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# SOUTH CHINA SEA, EAST CHINA SEA, AND THE EMERGING U.S.-JAPAN-PHILIPPINES TRILATERAL

By Jeffrey Ordaniel *and* Carl Baker

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INTERNATIONAL





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**PACIFIC FORUM**  
1003 Bishop Street Suite 1150  
Honolulu, Hawaii 96813 USA  
+1 (808) 521-6745  
[www.pacforum.org](http://www.pacforum.org)

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Carl Baker  
Jeffrey Ordaniel

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## Issues & Insights

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### About this report

Pacific Forum, with support from the Defense Threat Reduction Agency (DTRA) organized the inaugural Track 2 U.S.-Japan-Philippines Trilateral Maritime Security Dialogue on December 1-2, 2022. Strategic thinkers from the United States, Japan and the Philippines, including scholars, policy experts, and retired military and government officials, participated in the dialogue. This report contains the general summary of the discussions.

The recommendations contained in this report, unless otherwise specifically noted, were generated by the discussions as interpreted by the Principal Investigators. This is not a consensus document. All participants attended in their private capacity.

The statements made and views expressed in this publication do not necessarily reflect the views of the Pacific Forum, the project sponsors, or the dialogue participants' respective organizations and affiliations. For questions, please email [jeffrey@pacforum.org](mailto:jeffrey@pacforum.org).

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## KEY FINDINGS & RECOMMENDATIONS

### *Summary*

The U.S.-Japan-Philippines Trilateral Maritime Security Dialogue conducted in December 2022 confirmed that there is very little difference in threat perceptions regarding the East and South China Seas. The three countries view China's increasingly assertive claims to the territories and maritime zones in the two bodies of water as antithetical to their shared vision of a free, open, and rules-based Indo-Pacific. China's rapid military expansion, including unprecedented nuclear weapons and missile buildup, reinforces the urgency of the threat. Japanese and Philippine interlocutors worry that as China approaches nuclear parity with the United States, the region's strategic environment will worsen. American participants emphasized greater and tangible demonstration of alliance commitments and agreed that some risk-taking is required to push back against Chinese coercion. There was a consensus about the challenge of addressing Beijing's gray zone activities that have so far succeeded in seizing territories and maritime areas in the South China Sea and establishing regular intrusions into Japanese waters in the East China Sea. Participants struggled to find a strategy to blunt China's salami-slicing tactics while avoiding escalation and armed conflict.

## KEY FINDINGS & RECOMMENDATIONS

The geographic locations of the Philippines and Japan make them frontline allies in addressing maritime security challenges brought about by an increasingly assertive China. Long term, Chinese coercion is expected to worsen as it commissions new vessels, deploys sophisticated missile systems, and approaches nuclear parity with the United States. The three countries should be willing to take some risks to prevent China's coercion from succeeding. The alliances need to be reinforced through more explicit demonstration of commitments. Discussion between these countries on the strategic implications of Beijing's rapid nuclear and missile buildup should commence. The dialogue emphasized these findings, among other takeaways.

## KEY FINDINGS & RECOMMENDATIONS

**Finding:** One function of Beijing's gray zone operations is to test the resolve of other claimants and the United States, hoping they prioritize de-escalation to avoid armed conflict and eventually back down. During a "gray zone" crisis, prioritizing de-escalation when China escalates will likely result in fait accompli, with Beijing gaining more maritime spaces and territories.

**Recommendation:** The United States, Japan, and the Philippines should be willing to take some risks (for example, by conducting operations to get past a blockade instead of abandoning the mission) to prevent China's coercion from succeeding.

**Finding:** Chinese gray zone coercion in the South China Sea follows a pattern. Militia vessels first establish a presence in another country's exclusive economic zone (EEZ), inside the nine-dash line. Since they pose as fishing vessels, they force other claimants to consider two difficult options: either conduct law enforcement operations against the vessels, risking tension with China or simply monitor and record. CCG vessels and occasionally PLA Navy vessels anchor close by to deter other claimants from taking action.

***"Beijing's unprecedented nuclear weapons build-up... could shape the cost-benefit calculations of U.S. allies and partners... The United States should commence discussions with Japan on nuclear deterrence and nuclear sharing, and with the Philippines on its appetite for a nuclear umbrella in exchange for greater U.S. access to Philippines bases."***

**Recommendation:** Operationally, the United States and its allies should consider abandoning the concept of gray zone and instead draw a clear line between benign peaceful activities and non-peaceful activities to encompass operations carried out by civilian agents taking orders from military agencies.

**Recommendation:** Instead of identifying China's actions as being in the gray zone, which leads to confusion about how to respond without risking armed conflict, the United

States and its allies should instead match the escalation and turn the tables on China, for instance by reinforcing presence to maintain the status quo, instead of focusing on ways to de-escalate and end the crisis.

**Finding:** When Washington committed to the Japan-administered Senkaku Islands in 2014 and refused to offer the same to Philippine-administered land features in the South China Sea, the credibility of the U.S.-Philippine alliance significantly decreased, which resulted in more Chinese assertiveness and stronger voices in the Philippines calling for an accommodation of Chinese security preferences.

**Recommendation:** The United States needs to become more willing to commit explicitly to existing defense treaties during crises to increase deterrence while also compelling China to reverse course.

**Finding:** There are legal constraints to Japan's response to China's gray zone challenges. For instance, the JCG is legally mandated to conduct law enforcement operations against fishing vessels, and even against militia vessels, as they are not sovereign immune vessels. The JMSDF is in charge of maritime security operations but is only allowed to act when the JCG cannot manage a specific threat and when the defense minister has given an order. The JCG cannot conduct law enforcement operations against CCG vessels, which are sovereign immune vessels. However, the JMSDF also cannot conduct maritime security operations against CCG vessels because they are not considered warships by the Japanese government. Meanwhile, the U.S. military has made clear since April 2019 that it would make no distinction between Chinese Coast Guard and militia boats and PLA Navy ships.

**Recommendation:** The United States and Japan should discuss the roles of JCG, JMSDF, and U.S. Forces Japan during crises to cope with political constraints and mitigate the operational implications of legal gaps.

**Finding:** Beijing's unprecedented nuclear weapons build-up is integral to China's long-term maritime security goals in Southeast Asia. The trajectory of China's nuclear weapons build-up predicting a stockpile of about 1,500 warheads by 2035 and reaching nuclear parity with (if not nuclear superiority over) the United States, could shape the cost-benefit calculations of U.S. allies and partners.

