with China’s far-seas access.<sup>61</sup> Such a strategy could help deter Chinese aggression and adventurism and secure allied interests in a crisis, but it also may encourage China to probe these waters more aggressively – setting up the growing possibility of an accident or misunderstanding with U.S. or allied vessels.

Potential Choke Points for China's Two Ocean Strategy



*China's two-ocean strategy aims to surmount the constraining effects of geographical choke points, but choke points may still be part of U.S. and allied strategic responses.*

Indeed, the long-term viability of this strategy also may be called into question if China successfully leverages its naval capabilities to reshape the strategic and political landscape of the near seas. China fully recognizes that free access through Asia's choke points is not guaranteed in a conflict scenario, and it can take a variety of measures to prepare for this possibility.

First, through regularized deployments and exercises in or near Asia's crucial choke points, China can gradually acquire sufficient presence and experience to preempt or defeat attempts to deny China access to the Pacific and Indian Oceans. The PLAN has been actively conducting various joint exercises, including some that have crossed Japan's Ryukyu Islands and the Miyako Strait – one of the many choke points that Japan



influences. China also has dispatched various vessels and aircraft to the Bashi Channel.<sup>62</sup> A particularly telling exercise took place in late 2016 and early 2017, when the PLAN deployed an aircraft carrier battle group that passed through several of these choke points: Japan's Ryukyu Islands chain, the Bashi Strait, the South China Sea, and the Taiwan Strait. These efforts, which will become more common and regularized in the future as China's blue-water capabilities mature, will allow the PLAN effectively to increase the space for tolerated operations in these choke points and to gain experience and presence useful in contesting them.<sup>63</sup>

Second, Beijing gradually may consolidate its control over some of the region's geographic features in ways that allow it to break out of its near seas and into the far seas. Beijing's salami-slicing tactics in the South China Sea, and its construction of airstrips on some of the features in those waters, are examples of such methods. The capabilities gap between Chinese forces in the South China Sea are significant, and the possibility of other claimant states cooperating together is vanishingly small given the political realities of the region. For these reasons, if China continues its current pace of militarization on the seven Spratly Islands, Beijing will overwhelm the naval capabilities of each country in the area. If these efforts are successful, then by 2030 China will have the ability to project across the South China Sea, establishing sea control within the First Island Chain and placing the Malacca, Sunda, and Lombok Straits within short range of its aircraft.

Third, China's political and economic means also can be used to open strategic space. By winning support from Southeast Asian governments such as the Philippines – where China has essentially ignored President Rodrigo Duterte's deadly anti-drug campaign and promised \$24 billion in investment in exchange for more favorable treatment in the South China Sea – China is able to open up new channels to blue waters.<sup>64</sup> The current political climate within the United States has only further stoked fears about U.S. commitment to the region, thereby enhancing China's ability to find political solutions to geostrategic problems.

Through this combination of methods, China may be able to challenge allied advantages over the strategic geography of the near seas. As China acquires blue-water naval capabilities and prosecutes its interests throughout the Indian Ocean, the contest over these islands and choke points will become far more significant and complicated, and coordination and collaboration between the United States and its allies and partners will become increasingly important.



*China has flown its H-6 bomber, shown here, and other aircraft through the Miyako Strait, a vital choke point in the East China Sea. (Government of Japan/Creative Commons Attribution License)*

### **U.S. Allies and the Far Seas**

The near seas will not be the only focus of Asia's major navies. As China's PLAN extends its reach, other Asian navies also may begin to look to the blue waters. Some of the region's most consequential navies, including India's and Australia's, already have significant experience operating in the Indian Ocean and will continue to invest in these capabilities. Others, like Japan's naval forces, have little blue-water experience aside from anti-piracy operations.

Japan's response to China's blue-water navy is worth particularly close consideration. Its acquisition of distant blue-water capabilities could dramatically alter both the East Asian and larger Indian Ocean strategic landscapes. Importantly, Japan has strong interests in protecting distant oil flows and in attending to territorial disputes closer to home. With a large and technologically sophisticated economy, it conceivably could embark on relatively quick naval expansion. While Japan might possess the technical and economic base for such projects, however, its constitution, as well popular support for pacifism, together constrain Japan's ability to unabashedly pursue such a course. In the long run, these constraints gradually may weaken, and long before they do, Japan likely will gradually alter its military capabilities to prepare for more distant missions.

For Japan, one potentially troubling scenario that could trigger a sharp shift in its maritime strategy is the prospect of reduced U.S. influence in the Middle East and broader IOR at a time of growing Chinese blue-water capabilities. Specifically, if the United States continues



*Gwadar Port is currently under construction with significant Chinese investment. (J. Patrick Fischer/GNU Free Documentation License)*

to turn inward, or if Gulf states refuse to support the U.S. presence in the region – all while China begins to pursue a more permanent naval presence through regional facilities such as the Pakistani port of Gwadar – Japan will feel its energy supplies from the Middle East could be at risk. The prospect that an adversarial China could exert significant influence over the SLOCs that sustain Japan's economy is unacceptable to Japanese leaders, and they may then feel obliged to reconsider their national and military strategies as well as the credibility of existing security alliance and cooperation networks. Even absent such a scenario, joint U.S.-China operations to secure these energy SLOCs that do not meaningfully include other Asian states – especially Japan, India, or Australia – also could trigger a Japanese strategic shift.

