Statement before the House Foreign Affairs Subcommittee on Asia and the Pacific

"AMERICA'S SECURITY ROLE IN THE SOUTH CHINA SEA"

A Statement by:

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Chairman Salmon, Ranking Member Sherman, distinguished members of the Subcommittee, I am honored to have this opportunity to discuss regional states' responses to China's recent activities in the South China Sea. My testimony today will focus primarily on responses by countries that have sovereignty claims and occupy territory in the South China Sea, including the Philippines, Vietnam, Malaysia, and Taiwan. I will also address noteworthy responses by Japan, Australia, India, and regional institutions.

Regional states share many of the United States' interests in the South China Sea, including freedom of navigation and overflight, the peaceful resolution of disputes, and upholding international law. Claimant state actions are also motivated by their national sovereignty claims, which, as a neutral party, the United States does not necessarily share. I will argue that there are, however, ample opportunities for the United States to advance its interests in the South China Sea in tandem with those of other regional actors. To that end, I will conclude my testimony today by offering some suggestions on how the United States can use multilateral mechanisms to enhance security in this vital waterway.

Land Reclamation and Construction History in the Spratly Islands

Land reclamation and construction in the South China Sea did not begin with China's building efforts in 2014. South China Sea claimants began to set up outposts in the Spratly Islands in the 1950s, and several have undertaken land reclamation and construction efforts since that time. Malaysia occupies five Spratly features and reclaimed land and constructed facilities on Swallow Reef in 1983. The Philippines occupies eight features and has constructed facilities. Taiwan occupies one feature. It has reclaimed a small amount of land and is currently in the midst of airstrip and port renovations. Vietnam, which occupies as many as 29 features, has reclaimed land and built military and civilian facilities. Vietnam, Philippines, Malaysia and Taiwan all have airstrips of their own on Spratly outposts, and all four have stationed troops on these islands.

When these other claimants activities are compared to China's in size, scope, and speed, however, their building activity pales in comparison. To paraphrase Secretary of Defense Carter, China has gone farther and faster in its construction activities. The breakneck pace and widespread use of land reclamation and construction, rather than the mere fact of the building itself is what raises serious concerns about China's intentions in the Spratlys for other South China Sea claimants. It is also worth noting that China is the only country to have completely transformed features that were formerly under water into artificial islands; other countries have used the technique to add some additional acreage onto features that were already above water.

By way of comparison, Taiwan has reclaimed approximately five acres of new land over two years at one location. Malaysia reclaimed approximately 60 acres over 30 years at one location. Vietnam reclaimed 50-60 acres over five years at one location. China, however, has reclaimed at least 2,000 acres over one year at seven different locations.

For many countries in the region, the timing of these building activities is also significant. In 2002, China and ASEAN signed a Declaration on Conduct in the South China Sea. This agreement commits the parties to "exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability…" in the area. The Declaration does not expressly prevent building on features that are already occupied, but many claimants feel that China has violated the spirit of the document with its recent activities, and that these activities have made it much less likely that the claimants will be able to negotiate a long-sought, binding Code of Conduct for the South China Sea.

Construction Responses to China's Activities

Since China's widespread reclamation activities became known in mid-2014, other claimants have responded with construction of their own. In the last few years, Vietnam has engaged in a small amount of additional land reclamation and added new facilities to two of its islands. In early 2015, Malaysia announced that it would install an air defense system on Swallow Reef. Taiwan's modest use of land reclamation has occurred over the course of the last year, and is part of a renovation that will upgrade its airfield and build sophisticated port facilities. After announcing a moratorium in construction activities in 2014, the Philippines decided in March of this year that it would repair and renovate its military facilities on Thitu Island. It is also reinforcing the hull of a ship that it uses as a military outpost in the Second Thomas Shoal.

Balancing Behavior by South China Sea Claimants

More significant than claimants' construction responses are the visible diplomatic and military shifts that have taken place in the region in the last 18 months. Regional states have sought new military capabilities, increased the frequency and pursued new types of military exercises, and advanced new political partnerships within the region.