**Recommendation:** The United States should make investments and not allow China to achieve nuclear superiority while also commencing discussions with Japan on nuclear deterrence and nuclear sharing and with the Philippines on its appetite for a nuclear umbrella in exchange for greater U.S. access to Philippines bases.

**Finding:** The biggest challenge for Japan and the U.S.-Japan alliance vis-à-vis gray zone coercion in the East China Sea is that CCG vessels are sovereign immune vessels and, therefore, cannot be subjected to ordinary law-enforcement operations. China would see JMSDF conducting maritime

security operations against warships as an act of war and could trigger escalation toward armed conflict.

**Recommendation:** Japan should reconsider CCG vessels' sovereign immunity since intrusion into the Japanese territorial sea to assert territorial jurisdiction is a violation of Japan's sovereignty. This could mean taking considerable risks by maneuvering to physically challenge the presence of Chinese government vessels inside the Japanese territorial sea or block any resupply mission. Any risk-taking should be fully coordinated with the United States to avoid a mismatch in expectations.

**Finding:** U.S. and Japanese participants diverged on how they perceived the usual refrain of not taking sides on sovereignty issues that accompany U.S. statements related to territorial disputes in the region. Some Japanese participants view the wording as unnecessary and worry it could give the impression that U.S. commitment is weak.

**Recommendation:** The United States should word statements to highlight the source of tension and Washington's strong alliance commitments.

**Finding:** Winning the information war is critical to holding China to account for its assertive behavior.

**Recommendation:** Philippine and Japanese militaries and coast guards should invest in surveillance hardware and facilitate the release of data (including photographs, satellite data, and videos) to the public. Data should be released after an incident in a matter of hours, not days or weeks. Doing so would put Chinese propagandists on the defensive and not dominate the information domain. The United States should assist in providing ISR data and ensuring full maritime domain awareness.

***“The United States and Japan should consider a burden sharing-arrangement to help the Philippines safeguard its maritime entitlements in the South China Sea.”***

**Finding:** The United States now has a clear position on maritime claims in the region. In July 2020, Washington explicitly stated that it does not recognize China's nine-dash line claim, effectively reversing its position on maritime claims. The new U.S. policy on maritime entitlements mirrors the decision of the 2016 Arbitral Tribunal that ruled in favor of the Philippines. This could have implications for the ongoing negotiation for a joint U.S.-Philippine patrol in the South China Sea.

**Recommendation:** The U.S. Coast Guard and Navy should join their Philippine counterparts in patrolling areas identified in the 2016 Arbitral Tribunal as part of Philippine entitlements.

**Finding:** Funding remains an issue for the modernization of Philippine forces. While the Philippine Navy continues to procure more modern platforms, budget constraints slow the process. Japan has made the PCG the largest in Southeast Asia in terms of the number of surface assets, but PCG vessels lack modern weapon systems necessary for law enforcement. Japan cannot provide weapon systems because of institutional constraints.

**Recommendation:** The United States and Japan should consider a burden sharing-arrangement to help the Philippines safeguard its maritime entitlements in the South China Sea. Japan should continue to provide the platforms, while the United States provides the weapon systems. Also, the United States can focus its foreign military financing on modernizing the Philippine Navy while Japan can focus its resources on helping the civilian maritime agencies in the Philippines, such as the PCG and the Bureau of Marine and Aquatic Resources (BFAR), increasing their presence in the South China Sea, and developing overall capabilities.



# **SOUTH CHINA SEA, EAST CHINA SEA, AND THE EMERGING U.S.-JAPAN-PHILIPPINES TRILATERAL**

## ***REPORT FROM THE INAUGURAL TRACK 2 U.S.-JAPAN-PHILIPPINES TRILATERAL MARITIME SECURITY DIALOGUE***

Pacific Forum International organized the Track 2 U.S.-Japan-Philippines Trilateral Maritime Security Dialogue on December 1-2, 2022. With support from the Defense Threat Reduction Agency (DTRA), 11 U.S. strategic thinkers, including scholars, policy experts, and retired military and government officials, traveled to Manila to meet and engage with 12 counterparts from the Philippines and nine from Japan. The dialogue included one day of panel discussions on thematic issues and one day with a scenario-based exercise. During the panel sessions, experts provided framing remarks and brief presentations on dialogue topics, followed by a discussion. During the scenario-based exercise, participants broke into three groups – the United States, Japan, and the Philippines – to strategize and respond to a scenario with answers to set questions. The dialogue agenda underwent pre-dialogue “socialization” with key stakeholders from the three countries to ensure topics for discussions and actionable recommendations were relevant to the national security interests and priorities of all concerned.

## INTRODUCTION

The geographic locations of the Philippines and Japan make them frontline allies in addressing maritime security challenges brought about by an increasingly assertive China. In the East China Sea, Washington has reaffirmed that the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security applies to all territories administered by Japan, including the Senkaku Islands, if they are subjected to an “armed attack.”<sup>i</sup> In the South China Sea, Washington has publicly stated that any “armed attack” on Philippine forces, public vessels, and aircraft would trigger U.S. obligations under the 1951 U.S.-Philippines Mutual Defense Treaty.<sup>ii</sup> While these commitments appear to have deterred China’s outright aggression in the East and South China Seas, the text of the two treaties and developments in the region’s maritime commons underscore the need for more innovative thinking on security cooperation to deter and defeat maritime threats at all levels—from gray zone to black.

The Chinese strategy in the East and South China Seas—characterized by analysts as salami-slicing, gray zone tactics, strategic double-speak, and talk-and-take policy—seeks to change the status quo through intimidation, deliberate escalation, coercion, and efforts to wilt the applicability of international law in the region’s “global” commons. In the long term, incremental changes to the status quo achieved through these tactics could affect U.S. military operations and forward-deployed presence and weaken the credibility of U.S. alliances in the region.

***“In the long term, incremental changes to the status quo achieved through these tactics could affect U.S. military operations and forward-deployed presence and weaken the credibility of U.S. alliances in the region.”***

In the South China Sea, Beijing seeks to limit freedom of the seas by complicating America’s longstanding naval activities, movements, and partnerships. Beijing has tried to do this operationally by challenging military vessels of the United States and its partners and allies, and through diplomatic statecraft by rewarding and/or coercing littoral states to accept China’s interpretation of international law and by shaping regional maritime norms in ways that are contrary to U.S. interests. China has been deliberately targeting the Philippines, a U.S. treaty ally, by challenging Philippine control of several features and maritime zones in the South China Sea while remaining below the threshold of an “armed attack.”