Although U.S. allies are concerned about the ability of the United States to deter Chinese expansion both in the near seas and across the Indian Ocean, China's naval overhaul has engendered some meaningful changes in U.S. Navy plans and procurement that should provide some reassurance to those allies. Washington has renewed its focus on high-end capabilities. It also has sent B-1, B-2, and B-52 bombers on a rotational basis.<sup>65</sup>

The United States also has begun to take interest in capability areas on which it previously did not focus much, including longer-range carrier-based aircraft to allow standoff operations and munitions, destroyers equipped with air and missile defense radar, and antiship cruise and ballistic missiles. It also is investing in attack submarines and bolstering its antisubmarine-warfare operations.<sup>66</sup> Even with these changes, however, analysts project that China will be able to challenge the United States for sea control in just a matter of years. Whether this challenge occurs and how precisely it unfolds will be profoundly shaped by the interaction between Chinese and American competitive strategies, technological innovation, and military investments. The next chapter seeks to address a particularly important and ill-understood component of this unfolding naval rivalry – the role of cyber weapons and vulnerabilities.

# **05 CHAPTER**

## **Space, Missile, and Cyber-Space Technologies**

BLUE-WATER NAVY ENABLERS AND VULNERABILITIES

**A**s with the U.S. Navy, the effectiveness of China's increasingly blue-water force will depend on a network of enabling and force-multiplying systems. Fundamentally, these revolve around the collection and exploitation of information – a surveillance, reconnaissance, and strike network able to pair robust data with precise kinetic capabilities. The United States' own system of satellites, sensors, and communications nodes have provided it with the unrivaled domain awareness and precision missile capabilities necessary to operate effectively at sea and in the air far from home.

In seeking asymmetric advantages to potentially contest American force projection, China has invested simultaneously in its own such network and associated missile technologies while also developing capabilities to disrupt the United States'. This transition toward what is sometimes called "informationized" warfare is a double-edged sword, however. Investments in such a system stand to significantly improve the capabilities of China's blue-water navy – while also opening it up to the same vulnerabilities it wishes to exploit against the United States. Further, while the United States' surveillance, reconnaissance, and strike network is a truly global one, a competing Chinese network likely would still be limited to its near-abroad for the foreseeable future. China's blue-water navy has benefited and will continue to benefit significantly from this network, but as Beijing's naval ambitions take it beyond the First Island Chain – and the sensors and missiles buttressing its strength therein – it will face the same weaknesses of the American network but with added geographic constraints.

### Augmenting Awareness from Orbit

The 1996 Taiwan Strait Crisis was a catalyzing event for Beijing's conceptions of its critical capabilities. The United States was able to disrupt Chinese attempts to coerce Taiwan with a large display of naval force near the strait, including two aircraft carrier battle groups. Worse, of the Chinese missile tests that drove the crisis, several reportedly failed – suspected to be a result of the United States cutting off their access to commercial GPS feeds.<sup>67</sup> Since then, Beijing has invested heavily in the technologies and capabilities necessary not only to contest U.S. force projection, but also to operate independently of American information feeds.

If it is to operate over long distances, China's navy will depend on sophisticated surveillance, strike, and reconnaissance networks. China need not *match* the United States' global network, but by focusing the development of such awareness and data integration on a more limited, geographically relevant area, China plausibly could

achieve the near-peer capabilities necessary to effectively mount the aforementioned A2/AD strategy to contest American access. Many of the technologies most associated with A2/AD, such as precise ballistic and cruise missiles, depend on a complex, exquisitely sensor-dependent kill chain from target detection to "munition delivery, weapon guidance, damage assessment, and potential restrike."<sup>68</sup> A truly blue-water Chinese navy necessarily will depend on these A2/AD technologies and strategies to level the playing field with the U.S. Navy and plausibly threaten to match it should any conflict break out.

To achieve this level of required surveillance fidelity, communication, and data transmission, Beijing has pursued a systematic satellite infrastructure expansion program. The United States today has approximately 576 satellites, and Russia 140; just since 2000, the number of satellites operated by China has grown from 10 to 181.<sup>69</sup> These include its fast-growing Beidou network, a navigation system meant to be an alternative to the U.S.-operated GPS network. While this has been an impressive pace of expansion, such a tempo will be required for China to plausibly achieve even a geographically limited surveillance, strike, and reconnaissance network necessary to challenge regional U.S. access. The Office of Naval Intelligence calculates that China's "near seas" is a vast area encompassing 875,000 square nautical miles of water and airspace, which grows by another 1.5 million if considering the Philippine Sea, which is likely to play a role in any potential confrontation over the South China Sea or Taiwan.<sup>70</sup>



*Chinese GPS-alternative Beidou satellite navigation system coverage as of 2012. (Daveduv/Creative Commons Attribution License)*

