

CONGRESSIONAL TESTIMONY

China and Asian Maritime Security Testimony before the Subcommittee on Asia and the Pacific Committee on Foreign Affairs

U.S. House of Representatives

September 22, 2016

Dean Cheng
Senior Research Fellow, Asian Studies Center
The Heritage Foundation

Chairman Royce, Representative Engel, and Members of the House Foreign Affairs Committee. Thank you for the opportunity to testify to you this morning.

My name is Dean Cheng, and I am a Senior Research Fellow in the Asian Studies Center of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

The rise of Chinese maritime capabilities makes it the first new maritime power to take to the seas since the end of the 19th century. Unlike Wilhelmine Germany or the Soviet Union, both of which fielded substantial navies, the People's Republic of China (PRC) actually relies upon the oceans for much of its economic activity. This dependence upon the sea also constitutes a radical break from that country's millennia of history; the imperial treasure fleets of Admiral Zheng He were not nearly as central to Chinese power and livelihood. Thus, the transformation of the PRC from a land power to a maritime one constitutes one of the more fundamental changes in the international scene, certainly since the end of the Cold War, and arguably over the past century.

Consequently, it has distinct implications for the security of the United States, and the Asian region.

China—Traditionally a Continental Power

For most of China's history, it was a continental power, focused on threats and opportunities on land. Compared to the Hsiung-Nu and the Mongols, the threats from the sea were minimal. As important, imperial China never depended upon the seas for its economic livelihood. While coastal traffic was used to move foodstuffs, the bulk of China's trade and economic activity was centered on land.

Imperial China did not wholly ignore the sea. As early as the 10th century AD, China had already developed the technology to build dry docks, facilitating the construction and repair of larger ships. Europe did not develop this same technology until the 15th century.¹ Similarly, the ships of Admiral Zheng He's treasure fleets, which sailed as far as the African coast in the early 15th Century, included such technology as watertight bulkheads. These ships, moreover, may have been as large as three times the size of HMS *Victory*, Nelson's flagship at Trafalgar.²

The fate of Zheng He's treasure ships and China's shipbuilding capabilities after his voyages, however, provide a cautionary tale for Chinese planners today. After his last voyage in 1433, Chinese officials lost interest in the seas. Construction of new ocean-going ships were banned, the shipyards that built them were shut down. Ocean-going trade was discouraged.

The consequences of this abandonment of the sea were displayed in the course of the First Sino–Japanese War (or the Jiawu War) of 1894–1895. Despite fielding technologically capable ships, the Chinese Beiyang Fleet was thoroughly defeated by the Imperial Japanese Navy, and the Qing Dynasty was forced to cede Taiwan to the Japanese empire, as well as relinquish influence over Korea.

Modern Chinese scholars and analysts view this history as a cautionary tale for today’s government.

China Increasingly Depends on the Sea

For today’s Chinese leadership, the ability to access and exploit the sea is essential. Since the rise of Deng Xiaoping in the early 1980s, China has become far more dependent upon the world’s oceans, in large part because it has become thoroughly integrated into the global economy.

In 2014, the top sources of imports for China, i.e., where items are being sent to China, include:³

Nation	Percent	Value (Billions)
Republic of Korea	9.3%	\$142
U.S.	8.8%	\$134
Japan	8.5%	\$131
Germany	6.3%	\$96.7

The vast bulk of these imports are delivered by sea.

Similarly, China is increasingly dependent upon imported energy to keep its cities lit and its factories running. In 2014, the PRC became the world’s largest net importer of petroleum, bringing in some 6.1 million barrels per day.⁴ In 2016, despite a slowing economy, Chinese oil imports reached 8 million barrels per day.⁵ While some is shipped via rail and pipelines, most is transported by sea.

China is also now a net importer of key agricultural products. This includes grain, soybeans and oilseeds, and fats and oils. Although China produces

most of its own meat and dairy products, the U.S. Department of Agriculture notes that there is an increasing reliance on imports in this sector as well.⁶

This growing dependence on the sea to operate various parts of its economy and maintain its society makes China unique. China is arguably the first continental power that is truly dependent upon the sea. Unlike Napoleonic France, Wilhelmine Germany, or the Soviet Union, China cannot look upon the sea as an optional area of operation, but as a vital area of national interest.