In the East China Sea, Beijing’s tactics short of war have sought to exploit operational, legal, and political constraints within the U.S.-Japan alliance. The People’s Liberation Army (PLA) has increased pressure against Japan’s Self-Defense Forces (SDF), “normalizing” its patrol of Japanese maritime zones with regular intrusions into the territorial waters of the Senkaku Islands that began in 2008. The frequent intrusions by PLA Navy ships, maritime militia boats, China Coast Guard (CCG) vessels, and other Chinese government vessels have gradually increased to an average of ten times per month just in the past two years in a clear effort to interfere with Japan’s administration of the islands. Likewise, the PLA Air Force has sent hundreds of

aircraft annually into Japan’s airspace, compelling Tokyo to scramble SDF aircraft each time. The U.S.-Japan alliance also could face a Scarborough Shoal-like scenario in the East China Sea. For instance, Chinese government vessels, sovereign-immune vessels under international law, could decide to stay indefinitely inside the Senkakus’ territorial waters. Worse, they could attempt to land on the uninhabited Japanese-administered territories.

These are some maritime security challenges faced by the U.S.-Japan and U.S.-Philippine alliances. While there are existing bilateral cooperation mechanisms between and among the three countries, there has been very little coordination.

## FINDINGS SUMMARY

The U.S.-Japan-Philippines Trilateral Maritime Security Dialogue conducted in December 2022 confirmed that there is very little difference in threat perceptions regarding the East and South China Seas. The three countries view China’s increasingly assertive claims to the territories and maritime zones in the two bodies of water as antithetical to their shared vision of a free, open, and rules-based Indo-Pacific. China’s rapid military expansion, including unprecedented nuclear weapons and missile buildup, reinforces the urgency of the threat. Japanese and Philippine interlocutors worry that as China approaches nuclear parity with the United States, the region’s strategic environment will worsen. American participants emphasized greater and tangible demonstration of alliance

commitments and agreed that some risk-taking is required to push back against Chinese coercion. There was a consensus about the challenge of addressing Beijing’s gray zone activities that have so far succeeded in seizing territories and maritime areas in the South China Sea and establishing regular intrusions into Japanese waters in the East China Sea. Participants struggled to find a strategy to blunt China’s salami-slicing tactics while avoiding escalation and armed conflict.

## METHODOLOGY

Pacific Forum International organized the Track 2 U.S.-Japan-Philippines Trilateral Maritime Security Dialogue on December 1-2, 2022. With support from the Defense Threat Reduction Agency (DTRA), 11 U.S. strategic thinkers, including scholars, policy experts, and retired military and government officials, traveled to Manila to meet and engage with 12 counterparts from the Philippines and nine from Japan. The dialogue included one day of panel discussions on thematic issues and one day with a scenario-based exercise. During the panel sessions, experts provided framing remarks and brief presentations on dialogue topics, followed by a discussion. During the scenario-based exercise, participants broke into three groups—the United States, Japan, and the Philippines—to strategize and respond to a scenario with

answers to set questions. The dialogue agenda underwent pre-dialogue “socialization” with key stakeholders from the three countries to ensure topics for discussions and actionable recommendations were relevant to the national security interests and priorities of all concerned.

## ANALYSIS

China’s increasingly assertive behavior in the East and South China Seas is likely to persist in the next five to 10 years but will still stay below the threshold of an armed conflict, potentially reducing the credibility of U.S. alliance commitments that would be triggered only by an “armed attack.” China will continue its “gray zone” activities against Japan and the Philippines through various means, including

deployment of Coast Guard vessels, interfering in lawful fishing activities, and swarming with militia boats. In the East China Sea, Beijing aims to claim *de facto*

administration of the Senkaku Islands and, if Japanese resistance fails, a permanent presence in the Islands’ territorial sea. In the South China Sea, the Philippines will likely continue to face occasional challenges to its regular rotation-and-resupply (RoRe) missions to the Second Thomas Shoal, disrupted access to the Scarborough Shoal, and intimidation and coercion from China’s massive fleet of militia boats and Coast Guard vessels. Island building on the Scarborough Shoal remains a redline for Manila. Long term, Chinese coercion is expected to worsen as it commissions new vessels, deploys sophisticated missile systems, and approaches nuclear parity with the United States. Key to blunting gray zone coercion is matching China’s coercive maneuvers until it backs down (i.e., a version of escalate to de-escalate). Meanwhile, Washington needs to consistently reinforce the U.S.-Japan and U.S.-Philippine alliances through greater demonstration of commitments. Officials from the three countries also need to discuss the strategic implications of China’s rapid nuclear and missile buildup.

## SOUTH AND EAST CHINA SEAS: WHERE THINGS STAND

The dialogue began with an assessment of the strategic environment in the East and South China Seas, including a review of Beijing’s force buildup and activities that challenge the maritime zones and associated land features under the control and/or occupation of Japan and the Philippines. Participants also discussed Japanese and Philippine presence, capabilities, and current U.S. operations in the region.

### PRC Capabilities and Operations

To fully understand Chinese military capabilities and postures in the East and South China Seas, dialogue presenters looked at developments from two perspectives: 1) military command reforms and hardware buildup, which reveal China’s overall capabilities, and 2) military presence and operations in the theaters, which underscore

Chinese ability to project power and impose claims in the two bodies of water.

China has significantly reformed the PLA since 2015, with its command reforms being particularly impactful for the maritime domain.<sup>iii</sup> The PLA has established joint theater commands and joint operation command centers. The new setup allows the navy headquarters to control operations in specific maritime areas through maritime operations command sub-centers. Below the theater level, the PLA Navy has also established a permanent shore command structure to enable a smooth transition from peacetime to wartime command, with operational command now streamlined under new corps deputy leader-grade bases. Experts at the dialogue also

***“China’s increasingly assertive behavior in the East and South China Seas is likely to persist... but will still stay below the threshold of an armed conflict, potentially reducing the credibility of U.S. alliance commitments triggered only by an armed attack.”***

highlighted the establishment of the PLA Strategic Support Force, which includes a new centralized cyber operations force, dubbed Strategic Support Force Network Systems Department, which could be a force multiplier during contingencies. Additionally, China has government cyber forces, mostly operating through the Ministry of State Security and civilian cyber forces (e.g., from technology enterprises and patriotic hacker groups), cited by some analysts as responsible for attacking websites of government entities in the Philippines and Vietnam in past crises.<sup>iv</sup>

China’s naval buildup has been most notable in recent years. In the past decade, the PLA Navy has grown to possess at least 355 platforms, surpassing the U.S. Navy in terms of number of ships and making it the world’s largest naval force.<sup>v</sup> The Japan Maritime Self-Defense Force (JMSDF) only has a little over 100 naval platforms, while the Philippine Navy has less than 30, excluding patrol crafts of less than 100-tonne displacement. In addition, the PLA Navy has 85 smaller patrol crafts that carry anti-ship cruise missiles. U.S. participants noted that if the current trajectory continues, the PLA Navy will have at least 420 ships by 2025 and 460 by 2030, with most, if not all, deployed in the East China Sea, South China Sea, and the Yellow Sea—all facing U.S. treaty allies.