### Applying Augmented Awareness: The PLA Rocket Forces<sup>94</sup>

While China likely still has work ahead of it before its regional awareness will be truly comparable to that of the United States', these sensor networks, led by space-based surveillance and communication, already have enabled the elevation of capabilities that would be necessary for a true A2/AD strategy – most notably missile technologies. As the United States and its allies grapple with the emerging challenges posed by China's growing naval strategies and force structure, so too must they contemplate the force-multiplying effects that the PLA Rocket Force may have, particularly when it comes to near-seas missions. This missile force has grown considerably in recent years and now consists of about 100,000 personnel, and in December 2015 was elevated to a status coequal to that of China's Navy, Army, and Air Force

A 2015 RAND study estimated that as of this year, China potentially could field about 1,200 conventionally armed short-range ballistic missiles (SRBMs, with a range of about 600-800 km), 108-to-274 MRBMs (with a range of 1000 to 1500+ km), an unknown number of conventional IRBMs (with a range of about 5,000 km), and 450–1,250 land attack cruise missiles (LACMs – ground-launched or delivered by bombers with a range of 1500+ km). RAND also estimates that improvements in the accuracy of China's ballistic missiles may allow them to strike fixed targets in a matter of minutes with an accuracy of a few meters.<sup>71</sup> RAND assesses that the net result is that key U.S. facilities throughout Japan already may be within range of thousands of difficult-to-stop advanced ballistic and cruise missiles, and even U.S. bases on the island of Guam could be within range of a smaller number of missiles (See map of PLA Rocket Force Missile Range vs. U.S. Bases in Asia).<sup>72</sup> These ranges are highly significant because they cover most of the First and Second Island Chains – the same area to which China's near-seas naval missions apply, and the same waters that increasingly will be cut by China's blue-water naval capabilities in the coming decade.

While China likely still has work ahead of it before its regional awareness can rival the United States', these sensor networks, led by space-based surveillance and communication, already have enabled technologies that would be necessary for a true A2/AD strategy. China has increased its reliance on antiship ballistic missiles in the form of its DF-21D and DF-26. To make these systems reliable in wartime conditions, China needs to improve its targeting, image processing, navigation, and communication technologies. Nonetheless, the development of these weapons has prompted debate over the future of fundamental American naval doctrines.<sup>73</sup>

### Gathering Information – and Denying it to Others

In building the precise information gathering and transmission network necessary to support its blue-water navy, Beijing also has recognized the importance of information denial. Hoping to achieve “information superiority” in any potential conflict, China has been working to develop a variety of technologies designed to damage U.S. tools for information collection, to interdict its transmission, or to sabotage its interpretation.

Most visibly, China has invested in a variety of anti-satellite weapons (ASATs). These include direct-ascent weapons, or missiles designed to kinetically strike and destroy orbiting satellites; directed-energy weapons, which can “dazzle” or disable satellite sensors; electromagnetic jamming, to prevent proper transmission of data to or from satellites; and it is strongly suspected that China has been testing a sort of “satellite grabber,” or a spacecraft with a robotic arm designed to maneuver alongside other satellites, seize them, and disable or pull them out of orbit.<sup>74</sup> These ASAT weapons are seen by China as a key component of its A2/AD strategy – and, consequently, its ability to field a blue-water navy – because of the United States' disproportionate reliance on space-based surveillance and communications.

Less visibly, Beijing also has worked toward developing a significant cyber warfare capability. These capabilities hold the potential to render the data gathered by the United States' global surveillance, reconnaissance, and strike network inaccessible, unreliable, or insecure without ever physically damaging the sensors on which it relies. Core U.S. military logistics functions today are built around software products that, presently or in some part of its development life cycle, are connected to the Internet and consequently are vulnerable to attack. Command and control, fleet positioning, and even foundational munitions targeting share these vulnerabilities, and the avenues for attack are numerous. The Department of Defense is estimated to have 15,000

#### TOTAL NUMBER OF CHINA'S MISSILE FORCES<sup>79</sup>

SYSTEM	MISSILES	LAUNCHERS	ESTIMATED RANGE
ICBM	75-100	50-75	5,400-13,000+ km
MRBM	200-300	100-125	1,500+ km
SRBM	1,000-1,200	250-300	300-1,000 km
GLCM	200-300	40-55	1,500+ km



computer networks across 4,000 global installations, many of which have been compromised by internal red teams charged with seeking their vulnerabilities – to say nothing of the civilian networks over which many of the military's assets (including satellites) are developed.<sup>75</sup>

**Core U.S. military logistics functions today are built around software products that, presently or in some part of its development life cycle, are connected to the Internet and consequently are vulnerable to attack.**

#### A Double-Edged Sword

As China's military adopts "informationized" warfare capabilities alongside its blue-water navy, Beijing will be increasingly well equipped to potentially deny the United States access to its near seas. At the same time, however, China will be opening itself up to the same vulnerabilities it is preparing to exploit in any potential conflict with the United States. The antiship ballistic missiles designed to counter U.S. aircraft carriers, without advanced targeting, image processing, and data transmission facilitated by a reliable space-based satellite infrastructure, potentially could be disabled by the rival network backing the targeted aircraft carriers. Further, China's investments in land-based missiles as a force multiplier for its blue-water navy already has prompted the United States and its allies to consider fighting fire with fire. Japan has practiced deploying shore-based antiship cruise missiles along its Ryuku Islands, and proponents of "archipelagic defense" advocate for placing land units with mobile missile batteries throughout the First Island Chain.<sup>76</sup> Inside its near seas, China's navy could become just as vulnerable as the United States' to antiship missile barrages, and beyond the first island chain Beijing's blue-water force would be without its missile force multiplier and guided by a much less robust surveillance, reconnaissance, and strike network than when closer to home.