Chinese National Security Is Increasingly Tied to the Sea

This growing dependence on the sea makes maritime concerns an essential part of Chinese national security calculations. This is exacerbated by China’s increased vulnerability to seaborne threats. Under Mao Zedong, the Chinese leadership poured billions of dollars into developing the “third front” of defense industries, locating military industries deep in the Chinese interior (e.g., Shaanxi, Ningxia, and Sichuan Provinces). The goal was to provide millions of square miles of territory (and potential defenses) to shield them from possible attack from either the United States or the Soviet Union.⁷

By contrast, since the rise of Deng Xiaoping in the 1980s and the diversification of China’s manufacturing base, China’s economic center of gravity has shifted toward the coast. This has allowed such economic centers as Shenzhen, Shanghai, and Pudong to more easily access global trade routes for both imports of raw materials and exports of products. This has meant, however, that China’s recent economic development is also more vulnerable to potential attack from the sea.

Chinese leaders have therefore made clear that maritime concerns are increasingly part of China’s fundamental interests. State Councilor Dai Bingguo, in 2009, stated that China would maintain

1. Louise Levathes, *When China Ruled the Seas* (NY: Oxford University Press, 1994), p. 77.
2. Edward Dreyer, *Zheng He* (NY: Pearson Publishing, 2007), pp. 106 and 113.
3. Figures from The Observatory of Economic Complexity, “China,” <http://atlas.media.mit.edu/en/profile/country/chn/> (accessed September 19, 2016).
4. US Energy Information Administration, “China,” May 14, 2015, http://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf (accessed September 19, 2016).
5. Jenny W. Hsu, “Despite Slowdown, China’s Oil Imports Surge,” Marketwatch, March 7, 2016, <http://www.marketwatch.com/story/despite-slowdown-chinas-oil-imports-surge-2016-03-07> (accessed September 19, 2016).
6. Fred Gale, James Hansen, and Michael Jewison, “China’s Growing Demand for Agricultural Imports,” U.S. Department of Agriculture, *Economic Information Bulletin* No. 136, February 2015, p. 4, <http://www.ers.usda.gov/media/1784488/eib136.pdf> (accessed September 19, 2016).
7. Barry Naughton, “The Third Front: Defence Industrialization in Chinese Interior,” *The China Quarterly*, Vol. 115 (September 1988).

our core interests. And for China, our concern is we must uphold our basic systems, our national security; and secondly, the sovereignty and territorial integrity; and thirdly, economic and social sustained development.⁸

Those core interests include maritime concerns; sovereignty and territorial integrity pertains not only to land features but maritime ones as well. Indeed, the Chinese have termed their maritime claims as “blue soil,” underscoring their importance.⁹

Some Chinese officials have gone even further. When the Chinese state-owned oil company China National Offshore Oil Company (CNOOC) launched the deep-sea drilling platform Haiyang Shiyou 981, the company’s chairman declared that “large deepwater drilling rigs are our mobile national territory.”¹⁰ It is difficult to imagine risking such an expensive asset by a state-owned company without approval from higher political authorities. Yet, in May 2014, CNOOC deployed Haiyang 981 into disputed waters off Vietnam, initiating nearly two months of increased tension.

Xi Jinping himself has linked maritime interests and core interests. In July 2013, Xi stated to a Politburo study session that while China would pursue the path of peaceful development, it would “never abandon its legitimate maritime rights and interests, and furthermore, it will never sacrifice its core national interests.”¹¹ The importance of the maritime domain to Chinese national security was further emphasized when it was included in the 2015 National Security Law. Article 17 of the law states that China will increase

the construction of border defense, coastal defense, and air defense, taking all necessary defense and control measures to defend the security of continental territory, internal waterbodies,

territorial waters, and airspace, and to maintain national territorial sovereignty and maritime rights and interests.¹²

It is clear that the Chinese leadership sees maritime affairs as becoming a central part of the national interest. In order to secure those interests, Beijing is intent upon extending the reach of Chinese sovereignty, and to brook no opposition or challenge to that sovereignty. In this regard, Chinese behavior at sea parallels their efforts in other international common spaces. China is striving to compel others to accept its version of rules and behavior in what it calls “adjacent waters,” much as it is intent upon getting others to accept its rules and behavior in cyberspace.