Specific to the South China Sea, Chinese presence has increased significantly since 2012. Notable developments include establishing Sansha City in 2012, building and fortifying artificial islands in the Spratlys, consolidating all non-PLA maritime forces to the newly established CCG, and the creation of new maritime militia forces (particularly Sansha City’s professionalized maritime militia).<sup>vi</sup>

The dialogue also touched upon the wartime relevance of China’s artificial island bases in the Spratlys and the U.S. ability to neutralize them. Some analysts argue that China would control the air and sea in the early stages of a conflict and that it would be prohibitively costly for the United States to neutralize the bases, giving China an important early advantage.<sup>vii</sup> Another participant referred to published analyses stating that the United States could

launch cruise missiles and air strikes to inhibit China's air operations from its artificial island bases and that resupplying these bases during a conflict would be difficult.<sup>viii</sup>

Regardless of the debates about how the artificial islands could affect U.S. operations in wartime, U.S., Japanese, and Philippine participants agreed that the current purpose of the fortified artificial islands is to intimidate other claimants and maintain information dominance in the early stages of a conflict, not necessarily military power projection. These bases facilitate substantial command, control, communications, intelligence, surveillance, and reconnaissance capabilities in the South China Sea. They also allow the PLA to constantly study and

***“While navigation of foreign vessels in the Contiguous Zone and innocent passage in the territorial sea are both allowed under international law, Chinese operations are assertions of jurisdiction, not exercises of navigational rights and freedoms under UNCLOS.”***

monitor the “ocean battlespace environment” of the South China Sea, such as its hydro-meteorological conditions. The PLA does this during peacetime in preparation for conflict scenarios, which almost certainly helps the PLA refine its weapons, communications, navigation, and other capabilities for the unique operating conditions of the South China Sea. Participants also acknowledged that the artificial islands facilitated China's gray zone coercion and intimidation, such as by serving as hosts to militia boats, CCG vessels, and PLA Navy ships. Indeed, the PLA's military infrastructure on the Spratlys dwarfs those of other claimants.

China now has a multi-layered defense system in the South China Sea, enabling smooth coordination between the PLA, the CCG, militia forces, and civilian administrators through military-civil fusion, with Sansha City being an important participant. This joint defense system gives the PLA Navy two local shore command entities that have survived and thrived under the PLA's recent reforms.<sup>ix</sup> The first entity is the division leader-grade Xisha Maritime Garrison Command, responsible for the Paracels and their surrounding waters. The second entity is PLA Unit 91431, also known as the Nansha Garrison, now a corps deputy leader-grade base responsible for the Spratlys and their surrounding waters, directly affecting Philippine presence. The specific duties of these two command entities include detecting and handling responses to foreign ships, planes, and fishing boats; ensuring the safety of Chinese fishermen operating in the Spratly and Paracel Islands; operating weapons, radar, and communications installations; carrying out armed patrols around occupied features; performing joint exercises and rescue operations; and carrying out scientific and technical research.

All these efforts to impose China's maritime and territorial claims have changed the status quo in the South China Sea. Beijing now maintains a near-constant CCG and maritime militia presence in the exclusive economic zones (EEZs) of the Philippines, Vietnam, and Malaysia, with support from the PLA and civilian administrators. The

impacted coastal states are left to observe China's growing military and paramilitary presence to avoid escalation. For some participants, this is exactly what China wanted—in essence, an operationalization of the doctrine of “winning without firing a single shot.”

In the East China Sea, where China is dealing with a more capable U.S. ally, Chinese coercion has focused on exerting administrative control through routine CCG operations in the Contiguous Zone and EEZ of the Japan-administered Senkaku Islands. An expert at the dialogue pointed out that in 2022 alone (up until the start of the dialogue), China had sent CCG and other government ships into the Senkakus' Contiguous Zone almost every day, with some of them crossing into Japanese territorial

waters several times a month.

While navigation of foreign vessels in the Contiguous Zone and innocent passage in the

territorial sea are both allowed under international law, Chinese operations are assertions of jurisdiction, not exercises of navigational rights and freedoms under the UN Convention on the Law of the Sea (UNCLOS). The Japanese response has been limited to monitoring. Notably, there is debate in Tokyo on the difference between law enforcement operations carried out by the JCG and maritime security operations that require the dispatch of Japan's MSDF assets.

### **Current U.S. Presence and Capabilities**

Some participants raised concerns regarding the U.S. Navy's capabilities and readiness, given significant developments in Chinese maritime force buildup in recent years. They compared the PLA Navy's growing numerical advantage and concentration in proximate geographic regions and U.S. Navy assets spread across the globe tied to multiple commitments. U.S. participants acknowledged that arguments in the U.S. policy community about the U.S. Navy being underfunded, over-deployed, under-maintained, and lacking necessary platforms and shipbuilding capacity warrant some serious thinking to ensure U.S. ability to respond to a maritime crisis in the East and South China Seas. Nevertheless, U.S. participants stressed that numerical comparisons alone are a questionable measure for assessing relative U.S. and Chinese naval capabilities.

Participants discussed the Pacific Deterrence Initiative (PDI) in the context of pushing back against Chinese assertiveness. The initiative aims to modernize and strengthen U.S. presence; improve logistics, maintenance, and prepositioning; facilitate exercises and training; improve infrastructure to enhance responsiveness; and build the defense capabilities of allies and partners. Much of the \$6.1 billion funding is allocated to modernizing and strengthening U.S. presence in the Indo-Pacific, as well as facilitating exercises and training. Philippine participants expect that Manila could benefit from the initiative, especially as the Marcos Administration rolls out plans to

implement and expand the 2014 Enhanced Defense Cooperation Agreement (EDCA). Signed in 2014, EDCA aims to increase the deterrent value of the alliance by prepositioning U.S. defense materiel on bases operated by the Armed Forces of the Philippines (AFP), allowing U.S. forces to intervene quickly and effectively during crises in the South China Sea.