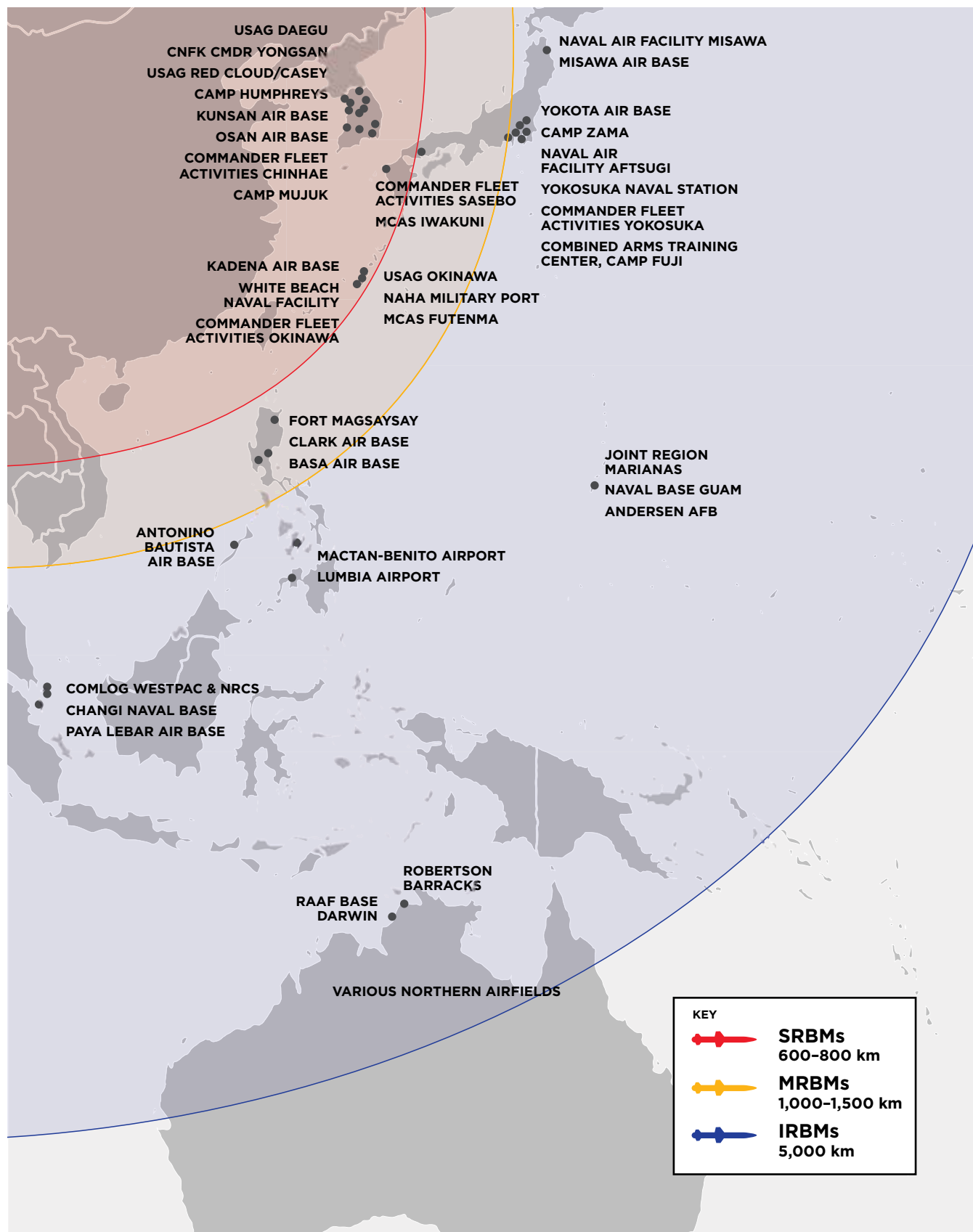
In addition to a possible conventional missile race, some of the advanced capabilities China is pursuing, especially antisatellite weapons, will pose important questions for international norms, strategic stability, and second-order effects. Weapons that physically damage or destroy satellites, especially kinetic weapons, can create dangerous orbital debris. This debris not only would be self-defeating, in posing a threat to the attacker's own

satellite infrastructure, but would cause lasting damage to *anyone's* ability to exploit space.<sup>77</sup> Cyber attacks, with ambiguous attribution and low visibility, can incentivize first strikes and be destabilizing. Indeed, the naval domain is one where first-mover advantages are already steep, and the offensive nature of cyber capabilities and their asymmetrically damaging threat to the United States will do little to stabilize maritime competition in the Asia-Pacific. These threats are being mitigated by U.S. efforts to strengthen network resilience, as well as developing doctrine for its degradation or even absence. U.S. forces, especially its navy, must train and develop operational concepts under the expectation of degraded network connectivity. At the same time, the Pentagon should develop "thin line" redundant backup technologies – or even off-network, ad hoc solutions for distributed forces already in the field.<sup>78</sup>

Critically, however, the United States and China must work to develop norms against self-defeating, destabilizing, or enduringly damaging conflict in space and cyberspace.