New Military Capabilities

Since early 2014, South China Sea claimant states have invested heavily in the purchase of new military capabilities, most of which have clear maritime applications. Some of these investments were part of ongoing military modernization programs and cannot be solely attributed to China's recent assertiveness in the Spratlys, but there is little doubt that claimant states are focusing their acquisitions on defense in the maritime domain.

The Philippines has announced a 15-year force modernization plan that includes plans to procure fast attack craft, stealth frigates, anti-submarine warfare (ASW) helicopters, and submarines. Manila will purchase from Tokyo 10 patrol vessels for its coast guard, and has received a patrol corvette and transport ship from South Korea, two landing crafts from Australia, and two strategic sealift vessels from Indonesia. It will purchase fighter aircraft from South Korea, and will receive a total of five C-130 Hercules transport aircraft from the United States. It has decided to expand a major naval base at Oyster Inlet on the South China Sea side of Palawan Island, and just last week announced that it will begin stationing a full squadron of new FA-50 aircraft and two naval frigates at the former U.S. naval facility at Subic Bay. The Philippines Air Force has also decided to

grant to the United States access to two Philippine bases that will allow for rapid ingress to the South China Sea.

Vietnam is seeking maritime patrol boats and aircraft, unarmed drones, and fighter jets. Its navy and coast guard are receiving patrol ships from Japan and from India. It has purchased 3rd generation Kilo-class submarines as well as land-attack and anti-ship missiles from Russia. It has also been reported that Vietnam would like to purchase P-3 patrol aircraft from the United States.

Taiwan has announced that it will develop eight diesel-electric submarines indigenously beginning in 2016. In June, it commissioned two coast guard patrol vessels capable of docking at Itu Aba Island in the South China Sea. Taiwan is purchasing four guided missile frigates from the United States, as well as four additional P-3 Orion patrol aircraft that were part of a 2007 deal.

In October 2014, Malaysia announced a 10% increase in its defense budget, including a six percent increase in procurement and research. It will purchase six corvettes from France, and has announced that it will purchase additional corvettes, six anti-submarine warfare helicopters, other small vessels, and will replace torpedo and missile systems.

It is worth noting, however, that with the exception of Taiwan, the other South China Sea claimants have scant naval and coast guard capabilities. Their recent investments are clear indicators of their concern, but will not offset China's vast military advantages.

Exercises

As tensions have risen in the region, South China Sea claimant states have added new training exercises to aid in their defensive preparations. These have included exercises with new partner militaries, as well as novel drills that are explicitly focused on defense in the maritime domain.

The Philippines has been eager to exercise near the South China Sea and with new partners. The 2014 bilateral U.S.-Philippines Cooperation Afloat Readiness and Training (CARAT) exercise was held 80 miles from Scarborough Shoal and included live fire drills and amphibious operations. The Philippines sent vessels and personnel to the Kakdu international maritime exercise in Australia, and received Australian personnel and aircraft for the U.S.-Philippines Balikatan exercise. The Philippines and Japan held their first-ever combined naval exercise in May 2015. In June 2015, The Philippines and Japan held another exercise which included a P-3 overflight of the disputed Reed Bank in the South China Sea.

In August 2014, Vietnam held new exercises with India near its coast. The United States has conducted six consecutive years of non-combat Naval Engagement Activities with the Vietnamese military, including medicine and search and rescue operations.

In 2014, Taiwan's navy and marines simulated a simultaneous retaking of Itu Aba in Taiwan's largest South China Sea drill since 2000. This was also the first time a Taiwan

South China Sea drill included regular troops as opposed to coast guard personnel. In April 2015, Taiwan's Ministry of National Defense reported that it would begin to dispatch P-3 Orion maritime patrol aircraft on anti-submarine reconnaissance and surveillance missions beyond Taiwan's Air Defense Identification Zone (ADIZ) and into the South China Sea.

The United States and Malaysia have held new military exercises, including a new bilateral amphibious exercise, a U.S. Marine Corps demonstration, and their annual Cooperation Afloat Readiness and Training (CARAT) joint bilateral exercise. In May 2015, Malaysia and the United States conducted a major bilateral exercise in the South China Sea that included a U.S. carrier strike group.