### Views from the Philippines and Japan

Philippine and Japanese experts provided an overview of the current state of play in the South China Sea and East China Sea, respectively. Philippine experts highlighted the gray zone challenges from Beijing. Notably, there has been a significant increase in the number of Chinese vessels from its Coast Guard, the PLA Navy, and maritime militia inside the Philippine EEZ and within the vicinity of Philippine-occupied features since artificial island building began in 2013. Philippine experts lamented that Philippine maritime authorities are now reduced to simply monitoring, even when Chinese vessels swarm or chase Philippine fishermen and Coast Guard vessels. At times, militia vessels swarm unoccupied features that are under Philippine administration. Particularly referenced during the dialogue was the March 2021 incident when more than 200 Chinese militia boats anchored on Whitsun Reef. The Philippines was worried that the swarming could lead to China seizing the maritime feature, an accusation Beijing denied, arguing instead that the “fishermen” were seeking shelter from bad weather. The Philippine defense establishment, however, was quick to disprove the bad weather claim. In addition to Whitsun Reef, experts also pointed to the increasing presence of China close to Thitu, the second-largest land feature in the Spratlys and the largest that the Philippines occupies.

To further underscore gray zone challenges, Philippine experts brought up the increasing number of instances when Chinese government vessels would disrupt and block the Philippine military’s RoRe missions to the Second Thomas Shoal, where a still-commissioned Philippine Navy vessel, BRP Sierra Madre, is moored, manned by at least 10 Philippine marines. If not managed carefully, Philippine experts noted that future missions could escalate to military confrontation.

Finally, Philippine experts broadened the discussion to include Taiwan. Given the Philippines’ geography, they noted that if China decides to invade Taiwan, the PLA could pre-empt American use of Philippine bases by invading northern Luzon, control access to the Luzon Strait and the South China Sea, and complicate potential U.S. intervention.

Among Philippine experts, there is a broad consensus that the Philippines needs to do two things quickly. The first is to enhance its presence in the South China Sea to ensure Chinese intimidation and coercion do not succeed. This means sustained infrastructure development on the nine occupied features in the Spratlys, more frequent Coast Guard patrols, and improved

maritime domain awareness. Philippine experts also argued that Manila needs to look at the long-term challenge of deterring China’s outright aggression. One Philippine expert at the dialogue defined deterrence as making China hesitate to use its superior military power to eject Philippine presence from the Spratlys.

While the AFP is undergoing modernization, experts at the dialogue highlighted the acquisition of sonar radars, maritime patrol aircraft and vessels, and modern missile systems as critical to deterrence. Given funding issues, the Philippines needs more assistance from the United States, Japan, and other partner countries. Some participants brought up the idea of burden sharing to improve the Philippines’ maritime capacity, suggesting that Japan focus on providing Coast Guard platforms and other civilian maritime technologies while the United States provides weapons for the platforms.

Meanwhile, Japanese participants made clear that Japan recognizes China’s presence in both the East and South China Seas, overall military buildup, and rapidly developing military capabilities as a threat. Reasons cited include China’s defense budget, the PLA’s military equipment, organization, and activities in the maritime domain. They noted that in 2022 alone, China’s military budget was about four times larger than Japan’s. The PLA is engaged in a rapid military buildup that includes the construction of aircraft carriers and the development of various nuclear-capable missiles, fighter aircraft, and unmanned vehicles. In terms of organizational reform, the PLA, under the overall command of the Central Military Commission, has become a modern defense institution based on the “force user and force provider” method. Analysts expect that the reforms make both peacetime and wartime operations more efficient for the PLA, as mobile units, internal guard units, the CCG, and the People’s Armed Police also fall under the command of their respective theater commanders. In addition to China’s offensive capabilities, Japanese experts said Chinese behavior in the East China Sea further reinforces Tokyo’s

***“Given the Philippines’ geography... if China decided to invade Taiwan, the PLA could pre-empt American use of Philippine bases by invading northern Luzon, control access to the Luzon Strait and the South China Sea, and complicate potential U.S. intervention.”***

threat perception. Since 2012, the CCG, the PLA Navy, and the PLA Air Force have been conducting sustained operations near the Senkaku Islands, eroding Japan’s effective administration.

Japanese experts recognized that Tokyo finds it increasingly difficult to respond to every Chinese provocation. Among the reasons they cited were: 1) lack of ammunition and maintenance equipment due to the Ministry of Defense’s prioritization of combat arms; 2) personnel shortage due to demographic challenges; 3) overall decline in deterrence and response capabilities due to the country’s inability to adapt to a new security environment both in terms of doctrine and legal basis; and 4) lack of a “whole-of-nation” approach to security, in which collaboration between and among ministries,

industries, and academia is inadequate. The third reason cited above has dire operational consequences for Japan. For instance, Japanese experts cited that while many countries have coast guards that fall under military command in times of war, such is not the case in current Japanese law. JCG can only fulfill constabulary and civilian roles at all times.

## **LESSONS FROM HISTORY: UNDERSTANDING CHINA'S APPETITE FOR ESCALATION AND ARMED CONFLICT**

### **Key Incidents in the East and South China Seas**

To generate lessons learned, participants discussed key events in the South China Sea involving the Philippines: the Mischief Reef crisis in 1995; the Scarborough Shoal incidents in 1997, 1999, and 2012; the Second Thomas Shoal blockade in 2014; and the Whitsun Reef swarming in 2021. Many other incidents also occurred during this period, (e.g., China's island building, EEZ encroachment, harassment, etc.) but experts at the dialogue identified the aforementioned events as the most threatening for Manila.

Dialogue participants also looked at key events in the East China Sea following the intrusion of Chinese government vessels into the waters of the Senkaku Islands in 2008. While many incidents ended with the status quo unchanged, some events resulted in tensions. They include the September 2010 confrontation when a Chinese fishing trawler rammed a JCG vessel near the Senkaku Islands, the increased Chinese patrols in 2012-2013 when the government of Japan purchased three of the Senkaku Islands from their private owners, and China's announcement of an Air Defense Identification Zone (ADIZ) in the East China Sea in 2014. For extensive discussion of these incidents as brought up during the dialogue, please refer to Appendix I.