*Japanese sailors on the JS Bungo practice loading dummy mines during the 2012 RIMPAC exercise. (New Zealand Defense Force/ Creative Commons Attribution License)*

PLA Rocket Force Missile Range vs. U.S. Bases in Asia<sup>93</sup>

PLA Rocket Force missiles, ranging from SRBMs to IRBMs, are capable of striking U.S. bases in Asia.

# **06 CHAPTER**

## **Conclusions and Recommendations**

THE PATH AHEAD FOR THE UNITED STATES AND ITS ALLIES



**A**merican interests in an open, stable, and democratic Asia-Pacific region have remained remarkably durable throughout the post-World War II era. Yet as China's power expands beyond its near seas and out to the Pacific and Indian Oceans, there are serious questions about how the United States should adjust its strategy for preserving a favorable regional order and securing its national interests.

The loss of U.S. global maritime dominance would put at risk fundamental national security interests. In the Indo-Pacific region, it would call into question the ability of the United States to command the offshore lines of communications, and thereby execute operational plans to counter provocation and proliferation, preserve the independence of democratic allies and partners, ensure the free flow of commerce, and keep potential adversaries on their back foot and far from U.S. shores.

During his confirmation hearing to become Secretary of Defense, General James Mattis indicated that the United States needed to strengthen defense against resurgent major power challenges as well as terrorism. In response to Senator John McCain's question about the status of the postwar international order, General Mattis stated, "I think [the international order] is under the biggest attack since World War II, that is from Russia, from terrorist groups and with what China is doing in the South China Sea." The general added, "I think deterrence is critical and that requires the strongest military."<sup>80</sup>

The secretary's emphasis on deterrence is an indicator there is a renewed commitment to this principle that long has guided U.S. foreign and defense policies over much of the past century. It is from this foundation the following discussion of how the U.S. and allies should deal with a "risen," not "rising," China.

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The underlying premise is that China's unilateral expansion into and through the maritime territory of the First Island Chain over the past several years has altered the strategic balance of power across the Indo-Pacific region. In addition to the building of a modern blue-water navy, the creation of "New Spratly Islands" in the South China Sea, along with the declaration of an Air

Defense Identification Zone in the East China Sea, claims of sovereignty over the Senkaku Islands (Diaoyutai to the Chinese), as well as unprecedented and increasing naval operations into the Western Pacific, South Pacific, Indian Ocean, Gulf of Aden, and into the Mediterranean and Baltic Seas are empirical indicators of China's future intentions and actions on the global stage for the remainder of the first half of the 21st century.

These empirical indicators run counter to the pledge by China's leaders of their commitment to pursue a peaceful rise, one that is in "harmony" with the rest of Asia and the world. By their actions and words, China's expansionism has challenged the postwar norms of international behavior and, more importantly, has disrupted the peace and stability the region has enjoyed over the past 70 years.

While Beijing wishes to achieve its strategic aims without firing a shot, as done at Scarborough Shoal in 2012 and in the Spratly Islands from 2012 to the present, it also seems apparent that China is preparing to use military force to consolidate control over the remaining portion of their perceived territory, much of it in the maritime domain. The steady acquisition of a blue-water navy and a two-ocean strategy raises questions about what the United States and allies can and should do in response – not to contain China, but to protect vital national interests and prevent aggression.

## **Recommendations for the United States**

The new administration must take seriously the notion that China already has risen, and that the trajectory of its naval development is both rapid and steady. Without a serious effort to engage this challenge in the next four years, the United States and its allies increasingly will find themselves at local disadvantages with respect to the PLAN. We offer several recommendations:

### **TAKE THE CHINESE MARITIME CHALLENGE MORE SERIOUSLY**

First and foremost, there should be, as James Holmes recently wrote, a fundamental transformation in the "culture" of how we deal with China, one that acknowledges that the biggest military threat to our national security interest, and those of our allies, comes from the sea. While Professor Holmes was writing to the U.S. Navy leadership, the "cultural" change being recommended is a national issue, one that must be driven from the top down – from the president. This will necessarily require the Department of Defense to return to a two-major-contingency operations approach to national security planning and acquisition. Fundamental to this approach is increased investment in American maritime power, which has received insufficient attention in recent decades.

Changing the U.S. mindset means avoiding the assumption that past success in maritime Asia is a safe basis for future planning. If the United States and its allies and partners are to continue to preserve a favorable regional maritime order, then it will require a more focused prioritization of ends and means.

A new culture of taking China seriously also will be tested on a periodic basis by the words and actions taken or not taken to uphold the rule of law, signal an attitude of both cooperation and strength, and reassure allies and partners. The Trump administration should debate whether U.S.-China relations have entered a new period, one that is fundamentally different even from “new type of great power relationship” first asserted by President Xi. Given the dramatic changes that have occurred since 1979, America must now assert its own core interests firmly. This would mean more active contestation of China's flagrant disregard of the rule of law, including its response to the July 2016 Arbitration Panel ruling on the South China Sea.