Emerging Political Partnerships

China's assertiveness has also encouraged new diplomatic and political relationships. In 2014-2015, the Philippines, Vietnam, and Malaysia have all pursued new strategic partnerships.

The Philippines has established a strategic partnership with Vietnam, which will pave the way for more joint drills, information sharing, and training. Manila has also had public support from India in its pursuit of an international legal recourse for South China Sea disputes. The Philippines and Japan are also contemplating a Visiting Forces Agreement (VFA) that would allow Japanese aircraft and naval vessels to access Philippine bases on a rotational basis.

Beyond its strategic partnership with the Philippines, Vietnam has sought several new political relationships. Vietnam and Japan have established a strategic partnership to promote military-to-military cooperation and capacity building. Vietnam and India released a joint statement pledging defense cooperation and mutual interests in the South China Sea. Hanoi has also pushed to upgrade its defense ties with Indonesia to improve bilateral training and exchanges. Vietnam and Australia have agreed to establish a strategic partnership in the future, with an emphasis on security cooperation, training, and the South China Sea. The United States and Vietnam have agreed to deepen military cooperation in areas such as humanitarian assistance and disaster relief (HA/DR) and search and rescue (SAR). Finally, in July 2015, General Secretary Trong became the first Vietnamese Communist Party Chief to visit the United States. His joint vision statement with President Obama expressed support for freedom of navigation, international law, and rejected the use of coercion. The two leaders also agreed to increase coordination on maritime security and maritime domain awareness.

In 2014-2015, Malaysia and Indonesia took steps towards settling their territorial disputes and improving bilateral relations. Malaysia and Japan penned a new strategic partnership in May 2015, and this will include coast guard capacity building as well as the possibility of defense equipment and technology transfers. In April 2014, Malaysia hosted President Obama for the first visit by a U.S. president in 50 years, and the two countries have upgraded their relationship to a comprehensive partnership.

These defense procurement patterns, exercises, and nascent partnerships leave little doubt that other claimants are seeking to balance China's assertiveness in the South China Sea. This will, however, be no easy feat. After two decades of annual double-digit increases in its defense spending, China's military budget is six times larger than all of Southeast Asia's and its military capabilities overwhelm those of other regional states. China's navy and coast guard outnumber those of all of the other claimants combined. As China continues to invest in its military and lay down new hulls at breakneck speed, claimants have sought assistance from other partners in the region. In 2014-2015, they have begun to find it in Japan, Australia, and India.

Balancing by other U.S. Allies

Japan

China's land reclamation campaign has unfolded as Japan is undertaking a historic overhaul of its national security policy. This has allowed Tokyo to pursue new strategic partnerships and exercises with the Philippines, Vietnam, and Malaysia. The leadership in Tokyo has also been outspoken in its objections to China's Spratly construction activities. Japanese officials, including Prime Minister Shinzo Abe, have consistently reaffirmed Japan's commitment to freedom of navigation, respect for international law, and the peaceful resolution of disputes in the region.

Since early 2015 there has also been frequent public discussion about the possibility of Japan participating in aerial patrols of the South China Sea. Some reports have suggested that Tokyo and Washington may conduct joint patrols, that Japan may conduct patrols alongside other claimants, or that it may conduct surveillance and reconnaissance operations on its own. There are, however, important operational, fiscal, and domestic political impediments to Japanese South China Sea patrols. At present, Japan does not have aircraft available to devote to a South China Sea mission, nor does it have adequate refueling capabilities to conduct them. Japan's defense budget has traditionally been set at around one percent of GDP, and five year spending caps prevent Tokyo from deviating materially from this target. Finally, the Abe government is currently in the midst of advancing national security legislation that will allow it to take a more active defense role in the region, but these bills have met with more domestic backlash than anticipated. Japan's interest in patrols should certainly be taken as an indicator of its deep concern for the security and stability of the South China Sea, but the obstacles that may prevent it from assuming a near-term leadership role cannot be discounted.