Chinese Political Warfare and the Maritime Domain

These efforts include the employment of political warfare. According to the People’s Liberation Army (PLA), political warfare (*zhengzhi zuozhan*; 政治作战) is a form of combat (*douzheng fangshi*; 斗争方式) that encompasses all methods of non-military strikes. It is a type of political attack, which emphasizes political, theoretical, morale, and psychological means of conflict. It is a type of warfare that complements armed or kinetic combat, in that it seeks to achieve the same overall national strategic objectives, and is the responsibility of the armed forces. Thus, political warfare is not the same as robust diplomacy or economic pressure, although those measures may be applied as well. Instead, it might be best to characterize the Chinese view of political warfare as *the hardest form of soft power*.

In this context, the advent of the Information Age has allowed for the modernization, and especially the informationization, of political warfare. Information technology has created political combat styles under informationized conditions (*xinxi tiaojian xia de zhengzhi xing zuozhan yangshi*; 信息条件西

8. Hillary Clinton, Timothy Geitner, Dai Bingguo, and Wang Qishan, “Closing Remarks for US-China Strategic and Economic Dialogue,” July 28, 2009, <http://www.state.gov/secretary/20092013clinton/rm/2009a/july/126599.htm> (accessed September 19, 2016).

9. State Oceanic Administration, Ocean Development Strategy Research Study Group, *China’s Ocean Development Report, 2010* (Beijing, PRC: Maritime Publishing House, 2010), p. 469.

10. Charlie Zhu, “China Tests Troubled Waters with \$1 Billion Rig for South China Sea,” Reuters, June 21, 2012, <http://www.reuters.com/article/us-china-southchinasea-idUSBRE85K03Y20120621> (accessed September 19, 2016).

11. “Xi Jinping at 8th CCP Politburo Study Session Emphasizes Attention to Maritime Affairs, Advancing Maritime Knowledge, Economic and Strategic Importance of the Maritime Domain, and Constantly Pushing Construction of a Strong Maritime Nation,” *People’s Daily*, August 1, 2013, http://paper.people.com.cn/rmrb/html/2013-08/01/nw.D110000renmrb_20130801_2-01.htm (accessed September 19, 2016).

12. National Security Law of the People’s Republic of China, July 1, 2015, <http://chinalawtranslate.com/2015nsl/?lang=en> (accessed September 19, 2016).

的政治性作战样式)。These entail the use of national and military resources, through the application of information technology, consistent with military strategic guidance, to secure the political initiative and psychological advantage over an opponent, in order to strengthen one's own will, gain allies, and debilitate an opponent.¹³

To accommodate the changes brought about by the proliferation of information technology, in 2003 the PLA issued the “Chinese People's Liberation Army Political Work Regulations (*zhongguo renmin jiefangjun zhengzhi gongzuo tiaoli*; 中国人民解放军政治工作条例).” Under these regulations, which were further updated in 2010, the PLA is tasked with the conduct of the “three warfares” of public opinion warfare, psychological warfare, and legal warfare. As PLA analyses note, the “three warfares” are a statement of the “operational function of political work (*zhengzhi gongzuo zuozhan gongneng*; 政治工作作战功能).” In effect, the “three warfares” constitute *the operationalization of political warfare*.

Within this context, the three warfares are intended to shape and mold the perceptions of three main audiences:

1. The adversary's military and population.

This is a fundamental target for Chinese political warfare, with the aim of eroding both popular support and military morale. The Chinese not only draw upon their experiences with political warfare against the Nationalists in the Chinese Civil War, but also political warfare efforts in Vietnam and elsewhere. Chinese analysts have studied and discussed the impact of political warfare in the Iraq War and the Balkan conflicts.