***“Following an incident, data should be released in a matter of hours, not days or weeks. Doing so would put China’s propagandists on the defensive and prevent them from dominating the information domain.”***

### **U.S. Responses to Chinese Assertiveness in Maritime Asia**

U.S. participants recognized that Washington's responses to Chinese coercion against Japan and the Philippines had mixed results. Nevertheless, they stressed a growing consensus within the U.S. defense community for a stronger pushback against China in the South and East China Seas in coordination with allies and partners. They noted that before 2017, U.S. hopes for more cooperation with China on global issues like climate change led to downplaying Chinese claims and operations in maritime Asia, even those that affected U.S. allies.

But in the past five years, U.S. policy has evolved and has led to changes in U.S. military operations in the region. For example, the U.S. Navy's freedom of navigation operations (FONOPs) have increased, targeting China's specific claims deemed illegal under international law. U.S.

experts at the dialogue also noted two important changes in U.S. policy positions vis-à-vis the South China Sea. First, in March 2019, the United States, for the first time, stated that the 1951 Mutual Defense Treaty (MDT) covers the South China Sea and that an armed attack on Philippine troops, vessels, and aircraft in the South China Sea would trigger U.S. mutual defense commitments, something that Philippine defense officials had been asking Washington since the 1995 mischief reef crisis. Also, In July 2020, Washington explicitly stated that it did not recognize China's nine-dash line claim and reversed its position on maritime claims, saying that U.S. policy on maritime entitlements mirrors the decision of the 2016 arbitral tribunal that ruled in favor of the Philippines.<sup>x</sup> In essence, the United States now has a clear position on maritime claims.

### **Learning the Lessons of History**

Experts identified several lessons that could be drawn from history. First, prioritizing de-escalation when China escalates will likely result in Beijing gaining more maritime spaces and territories. Therefore, the United States and its allies should be willing to take some risks to prevent China's coercion from succeeding (for example, conducting operations to get past a blockade instead of abandoning the mission). Philippine experts also suggested that in the future, the U.S. Coast Guard and Navy should join their Philippine counterparts in patrolling areas identified in the 2016 Arbitral Tribunal as part of Philippine entitlements. Winning the information war is critical to deterring Chinese advances. Philippine and Japanese militaries and Coast Guards should invest in surveillance hardware and facilitate the release of data (including photographs, satellite data, and videos) to the public. Following an incident, data should be released in a matter of hours, not days or weeks. Doing so would put China's propagandists on the defensive and prevent them from dominating the information domain. Third, improving

alliance mechanisms could mitigate concerns about abandonment and entanglement by improving trust, interoperability, and readiness. Some participants acknowledged that U.S. reluctance to commit to the defense of its weaker allies in the past, justified by fear of entanglement, no longer applies, especially as there is a clear convergence of interests on issues related to the East and South China Seas. Furthermore, there are alliance mechanisms available to communicate expectations.

Finally, the security issues in the South China Sea and the East China Sea cannot be detached from economic and other relationships with China. Increasing dependence on China as a market and an investment source, for example, should be seen as a long-term vulnerability. The hostage diplomacy and restrictions on rare earth exports to Japan in 2010 and the ban on Philippine banana exports and tourism in 2012 are just some examples of how Beijing can use its economic levers to coerce neighbors.

## WINNING IN THE GRAY ZONE

Throughout the dialogue, there was common appreciation of the need to effectively address China's gray zone activities that rely on coercive maneuvers and gradual escalation to change the status quo of disputed offshore territories and maritime zones.

Participants referred to the 2022 U.S. National Defense Strategy's (NDS) definition of "gray zone" as "coercive approaches that may fall below perceived thresholds for U.S. military action and across areas of responsibility of different parts of the U.S. Government."<sup>xi</sup> Indeed, in operationalizing its maritime claims, China relies on activities that avoid a military response but establish or regularize its presence. Experts at the dialogue specifically referred to the activities of the CCG and China's maritime militia. While projecting a civilian image, both the CCG and maritime militia receive military training and orders from the PLA and are organized in military formations. Gray zone operations allow China to track, trail, harass, and intimidate vessels and deny access to fishing areas.

Some U.S. participants also contended that Beijing's gray zone operations test the resolve of other claimants and that of the United States, with the hope that they prioritize de-escalation to avoid armed conflict and eventually back down. The Scarborough Shoal standoff described earlier is the best example. Relatedly, some participants observed a pattern in Chinese coercion in the South China Sea. Militia vessels first establish presence in another country's EEZ, inside the nine-dash line. Since they pose as ordinary fishing vessels, they force two difficult options: conduct law enforcement operations against the vessels, risking tension with China or simply monitor and record. Close by, CCG vessels and occasionally PLA Navy vessels anchor to deter other claimants from taking action. This is how a gray zone activity results in a *fait accompli* and the establishment of new Chinese presence in others' maritime domains.

To win in the gray zone, some participants suggested that the United States needs to be more willing to explicitly commit to existing defense treaties. Citing the example of when Washington committed to the Japan-administered Senkakus in 2014 and refused to offer the same to Philippine-administered land features in the South China Sea, one expert argued that the credibility of the U.S.-Philippine alliance commitments significantly decreased. Consequently, low alliance credibility led to more Chinese assertiveness and stronger voices in the Philippines calling for the accommodation of Chinese security preferences.

Some U.S. participants also observed that even though gray zone operations are used in both the East and South China Seas, they are pursued differently and with different implications. China tends to be more cautious against Japan, which has stronger capabilities and a more credible alliance with the United States. Moreover, the East China Sea is linked to another important core interest of China—Taiwan. While both the East China Sea issue and Taiwan are under the PLA's Eastern Theater Command, Beijing could potentially leverage the former to decrease Tokyo's involvement in a potential Taiwan contingency. Meanwhile, China has taken advantage of the Philippine military's weakness and previously limited alliance commitment to seize Mischief Reef and the Scarborough Shoal and build artificial islands inside the Philippine EEZ.

Some Japanese participants suggested that operationally, the United States and its allies should abandon the concept of a gray zone and instead draw a clear line between benign peaceful activities and war to encompass operations carried out by civilian agents taking orders from military agencies. Doing so could alter China's behavior. Instead of identifying China's actions as being in the gray zone, leading to confusion about how to respond, the United States and its allies should match the escalation and turn the tables on China.