The United States should also change its approach to U.S. military operations in the region so that it can better address the ways in which China has manipulated the balance of risk. China's risk-acceptant behavior, combined with widespread U.S. preoccupation with whether even routine actions in the region should be considered provocative, has given Beijing strategic advantage and threatens to make U.S. presence in the region subject to Beijing's invitation. To address this dynamic, the U.S. should stop pre-announcing Freedom

**This will necessarily require the Department of Defense to return to a two-major-contingency operations approach to national security planning and acquisition.**

of Navigation Operations and should not be afraid to conduct carrier operations anywhere within the First Island Chain. In fact, the new administration should consider increases to U.S. presence in the South China Sea with the adoption of a permanent 1.0 U.S. Navy warship presence in the South China Sea.<sup>81</sup>

With respect to Taiwan, President Donald Trump briefly flirted with the idea of recalibrating the long-standing “One China Policy.” He has since wisely affirmed the continuation of that policy in conversations with President Xi Jinping.<sup>82</sup> Even so, the administration

may want to consider new ideas for advancing security within the constraints of that framework. For instance, the notion that U.S. warships cannot make the occasional port call in Taiwan needs to be honestly examined, discussed with friends in Taiwan, and if deemed appropriate, then executed without fanfare or advance notification. The message to China should be that freedom of navigation and free access to ports is a core U.S. interest and that the United States is not going to be constrained by Beijing's threats – particularly because rapidly growing PLAN capabilities may have the most serious implications for Taiwan.

#### STAY FORWARD AND FIRM IN ASIA

The new administration should proclaim its commitment to a forward-deployed presence, especially for U.S. naval forces. Not only is this necessary for bolstering the flagging confidence of U.S. allies, it also will send a clear and unambiguous statement to China. In addition to the current forward-deployed force structure, new options also can range from homeporting a second U.S. Navy aircraft carrier in Guam to homeporting ships in South Korea. A forward-deployed presence in East Asia also will provide benefits in the Indian Ocean. Great powers appear only rarely to expand abroad if they are vulnerable in their immediate environs; indeed, it makes no sense for China to contest Indian Ocean SLOCs if it cannot at least contest air and naval superiority in regions such as the South China Sea.<sup>83</sup>

#### SHORE UP MARITIME DOMAIN AWARENESS AND INTELLIGENCE

The United States should bolster maritime domain awareness and conduct more robust and public maritime intelligence operations. While much progress has been made in improving U.S. DoD Title 10 collection capabilities in the Indo-Asia Pacific region, as with the introduction of the P-8 aircraft, the U.S. has not reported on China's actions in the maritime domain. For instance, during the recent deployment of China's aircraft carrier *Liaoning*, U.S. PACOM did not provide unclassified pictures of China's inaugural carrier flight operations in the deep blue sea, even though it is likely to have conducted reconnaissance. This same reluctance also characterized the U.S. approach as China built seven new artificial islands in the South China Sea. The United States should be more willing to share and publicize such materials; sharing facts about Chinese activities at sea is smart diplomacy. Moreover, making such information widely available would help counter spurious Chinese narratives of American actions as being the root cause of instability in the Western Pacific. Both outcomes are in U.S. national interests.

## **ADVANCE STRATEGIC ANTISUBMARINE-WARFARE CAPABILITIES**

China likely will begin ballistic missile submarine (SSBN) patrols this year, and that in turn requires that the U.S. Navy adopt a “hold at risk” strategy for China’s patrolling SSBNs. Hold at risk means that every time a PLAN ballistic missile submarine departs on a strategic nuclear patrol, a U.S. Navy attack submarine will be there to follow the Chinese SSBN, ready to sink them if they ever attempt to launch a nuclear-tipped ballistic missile toward U.S. shores. The reality is that Beijing’s SSBN’s now have the capability to range all of the United States, including the nation’s capital.<sup>84</sup>

## **ENSURE THE SUFFICIENT SIZE AND CAPABILITY OF U.S. JOINT FORCES, ESPECIALLY NAVAL FORCES**

American blue-water naval and joint force capabilities must be of sufficient size and quality to compete with China’s naval expansion. At a minimum, this means that the U.S. armed forces, in tandem with allies, would have to find a way to check China from dominating the near seas bounded by the First Island Chain, and be able to hold the choke points leading out to the Indian and Western Pacific Oceans.

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This defensive approach is necessary if the United States is to credibly uphold its security guarantees, but it will be increasingly difficult to accomplish as China’s capabilities grow. This geostrategic maritime capability would have to retain qualitative edges in key areas such as submarine warfare. It would have to depend on an industrial base necessary to sustain and maintain sufficient numbers of qualitatively superior forces necessary to counter a technological peer with greater number of forces.

The U.S. Navy is not adequately sized or outfitted to meet U.S. national security requirements in the Indian and Pacific Oceans. With some forecasts predicting that the size of the PLAN may approach 500 ships and submarines by 2030, the U.S. Navy must improve qualitatively and quantitatively if it is to provide a credible deterrent force that can fight and win at sea – certainly in the direction of 350 ships.<sup>85</sup> Of course, it is not just the Navy but also the requisite Marine, Air Force, and Army capabilities that will be essential to a larger joint force capability that

is credible and versatile. As China’s developing rocket force suggests, air and ground forces are now a critical part of maritime security.