2. The domestic audience. This includes the military and also the broader general population. PRC assessments of recent conflicts, including the Balkan wars of the 1990s and the 2003 Iraq War, concluded that an adversary may be able to achieve victory by undermining popular support or eroding military morale. Therefore, it is essential to build and sustain public support for a conflict.

3. Third parties. In today's interconnected world, the Chinese believe it is also essential to influence third-party political and military leaders, and

the broader population. Garnering the sympathy and support of third parties is essential, both in strengthening one's own morale as well as undermining the adversary's. As important, it can lead to more substantive support, such as efforts to break sanctions or access to third-party assets.

Political warfare is the purview of the Political Work Department (PWD), one of the general departments that oversees the Chinese military. This organizational structure is important, because it is essential to recognize that the PWD is a key bureaucratic element of the PLA. Thus, political warfare will have a strong advocate for its implementation from a bureaucratic perspective. Given the emphasis upon engaging in political warfare as one would any other military campaign (i.e., with unity of command, clarity of objectives, concentration of resources, and coordination of activities), assigning one of the central bureaucracies of the PLA to manage such activities ensures that it is accorded as much importance and priority as more kinetic military activities.

Similarly, it is also vital to keep in mind that all aspects of political warfare, including the “three warfares,” are ongoing in peacetime. One cannot successfully shape an adversary or third-party views, or credibly defend one's own populace, if one waits until the commencement of hostilities to undertake psychological, public opinion, or even legal warfare efforts. There must be preparation of the political battlefield, comparable to physical or intelligence preparation. Indeed, political warfare efforts are ongoing even in the absence of armed conflict.

An essential part of political warfare is legal warfare. From the Chinese perspective, legal warfare is not the “misuse” of the law, but rather, the exploitation of the law in support of broader political ends. As one Chinese volume notes:

Regarding legal warfare, *it is necessary to abandon the perspectives of “real use of law” or “legal tools.”* One must approach the issue from a “talking politics” perspective to understand the application of the legal weapon. One must start from national perspectives, people's highest will and basic interests, and under the guidance of the Party and the national guidelines of policy, use legal combat to achieve the political initiative [in war].¹⁴

13. Academy of Military Sciences Operations Theory and Regulations Research Department and Informationalized Operations Theory Research Office, *Informationalized Operations Theory Study Guide* (Beijing, PRC: AMS Press, November, 2005), p. 403.

14. Song Yunxia, *Legal Warfare Under Informationalized Conditions* (Beijing, PRC: AMS Publishing, 2007) (emphasis added).

The view that legal warfare supports broader military operations in attaining key national goals reinforces the importance of conducting legal warfare activities prior to the onset of hostilities and continuing afterwards. This pre-war “preparation of the battlefield” and post-conflict legal maneuverings, like wartime legal warfare activities, are aimed at fulfilling larger strategic goals.

In this regard, Chinese writers discuss the importance of preparing the legal battlefield, much as it is essential to undertake preparations of the physical battlefield. Such preparations include the creation of legal experts, which encompasses not only military lawyers, but as important, establishing a cadre of internationally recognized legal scholars, whose opinions will have weight abroad as well as at home.¹⁵

Such efforts also exploit not only the law, but also law enforcement agencies. For example, the use of the China Coast Guard (CCG) to enforce Chinese claims over the Senkakus, the Spratlys, and Scarborough Shoal not only serves to limit the potential for escalation, but also is a political statement. China is using law enforcement vessels to enforce *its* laws over *its* territories, reinforcing its claim to these various features.

Chinese Hard Power and the Maritime Domain

China is not solely relying upon political warfare methods to safeguard its interests in the maritime domain, however. The People’s Liberation Army (PLA) has also been charged with the task. Since political warfare is seen as a form of warfare, and much of it is conducted in coordination with the military, this should be seen as a spectrum of effort, spanning less violent means (political warfare) to potentially more violent ones (kinetic operations). What is central is that all such measures are undertaken in support of a given set of strategic goals, and are coordinated with each other.