Australia

Australia's foreign and defense ministers have been outspoken in their opposition to China's land reclamation and militarization of its South China Sea outposts. Top officials in Canberra have also made clear that they would oppose any efforts by China to interfere with freedom of navigation or overflight in the South China Sea, and would contest an Air Defense Identification Zone (ADIZ). The Australian government has also reportedly considered conducting a freedom of navigation exercise near China's artificial islands. Australia has held two recent military exercises with the Philippines, and donated vessels

to Manila. It has also signed comprehensive partnership with Hanoi, which may be upgraded to a strategic partnership in the future.

India

Indian Prime Minister Narendra Modi has announced and begun to implement an "Act East Policy" to bolster Delhi's ties with the region. At the 2014 India-ASEAN and East Asia Summits, Indian officials emphasized freedom of navigation, the peaceful resolution of disputes, and the importance of international law. In September 2014, India and Vietnam issued a joint communique opposing threats to freedom of navigation and the use of coercion in the South China Sea. In September 2014 and January 2015, Modi and President Obama released joint statements that affirmed common interests in the South China Sea. In June 2015, India and the United States signed a defense framework that includes a pledge to "increase each other's capability to secure […] freedom of navigation across sea lines of communication." In June 2015, India also sent a four-ship naval flotilla to Malaysia, Singapore, Indonesia, and Australia, as part of a visit to the South China Sea.

Multilateral Responses

Countries in the region have also reacted to China's assertiveness through multilateral mechanisms. In its April 2015 Chairman's Statement under the leadership of Malaysia, ASEAN expressed serious concern about China's land reclamation activities, stating that they had "eroded trust and confidence and may undermine peace, security, and stability in the South China Sea." The statement reaffirmed ASEAN states' interest in freedom of navigation and overflight and urged that consultations towards a South China Sea Code of Conduct be expedited. While not transformative, these were stronger and more unified statements than many experts expected.

In an early June Senior Officials Consultation (the 21st of its kind), China and ASEAN pledged to conclude a Code of Conduct. In early July, China and ASEAN held a Joint Working Group meeting. The group identified some Code of Conduct elements for "early harvest," including programs on navigation safety and search and rescue. It is worth noting, however, that many officials and analysts remain pessimistic that China and ASEAN will conclude a South China Sea Code of Conduct in the foreseeable future.

Outside of ASEAN, interested parties are considering multilateralizing their relationships to more effectively engage Chinese challenges in the South China Sea. The Philippines, Brunei, Indonesia, and Malaysia have discussed the possibility of signing a Status of Visiting Forces Agreement that would allow the nations to train together. The VFA would provide temporary base access for each country in the Philippines. Reportedly, Vietnam, India, and Japan have privately agreed to work in a trilateral format to coordinate security policies. U.S. Pacific Fleet Commander Admiral Scott Swift has also suggested expanding longstanding bilateral combat exercises with allies and partners in the region into multi-nation drills focused on the South China Sea.

Bandwagoning Behavior

Despite these multifaceted efforts to counteract China's assertiveness, regional states have not sought exclusively to balance Beijing. Many see an interest in maintaining positive strategic relationships with China, including on security issues and the South China Sea disputes. In October 2014, Vietnam and China pledged to repair their ties and better manage their maritime and territorial disputes in a high-profile agreement. Malaysia and China held their first-ever bilateral military exercise, entitled "Peace and Friendship," in December 2014.

Perhaps the most complex political relationship among the South China Sea claimants is that between Taiwan and China. Despite the many unsettled issues that define Cross-Strait relations, Taiwan and China share South China Sea claims, as embodied by China's Nine-Dash and Taiwan's Eleven-Dash Line. U.S. government officials have urged Taiwan to clarify or abandon its opaque claim line, but it has declined to do so. In 2014, Taipei criticized Vietnam's presence at Sand Cay in the Spratly Islands as dangerous and destabilizing. More recently, as the International Tribunal on the Law of the Sea began South China Sea hearings at The Hague in July, Taiwan made public statements that appeared to align with China in its rejection of the court's jurisdiction.

Several of the South China Sea claimants are likely to participate in China's Maritime Silk Road initiative and may be the recipients of infrastructure aid, participate in China's Trans-Asia Railway, and are likely to continue to boost bilateral trade ties.