## **INNOVATE FOR THE LONG TERM BUT PREPARE FOR COMPETITION SOONER**

The Pentagon must maintain energetic efforts to counter China’s A2/AD capabilities and approaches. The Third Offset remains a worthwhile initiative, regardless of whether or not it keeps its title, and the introduction of disruptive technologies, such as breakthroughs in electronic maneuver warfare, may be able to truly change the trajectories described in this report.<sup>86</sup> Most Third Offset technologies will not be available until well into the 2030s, however, after China has obtained many of the trappings of its blue-water force structure. As a result, defense planners also must continue to invest in and field existing platforms that can counter China in the near seas without major innovation – namely, standoff power projection platforms and precision munitions that can allow the United States and its allies to pursue A2/AD capabilities of their own within the First Island Chain. Japan already is making investments to this effect, including

antiship surface missiles. Additionally, the United States must continue to innovate in the area of operational concepts, so that it and its allies can hope to prevail in near-seas conflicts using the capabilities they already have. It also must avoid seeking innovative defense acquisition in isolation from more dynamic planning scenarios that would challenge expedient assumptions such as only needing to fight short, sharp wars.

## **Working with Allies and Partners**

China’s blue-water navy development presents a structural challenge for the United States and its closest allies. Barring a catastrophic economic or political event, it is unlikely to deviate from the course outlined in this report. Even if the United States moves toward a 350-ship navy and continues to invest in sea control, the United States alone will be unable to completely offset these developments. The prospect that China will employ its far-seas navy for near-seas purposes within the First

Island Chain only underscores the importance of close alliance consultation, so that allies can contingency plan and burden share most effectively. If the United States fails to keep its allies in the fold as China continues its naval buildup, this assuredly will result in intense abandonment anxieties. This in turn may inspire partners to procure duplicative, redundant capabilities to defend themselves, encourage them to pursue defense strategies that may be inimical to U.S. interests, and produce serious major power instability in a crisis or lower-level skirmish.

#### **ENCOURAGE ALLIES TO INVEST IN SUFFICIENT CAPABILITIES TO ADDRESS A *FAIT ACCOMPLI***

It also is equally important for close treaty partners to make and sustain earnest efforts to contribute to their defense in these areas. Particularly where Japan's and South Korea's territorial and maritime claims are concerned, these are flashpoints that inherently hold higher value for Tokyo and Seoul than they for their senior security partner. To deter naval incursions, Japan and South Korea will need to demonstrate that they are able to mount a credible response to a Chinese *fait accompli*. Even if both security partners would need to rely on U.S. support in a protracted campaign, they nonetheless should be able to signal to China that a short, sharp, near-seas campaign will come at a very high cost. Allies will send the most effective signals with their naval expansion, however, if they coordinate closely with the United States as they make development, procurement, and operational decisions. Such coordination ensures that these capabilities can be made mutually reinforcing.

#### **EXPAND NAVAL DIALOGUES BEYOND THE FIRST ISLAND CHAIN**

U.S. Asia policy always has included "inside-out" and "outside-in" components. The former refers to engaging China to convince it that, while the United States will stand up for its values and interests, it does not intend to fundamentally undermine the Communist Party and wants a constructive relationship. The latter requires that the United States work with allies and partners to both shape China's choices and assure Beijing that the United States will stand up for stability and a rules-based order. Washington needs to replicate this approach in the IOR. It should deepen U.S.-China dialogue on Indian Ocean issues both at the strategic and especially the operational level, for instance, between U.S. CENTCOM and Chinese task force commanders as well as embassies throughout the region. At the same time, the United States should institute China-focused dialogues with regional allies and partners, especially key strategic players such as

India, Israel, Egypt, Saudi Arabia, and NATO partners. Middle Eastern and African partners may be somewhat more willing than Asian countries to bandwagon with Beijing, as it does not represent a proximate territorial threat. Expanded dialogue will allow the United States to gather information about regional responses to Chinese expansion and send its own messages about how to respond to Beijing.

#### **DIVERSIFY THE FOOTPRINT OF THE U.S. NAVY**

The growth of Chinese naval power creates new capability and capacity requirements not only in the Asia-Pacific, but also potentially in the Indian Ocean as well, to the extent that an expeditionary PLA may decrease U.S. freedom of action in that region. Moreover, the United States should upgrade current access agreements in places like Diego Garcia and study the feasibility of new rotational arrangements in Australia's Cocos Islands and Christmas Island; India's Andaman and Nicobar Islands; the United Kingdom's Diego Garcia; and the Maldives, the Seychelles, and Comoros.<sup>87</sup>

#### **ENCOURAGE SECURITY NETWORKING AMONG ALLIED NAVIES**

At the end of the Obama administration, Secretary of Defense Ash Carter began to advocate a "Principled Security Network" of states in Asia. The concept was never well defined, but touched upon a fundamentally important source of strength for the United States in the region: the fact that its closest security allies were naturally increasing their ties amongst each other. American allies in Asia are now more militarily capable than they ever have been, and several are increasingly taking on defense leadership roles in the region. By encouraging stronger ties among its security partners through multilateral exercises and dialogues – even when these do not include the United States – Washington gains the ability to strengthen the region's readiness at a reasonable cost. This is particularly true of two of its closest allies, Australia and Japan, which may be especially able to work with other regional states such as Vietnam and India.