In this regard, the top Chinese leadership reiterated the need for the PLA to uphold Chinese interests in the maritime domain in 2004. At that time, then-General Secretary and Central Military Commission (CMC) chairman Hu Jintao charged the PLA with its “missions for the new stage of the new century,” also referred to as its “new historic missions.” Hu made clear that, in the more globalized world of the 21st century, Chinese interests could no longer be confined to homeland defense. Instead, because of

China’s links to the rest of the world, it now had interest in the maritime, outer space, and electromagnetic domains. It would be the responsibility of the PLA to ensure that those interests were not molested.

To this end, the Chinese leadership has devoted substantial resources to modernizing and improving the PLA Navy (PLAN). China has long had the largest navy (in terms of number of hulls), but for several decades they were largely obsolete and of very limited range. This has been changing since the 1990s, however. From a largely coastal defense force, the PLA has been transformed. Today’s PLAN fields a growing fleet of surface combatants capable of sustained operations away from its shores, and now includes an aircraft carrier, with at least one and perhaps three more apparently under construction. Its submarine arm has replaced many of its older, noisier platforms with quieter boats, some employing air-independent propulsion. China’s navy spends more time at sea, with many of its surface combatant commanders now having served at least one mission in the Gulf of Aden. There is an indispensable annual U.S. Department of Defense report to Congress on Chinese military capability that provides extensive information on the specific Chinese platforms and capabilities now available to PLA planners.

As important, China’s conception of naval operations has steadily expanded. From “near-shore operations,” which roughly equate with coastal and brown-water duties, it has shifted emphasis to “near-sea” and now “far-sea” operations, roughly comparable to green water and blue water activities, respectively. These operations are not necessarily power projection-oriented, however.

The shift of China’s economic center of gravity to its coast, as noted earlier, means that Beijing is at least as interested in keeping foreign air and naval forces away from China’s shores. Indeed, Chinese anti-access/area denial (A2/AD) activities should be seen at least partly in this light. Given the range of modern precision-guided munition weapons, however, keeping an adversary away from China’s shores means being able to undertake A2/AD activities at ranges of a thousand miles or more.

To this end, China is likely to employ not only traditional naval forces, but civilian and commercial assets, in unorthodox ways that embody “hybrid” approaches to warfare. China’s fishing fleets, for example, include a substantial number of naval militia assets, essentially civilian vessels that respond

15. Yang Chunchang and Shen Hetai, Chief Editors, *Political Operations Under Informationalized Conditions* (Beijing, PRC: Long March Press, 2005).

to government (including military) assignments as necessary. Such forces could be exploited to provide everything from intelligence gathering to early warning for China's navy.¹⁶ CCG vessels, some of which were cascaded from the PLAN, can do the same. More disturbingly, China has reportedly installed radars typically found on patrol vessels on some of the oil rigs in the East China Sea.¹⁷ This further blurs the line between military and civilian assets, and suggests a new means by which oil rigs can serve as "mobile national territory," while further expanding China's maritime situational awareness envelope.

The South China Sea

The South China Sea is emblematic of these various Chinese concerns and responses. The waters bounded by China, Vietnam, Malaysia and Indonesia, and the Philippines and Taiwan have become a clear area of contention. For Beijing, a range of interests are at stake.

In the first place, there are significant natural resources within this area. The most important is *fish*. The fishing grounds of the South China Sea are some of the richest in the world, accounting for 12 percent of the global catch.¹⁸ The Chinese ability to retain control over these waters and their bounty is part of the broader "food security" issue, which has long been a concern for Chinese leaders, and is exacerbated by China's growing dependence on imported food to meet the demands of its increasingly affluent population.