Even if claimant states do not explicitly align themselves with China, their desire to maintain positive relations with Beijing may mean that they do not engage in unequivocal balancing behavior. When it comes to regional states' responses to China in the South China Sea, Washington cannot assume that opposing sovereignty claims will always beget strictly opposing policies and strategies.

Recommendations for U.S. Regional Engagement

The last fifteen months of regional reactions to China's island building indicate that the claimants share many of the United States' interests in and concerns about the safety and security of the South China Sea. They are, however, neither unambivalent nor monolithic in their opposition to Beijing's activities, and their deeply-held worries do not necessarily translate into a coordinated policy response. Washington must take these variegated inclinations into account as it pursues policies to foster maritime security and regional stability. There are several steps that the United States can take that will help to advance its interests in the South China Sea alongside regional partners and allies:

1) **Halt to All Land Reclamation and Militarization:** At the 2015 Shangri-La Dialogue, Secretary of Defense Carter called for an end to land reclamation, not just by China, but by all claimants. China's Spratly land reclamation activities are now nearly complete, but as its building has continued to receive international scrutiny, it has turned to publicizing Vietnam's land reclamation and construction activities. Vietnam's activities pale in comparison to China's. The fact that it has reclaimed any land and installed new military equipment, however, feeds China's narrative that it is playing a defensive game of catchup and gives Beijing

convenient talking points in domestic and international fora. The United States should insist that all claimants refrain from any major physical changes to or militarization of the territories they presently occupy.

2) **Coordinate Partner Capacity Building:** The Pentagon's $425 million Southeast Asia Reassurance Fund may provide much-needed support to the coast guards and navies of other South China Sea claimants. Partner capacity building efforts are long term initiatives that will take years to bear fruit, and the United States is *not* the only country giving this type of aid. Some regional navies and coast guards will have trouble absorbing assistance efficiently and effectively. Washington should establish a mechanism to coordinate partner capacity building efforts in Southeast Asia with Australia, Japan, and India, so that training and equipment support is mutually reinforcing.
3) **Maritime Domain Awareness:** Maritime Domain Awareness (MDA) capabilities for Southeast Asia should top Washington's list of partner capacity building priorities. The United States should help to fund a multilateral monitoring architecture that can help claimants develop a common picture of the South China Sea. China's construction developments on its artificial islands may proceed in fits and starts over the coming months, but other claimants will be better able to coordinate their responses if they are not taken by surprise by developments and are working from the same set of facts.
4) **ASEAN Briefings:** Before this MDA network is up and running, the United States should use ASEAN as a forum through which to share information about China's island facilities. Briefings should be given at ASEAN Regional Forum (ARF) and ASEAN Defense Ministerial (ADMM-Plus) meetings, so that regional states understand the nature and implications of China's island projects as Beijing develops them and have more opportunities to coordinate responses.
5) **ASEAN Code of Conduct:** U.S. policymakers should continue to call for a Code of Conduct for managing the South China Sea disputes, but should encourage ASEAN states to draft a document themselves and then offer China the opportunity to accede to it. Because ASEAN-China negotiations have no time limit and are based on consensus, China has been able to slow-roll this process while incrementally revising the territorial status quo in its favor.
6) **Freedom of Navigation and Overflight Risk Assessments:** Numerous U.S. partners have reaffirmed their commitment to freedom of navigation and overflight, and some have stated that they would firmly oppose a South China Sea Air Defense Identification Zone if China announced one. Less publicized, however, is the fact that multiple countries, including the United States, have already been warned away from China's artificial islands, which are not entitled to national airspace or territorial waters if they were not islands when construction began. These incidents should be well-documented, shared among relevant parties, and periodically publicized. This data is crucial to any judgment about whether U.S. and regional states' interests are imperiled by China's activities, and will inform subsequent action in the region.

By taking these steps, Washington can maximize regional buy-in for its policies and advance its South China Sea interests in tandem with other states. Multilateral approaches alone are unlikely to arrest China's incremental opportunism, which began

well before its recent dredging activities. They can, however, help to coalesce much-needed regional consensus in the South China Sea.