#### **ADVANCE SECURITY TIES WITH INDIA**

With due respect for India's foreign policy traditions and central role in the Indian Ocean region, the United States should make every effort to cooperate with New Delhi in managing the westward expansion of Chinese power. A close relationship with India will balance China where necessary, but also will enable dual deterrence, whereby Washington can help persuade India to accept positive Chinese security contributions where they are

forthcoming and dampen competition between the two Asian giants. The Trump administration should build on achievements of the Bush and Obama eras, as well as Indian Prime Minister Narendra Modi's receptivity to maritime cooperation, by pushing for rapid conclusion of information-sharing agreements to enable exchange of intelligence on Chinese ship and submarine activities.<sup>88</sup> Washington also should encourage New Delhi to develop tight relationships with other U.S. allies, as India currently is doing with Japan.<sup>89</sup>

#### **INCORPORATE A GLOBAL PLA INTO STRATEGIC/POLICY PLANNING AND WARGAMING**

An expeditionary PLA presents political and military wrinkles to operational plans and crisis responses that have not been seen since the Cold War, if ever. The defense establishment must make efforts to understand these new dynamics and adjust U.S. strategy accordingly. A campaign of net assessment and "Red Team" gaming should be adopted. Attention should be paid to how alliance management changes when an alternative security provider emerges, how interregional escalation dynamics are likely to play out at various levels on the escalation ladder, and what would be the global economic consequences of a U.S.-China conflict that disrupts global energy and shipping flows.

#### **IDENTIFY AREAS FOR BLUE-WATER COOPERATION**

China's quest for blue-water naval capabilities does not imply competition with the United States at every turn. If China is able to conduct noncombatant evacuation operations, secure the flow of natural resources, or contribute to humanitarian aid and disaster relief, the United States and its partners may see ample interest in collaborating with the PLAN around the world. By identifying where it may be able to cooperate with China's navy, the United States and its partners can attempt to bound the areas of competition. This, in turn, will allow Washington and its allies to direct naval resources where they are most needed, and to burden-share where and when this can be accomplished.

#### **DEEPEN MULTILATERAL INSTITUTIONS**

For the United States to channel China's energies into constructive multilateral security cooperation, it must itself engage with and show its commitment to collective processes. Thus, the United States should upgrade its participation in the Indian Ocean Rim Association, the East African Community, and the South Asian Association for Regional Cooperation. Similarly, the United States should try to engage with the institutional

framework of the Belt and Road initiative. As the Asian Infrastructure Investment Bank episode showed, Chinese initiatives will draw regional interest, and the United States can best influence their evolution when it has a seat at the table.

#### **Conclusion**

The core argument of this report has been that China is decidedly transforming itself from a continental power with a focus on its near seas to a great maritime power with a two-ocean focus. China is looking beyond the *sanshai* – the Yellow Sea, South China Sea, and East China Sea – and out toward the Pacific and Indian Oceans. Much of its naval transformation will be complete by 2030 and will directly affect the interests of the United States and its allies and partners.

The report has traced the changing strategy, capabilities, and missions of China's increasingly global navy. It has discussed how a blue-water PLAN will expand its presence into the Indian Ocean to secure the oil and commodities that flow across it to Chinese ports. It has argued that China's far-seas missions will have near-seas implications for U.S. allies and partners, and that the island chains and choke points of these same near seas may reciprocally constrain China's blue-water expansion. Finally, it discussed the future evolution of Sino-American naval competition, noting the linkages between cyber space and the blue waters.

**A more global PLAN, one that will be capable of rivaling the United States in blue waters, soon will be a structural fact of world politics.**

This report also offered a series of recommendations for U.S. allies and partners. With respect to China, it suggested that the United States take seriously China's maritime challenge, directly address China's manipulation of the balance of risk, and find areas of cooperation with a global PLAN. Regarding U.S. maritime power, it proposed that the United States invest more in its naval capabilities – especially in a 350-ship fleet – and that it strengthen the forward-deployed presence while diversifying it into the Indian Ocean. For U.S. allies, the report recommended not only the strengthening of U.S. naval capabilities and force posture, but also taking pains to regularly consult allies on U.S. policy and on Chinese behavior. Finally, it argued that the United States should join and strengthen multilateral institutions, including

those launched by China, in order to channel the behavior of China and other potentially revisionist states into rules-based mechanisms.<sup>90</sup>

These recommendations are intended to provoke constructive debate and policy discussion within the Trump administration, in Congress, and in allied and partner capitals. Opinions may vary on the appropriate course of action, but at the very least, all perspectives should begin from this common starting point: A more global PLAN, one that will be capable of rivaling the United States in blue waters, soon will be a structural fact of world politics. This stark development will bring implications that are difficult to grasp, and more importantly, consequences that will be impossible to ignore. It is therefore all the more necessary for U.S. and allied planners to reckon with it now.



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