Another valuable resource is *hydrocarbons*. It has long been postulated that there are significant oil and gas deposits under the South China Sea. Given growing Chinese dependence on imported energy, the ability to access oil and natural gas immediately

offshore would be very appealing to Beijing. How much oil and gas may be under the surface is unclear. A 2010 U.S. Geological Survey fact sheet suggests that there are almost certainly at least reserves of 750 million barrels, and a median chance of 2 billion barrels in the South China Sea Platform area alone.¹⁹

The *physical space* of the South China Sea region itself is an invaluable resource, as it provides a strategic buffer. This is especially important as the PRC has built up the island of Hainan in the northwest corner of the South China Sea. Chinese military engineers have constructed a dock to handle its aircraft carriers, dedicated port facilities, including tunnels, for submarines, and a number of military airfields.²⁰ (The American EP-3 that collided with a Chinese fighter in 2001 crash-landed at one of these airfields.) In addition, China's newest spaceport is located on Hainan Island, where it will be lofting future manned Chinese space missions. It is clearly not in the Chinese interest to allow foreign, and especially American, naval capability to make close approaches to Hainan.

Instead, it is in China's interest to make the South China Sea as forbidding as possible, especially for American submarines, which remain qualitatively superior to their Chinese counterparts. It is therefore not surprising that there appears to be an effort to create a massive sonar surveillance network that would cover the region.²¹ Indeed, military bases on the artificial islands China has built in the Spratlys, as well as in the Paracels and perhaps at Scarborough Shoal and Macclesfield Bank in the future, could provide convenient sites for processing data, and also for basing anti-submarine warfare aircraft and helicopters. Such deployments would make the deployment of American submarines into those waters far riskier.

16. Andrew Erickson and Conor M. Kennedy, "China's Maritime Militia: What It Is and How to Deal With It," *Foreign Affairs* (June 23, 2016), <https://www.foreignaffairs.com/articles/china/2016-06-23/chinas-maritime-militia> (accessed September 19, 2016).

17. "Japan Protests Over Chinese Radar in Disputed East China Sea Drilling Rig," *The Guardian* (U.K.), August 7, 2016, <https://www.theguardian.com/world/2016/aug/07/japan-protests-over-chinese-radar-in-disputed-east-china-sea-drilling-rig> (accessed September 19, 2016).

18. Trefor Moss, "Five Things About Fishing in the South China Sea," *Wall Street Journal Blog*, July 19, 2016, <http://blogs.wsj.com/briefly/2016/07/19/5-things-about-fishing-in-the-south-china-sea/> (accessed September 19, 2016).

19. Christopher Schenk et. al., "Assessment of Undiscovered Oil and Gas Resources of Southeast Asia, 2010," U.S. Geological Survey, <http://pubs.usgs.gov/fs/2010/3015/pdf/FS10-3015.pdf> (accessed September 19, 2016).

20. David S. McDonough, "Unveiled: China's New Naval Base in the South China Sea," *The National Interest*, March 20, 2015, <http://nationalinterest.org/blog/the-buzz/unveiled-chinas-new-naval-base-the-south-china-sea-12452> (accessed September 19, 2016), and Zachary Keck, "China Builds World's Largest Carrier Dock in South China Sea," *The National Interest*, July 31, 2015, <http://nationalinterest.org/blog/the-buzz/china-builds-worlds-largest-aircraft-carrier-dock-south-13466> (accessed September 19, 2016).

21. Richard D. Fisher Jr., "China Proposes 'Underwater Great Wall' That Could Erode US, Russian Submarine Advantages," *Jane's Defence Weekly*, May 17, 2016, <http://www.janes.com/article/60388/china-proposes-underwater-great-wall-that-could-erode-us-russian-submarine-advantages> (accessed September 19, 2016).

Within this context, the findings of the Permanent Court of Arbitration (PCA) at the Hague regarding Chinese behavior in the South China Sea present the PRC with a problem. The PCA's willingness to hear the case, brought by the Republic of the Philippines in 2012, was itself a loss for China. Beijing has insisted that the PCA had no grounds for even taking the case, although both the Philippines and the PRC are signatories to the U.N. Convention on the Law of the Sea (UNCLOS), which calls for arbitration by the PCA in disputes, such as that brought by the Philippines.