Other Japanese participants pointed out that there are legal constraints to Japan's response to China's gray zone challenges. For instance, the JCG is legally mandated to conduct law enforcement operations against fishing vessels, even against militia vessels, as they are not sovereign immune vessels. The JMSDF, on the other hand, is in charge of maritime security operations but is only allowed to act when the JCG cannot handle a specific threat and when the defense minister has given an order. Nevertheless, JMSDF's hands are also tied. Domestic legislation enacted through a Cabinet decision in 2015 aimed at expediting the issuance of Maritime Security Operations to respond to foreign warships entering into Japanese territorial sea and conducting non-innocent passage could not apply to CCG vessels, as they are not considered warships by the Japanese government.<sup>xii</sup> While not specifically addressed during the dialogue, Japan's domestic legislation could present operational challenges to the U.S.-Japan alliance. The U.S. military has made clear since April 2019 that it would make no distinction between Chinese Coast Guard and militia boats and PLA Navy ships.

Some participants identified imagery as a potent tool for the allies to dominate the information domain. Other participants, however, cautioned that China might be willing to suffer short-term reputational costs in exchange for tangible territorial gains, which is nearly impossible to reverse short of war. All participants agreed, however, that winning the narrative during a crisis supports efforts to hold China to account.

## ENTANGLEMENT, ESCALATION, OR DETERRENCE: PROBING THE NUCLEAR DIMENSION

U.S. participants clarified the relevance of nuclear weapons to maritime security in the East and South China Seas by arguing that Beijing's unprecedented nuclear weapons build-up is integral to China's long-term maritime security goals in Southeast Asia. Referring to the most recent U.S. Nuclear Posture Review and the NDS, a U.S. participant noted that the trajectory of China's nuclear weapons buildup will lead to a "stockpile of about 1,500 warheads" by 2035, reaching nuclear parity with (if not nuclear superiority over) the United States.<sup>xiii</sup> In addition to nuclear weapons buildup, an expert at the dialogue also highlighted China's construction of at least 300 new intercontinental ballistic missile (ICBM) silos capable of launching the Dong Feng-31 (DF-31) and Dong Feng-41 (DF-41) missiles, with the latter reported to be capable of carrying between three and 10 warheads each. The lower figure would amount to more than 900 new strategic warheads, with a quick upload capability should Beijing decide to put more warheads and achieve superiority.

Citing the DoD report and other analyses, U.S. participants also stressed that China could put into service up to 10 Submersible Ship Ballistic Missile Nuclear (SSBN) submarines by 2030, in addition to deployment of hypersonic missiles, Fractional Orbit Bombardment System (FOBS) for nuclear weapons delivery, a range of lower-yield nuclear weapons, and new stealth bombers in the years ahead.

All these developments have implications for littoral states surrounding China. For one, China might use the South China Sea as a “bastion” for strategic nuclear forces in the form of Type 096 SSBNs with new JL-3 missiles, per the DoD report. U.S. participants warned that an authoritarian state like China, armed with formidable nuclear weapon capabilities, may try to use those capabilities as “a sort of offensive nuclear umbrella” to provide “geostrategic cover under which to make naked territorial aggression” against U.S. partners and allies, relying upon the weapons to deter the United States from intervening. U.S. participants warned against downplaying China’s massive nuclear buildup as merely a part of the high-level U.S.-China strategic competition, disconnected from maritime security in Asia, arguing that it is part of a long-term strategy for Beijing to shape the cost-benefit calculations of U.S. allies and partners. One participant called this a “leverage web” of coercive power to incentivize other states to accept Chinese security preferences (e.g., forcing the United States out of Asia) and achieve what China terms “national rejuvenation.”

To cope with the rapidly changing strategic environment, a participant suggested that Washington be more flexible in transferring advanced technologies to less capable allies like the Philippines to counter Chinese threats. These technologies could include, for instance, Patriot missile systems, standoff land-attack missiles, High-Mobility Artillery Rocket System (HIMARS) launchers and Army Tactical Missile System (ATACMS) missiles, Harpoon anti-ship missiles, and “weapons-ready” MQ-9 Reaper drones, similar to those the United States has provided to Taiwan since 2018. With more capable allies like Japan, a participant suggested promoting co-development and co-production of advanced military systems.

While U.S. experts were clear-eyed about the threats posed by China’s rapidly developing nuclear weapon and missile capabilities, Philippine experts pointed to three concerns: 1) the dangers posed by more missile debris falling into Philippine waters and territories, 2) the inability of the AFP to counter sophisticated missiles launched by China, and 3) the willingness of the United States to defend the Philippines in the South China Sea in the face of a potential nuclear threat.

One Philippine participant admitted, however, that nuclear weapons-related discussion in the Philippines is still in its infancy, stressing that for many in the country, China threatening the Philippines with nuclear weapons remains unthinkable. There have been discussions about whether Manila should seek a nuclear umbrella commitment from Washington, especially as more Philippine officials now consider Philippine involvement in a potential Taiwan crisis unavoidable. Such involvement could result from either Chinese forces invading parts of the Philippines to ensure access to the Luzon Strait or the

United States launching forces from EDCA bases to defend Taiwan, making these bases targets of a Chinese offensive. Some Philippine experts suggest more Track 1 and 2 discussions on the Philippine role in a Taiwan contingency would be useful.

Japanese experts, for their part, analyzed the deterrence, defensive, and compellence functions of nuclear weapons, noting that China may, in the future, view the weapons as useful to deter U.S. intervention in a local conflict and/or compel submission of weaker U.S. allies. During the discussion, they brought up a Cold War concept called decoupling, whereby a nuclear-armed adversary can separate a security guarantor from its weaker ally by having the credible ability to strike the security guarantor directly with nuclear weapons. They argued that Washington may think there is very little to gain in intervening on behalf of Japan or the Philippines if it increases the potential for a U.S.-China nuclear confrontation. Such discussion may become more prevalent if it becomes clear that China will achieve nuclear parity with the United States.

### TESTING GRAY ZONE RESPONSES: LESSONS FROM SCENARIO-BASED EXERCISE

A scenario-based exercise during the dialogue provided a bird’s eye view of potential reactions to simultaneous gray zone crises in the East and South China Seas. The objective was to acknowledge each party’s positions, policy, and operational responses and generate insights on how the United States, Japan, and the Philippines better coordinate should similar incidents happen. The East China Sea crisis was about CCG vessels’ presence and asserting administrative control inside the Senkakus’ Territorial Sea, underscoring the difficulty of dealing with sovereign immune vessels. The South China Sea crisis was about a heightened CCG blockade of the Second Thomas Shoal, highlighting the challenge of pushing back against a China’s gray zone operation while also avoiding escalation.