The PCA's conclusions further damaged Chinese legal warfare and public opinion warfare efforts. Perhaps most centrally, the Court concluded that China's "9-dash line," which Beijing regularly references with regard to its claims in the South China Sea, does not grant the PRC any special rights in those waters. The Court also ruled on the legal status of each of the terrain features in the Spratly Islands area that the Philippines had incorporated in its case. In doing so, it concluded that none of them is, in fact, an "island" in the legal sense, and therefore none are entitled to a 200-nautical-mile exclusive economic zone (EEZ). At most, the Court said, some merit a 12-nautical-mile territorial sea zone.

The Court went on to determine that, as some areas of the South China Sea are within the Philippines EEZ (measured from the main Philippine archipelago), Chinese activities had violated Philippine sovereign rights. This included the construction of artificial islands (a major source of concern). In short, China's legal standing for its actions in the South China Sea, within the context of the UNCLOS, were minimal.

The Chinese reaction to these findings was remarkably intemperate. Chinese Foreign Minister Wang Yi described it as "political farce."²² China's ambassador to the United States, Cui Tiankai, declared that the tribunal's failure to recognize its lack of jurisdiction was "a matter of professional

incompetence," and raised questions of the court's integrity.²³ It is clear that Beijing has no intention of abiding by the PCA's rulings.

This rejection was underscored in the course of the recent G-20 summit, held in Hangzhou, China. Even before the summit was concluded, Filipino officials claimed that China was sending barges and other vessels to the disputed Scarborough Shoal.²⁴ The PCA had noted that the Chinese were violating Philippine rights when they interfere with Filipino fishermen around Scarborough Shoal.²⁵ That China would deliberately undertake activities in the midst of the G-20 summit suggests an effort to not only make clear Beijing's refusal to accept the PCA's findings, but to do so in front of a global audience.

Prospects for the Future

For the foreseeable future, tension in the Asian maritime environment is likely to rise. There is little reason to think that the PRC will become less dependent upon the seas, even if its economic activity should slow down. China is likely to remain dependent upon imports of raw materials and energy, and will continue to emphasize exports as a means of maintaining economic growth. As important, it is likely to continue to rely upon the sea for key food-stuffs, whether it is imports of agricultural products or fishing.

At the same time, the overhaul of the PLA, including the introduction of new services and the reorganization of the seven military regions into five war zones, is intended to make the PLA more capable of conducting "informationized local wars." As important, the PLA remains responsible for fulfilling the "new historic missions," including the defense of Chinese maritime interests.

China's ongoing activities in the South China Sea also indicate that there is little prospect of a reprieve in the area. Indeed, Chinese actions, including the construction of hardened aircraft shelters on the artificial islands in the Spratlys, make clear that it is paving the way for additional military options, if

22. "Chinese Foreign Minister Says South Sea Arbitration a Political Farce," Xinhua, July 13, 2016, http://news.xinhuanet.com/english/2016-07/13/c_135508275.htm (accessed September 19, 2016).

23. Chen Weihua, "China Envoy Blasts Hague Ruling," *China Daily*, July 13, 2016, http://usa.chinadaily.com.cn/epaper/2016-07/13/content_26071163.htm (accessed September 19, 2016).

24. Emily Rauhala, "During G-20, Philippines Spots More Chinese Ships Near Disputed Shoal," *The Washington Post*, September 5, 2016, https://www.washingtonpost.com/world/during-g20-philippines-spots-more-chinese-ships-near-disputed-shoal/2016/09/05/4970d7da-733d-11e6-a914-5d61c1ac8237_story.html (accessed September 19, 2016).

25. Robert D. Williams, "Tribunal Issues Landmark Ruling in South China Sea Arbitration," *Lawfare* (blog), July 12, 2016, <https://www.lawfareblog.com/tribunal-issues-landmark-ruling-south-china-sea-arbitration> (accessed September 19, 2016).

necessary. This will mark a substantial escalation, as Chinese activities have generally been presented as civilian, rather than military. It also belies President Xi Jinping's statement to President Obama that "relevant construction activity that China is undertaking in the Nansha [Spratly] Islands does not target or impact any country and there is no intention to militarize."²⁶

In the coming months, it is therefore possible, even probable, that the PRC will undertake various measures to underscore its continued commitment to uphold and enforce its claims in the East and South China Seas. One action would be to begin undertaking reclamation efforts at Scarborough Shoal and the Macclesfield Bank area. In combination with the Spratlys and Paracels, this would allow the Chinese to encompass the entire "9-dash line" portion of the South China Sea within a dense sensor coverage umbrella. American and other nations attempting to operate air and naval forces in the international waters there would be under constant surveillance, and could be subjected to a variety of regular harassment.

Reclamation at Scarborough Shoal and Macclesfield Bank could therefore set the stage for the creation of a South China Sea air defense identification zone (ADIZ), similar to the East China Sea ADIZ that Beijing established in 2013. While the declaration of ADIZs, in and of themselves, are part of international behavior, China clearly views ADIZs much as it views maritime exclusive economic zones, i.e., as an extension of territorial airspace, rather than slight limitations on international airspace. Thus, China demands that aircraft flying through the East China Sea ADIZ conform to Chinese reporting requirements even if they are not entering Chinese airspace, or headed in that direction (e.g., surveillance and reconnaissance flights that are paralleling Chinese shores).²⁷ The creation of multiple military air bases, surface-to-air missile sites, and radar stations in the South China Sea would allow China to enforce a de facto South China Sea ADIZ, whether it formally declared one or not.

Similarly, as China's naval and air capabilities modernize, it is likely that there will also be more potential for encounters in the East China Sea. In the past month, China has dispatched several

hundred fishing boats into the waters around the disputed Senkaku Islands. As important, CCG vessels were identified in the midst of these fishing boat flotillas, reflecting government support for these actions. Coupled with the apparent installation of patrol boat radars on oil rigs, this represents a steady escalation of capabilities—and potential for miscalculation.

The overall Chinese effort appears to be consistent with a desire to dominate the East Asian littoral within the first island chain (which stretches from the Japanese Home Islands through the Senkakus and Taiwan, the Philippines, Malaysia, and Indonesia). Within the area bounded by that chain, the Chinese are attempting to create a correlation of forces that would be in their favor. This includes establishing thorough, constant situational awareness through overlapping sensors, as well as the ability to bring a variety of weapons, from anti-ship ballistic missiles to cruise missiles to strike aircraft, anti-submarine warfare platforms, and air, surface, and subsurface combatants to bear.

The Heritage Foundation is a public policy, research, and educational organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code. It is privately supported and receives no funds from any government at any level, nor does it perform any government or other contract work.

The Heritage Foundation is the most broadly supported think tank in the United States. During 2014, it had hundreds of thousands of individual, foundation, and corporate supporters representing every state in the U.S. Its 2014 income came from the following sources:

Individuals 75%
 Foundations 12%
 Corporations 3%
 Program revenue and other income 10%

The top five corporate givers provided The Heritage Foundation with 2% of its 2014 income. The Heritage Foundation's books are audited annually by the national accounting firm of RSM US, LLP.

26. David Brunnstrom and Michael Martina, "Xi Denies China Turning Artificial Islands into Military Bases," Reuters, September 25, 2015, <http://www.reuters.com/article/us-usa-china-pacific-idUSKCNORP1ZH20150925> (accessed September 19, 2016).

27. Matthew Waxman, "China's ADIZ at One Year: International Legal Issues," CSIS Asia Maritime Transparency Initiative, November 25, 2014, <https://amti.csis.org/chinas-adiz-at-one-year-international-legal-issues/> (accessed September 19, 2016).

Members of The Heritage Foundation staff testify as individuals discussing their own independent research. The views expressed are their own and do not reflect an institutional position for The Heritage Foundation or its board of trustees.