**Scenario in brief:** On April 15, 2024, Beijing’s 12,000-ton CCG cutter 3901 entered the Senkaku Islands’ Contiguous Zone. The Japanese considered the intrusion to be a serious provocation. While not operationally challenging 3901, Japan issued a diplomatic protest through its Foreign Ministry. The following day, 3901 moved closer, roughly three nautical miles from the Senkakus, clearly within Japan’s territorial sea. Because China’s vessels have been regularly going in and out of the Senkakus’ territorial waters since 2010, there was consensus within the Cabinet not to escalate and keep monitoring the situation. There was an assumption that 3901 would eventually leave and that Japan should not give Beijing an opportunity to achieve a *fait accompli*.

Beijing responded to Tokyo’s diplomatic protest by issuing a press statement saying China’s operations are routine and the area has been “under China’s sovereignty and administration.” By June 29, surveillance photographs taken by the Japanese Coast Guard showed a PLA Navy replenishment ship approaching Cutter 390, an indication that Beijing did not intend to withdraw its Coast Guard presence inside the Senkakus’ territorial seas. It is now June 30. The PLAN replenishment vessel has left, but CCG Cutter 3901 is still inside the Senkakus’ territorial waters,



accompanied by three smaller CCG vessels. Experts affiliated with the Chinese government and the state-owned media claim that China is effectively administering the Senkakus. The Japanese government is weighing its options and is coordinating with the United States.

Meanwhile, in the South China Sea, tensions between Manila and Beijing heightened when, on June 25, 2024, MV Lizzy Mae, a Philippine-flagged civilian vessel, and its escort, Philippine Coast Guard vessel BRP Melchora Aquino, were harassed by 15 Chinese maritime militia boats and two CCG vessels, identified as Cutter 1002 and 1003. Lizzy Mae and the Aquino were en route to the Second Thomas Shoal on a resupply mission to transfer provisions and rotate troops stationed on the Philippine Navy vessel, BRP Sierra Madre. The militia vessels sailed toward the Lizzy and the Aquino to block their path, forcing them to stop or risk a collision. The two CCG vessels sailed closer to block the route to the Second Thomas Shoal. They then radioed the Philippine vessels, telling them they were entering an area under Chinese jurisdiction, demanding that they reverse course or face consequences. A standoff ensued.

On June 30, China dispatched three J-16 fighter jets attached to an aviation brigade stationed on Mischief Reef, one of China's artificial islands, to rotationally fly low over the Shoal. The resupply mission is critical to maintaining the status quo over the Second Thomas Shoal and the lives and well-being of the 10 marines stationed on BRP Sierra Madre. The Philippines is weighing its options and coordinating with the United States.

### Japanese, Philippine, and U.S. Responses

Broadly, Japanese participants identified their top five goals in order of priority as: 1) restoring the status quo, 2) imposing costs on China to prevent recurrence, 3) convincing the United States to act on its commitment, 4) gaining international recognition and support, and 5) preventing escalation.

Operationally, to achieve those goals, Japanese participants identified the following military steps: 1) enhancing ISR and defense readiness of Sakishima islands, closest to the Senkakus; 2) demonstrating resolve by increasing personnel and hardware deployments to the Southwest Island chain while also preparing the JMSDF and Japanese government for potential maritime security operations; 3) reinforcing regional logistical support posture and increasing operational tempo; and 4) operationalizing a flexible deterrent option by holding an immediate Japan-U.S. Combined exercises.

In terms of non-military steps, Japanese participants argued that increasing JCG patrols to prevent possible Chinese landing on the islands is paramount. They would expect the JCG to conduct law enforcement but also rely on JMSDF to follow through with maritime security operations considering that CCG vessels are heavily armed. Politically, they would also call for a trilateral Japan-U.S.-Philippines 2+2 ministerial dialogue to discuss options and deliver a strong, unified message to the international community.

While they clearly identified military and non-military steps, Japanese participants could not come up with a specific measure to compel the Chinese government vessels to leave the Senkakus' territorial seas. The most

significant complication is that CCG vessels are sovereign immune vessels and, therefore, Japan cannot subject them to ordinary law-enforcement operations. China would see JMSDF conducting maritime security operations against them, as provided under Japanese law, as an act of war, which could trigger escalation toward armed conflict. Some participants suggested not recognizing the CCG vessels' sovereign immunity and taking risks by maneuvering to challenge their presence inside Japanese territorial sea or even a blockade. During the discussion, there was also an apparent conflict between the first goal, restoring the status quo, and the fifth goal, preventing escalation. Some participants argued that Japan would need to tolerate some escalation to prevent China's achievement of another *fait accompli*.

U.S. and Japanese participants diverged on how they perceived the usual refrain of "not taking sides" on sovereignty issues that accompany U.S. statements related to territorial disputes in the region. Some Japanese participants view the wording as unnecessary and worry it could give the impression that U.S. commitment is weak. U.S. participants did not see it that way.

Japanese participants expressed concern that the Philippines might give up and withdraw its resupply vessel, something they do not want Manila to do. They wanted the Philippines to host the 2+2 trilateral dialogue.

Meanwhile, Philippine participants identified their top five goals in order of priority as: 1) maintaining administrative control and asserting sovereign rights over the Second Thomas Shoal, 2) preventing armed conflict, 3) shaping public opinion, 4) preparing for a contingency, and 5) preventing recurrence. The prioritization reflected Filipino thinking that China's gray zone activities are unlikely to turn into an armed attack. The primary goal reflected lessons learned from history: to ensure that a Scarborough Shoal-like scenario would not happen again. Some Philippine participants even suggested that the resupply mission should proceed even if China attempted to sink the Philippine vessel, which then could trigger U.S. commitments. The rest of the goals are secondary. To achieve the primary goal, Philippine participants insisted that the Philippines should proceed with the resupply mission but coordinate closely with the United States and request assistance to deter China from escalating further. The requested assistance would include provisions of intelligence, surveillance, and reconnaissance (ISR) for complete situational awareness and air cover. They would also consider requesting escort vessels from the United States. They argued that Manila should also request that the United States subject the Second Thomas Shoal to FONOPs. Since it is an underwater feature inside the Philippine EEZ, there should be no restrictions to navigation whatsoever. A FONOP could indirectly challenge China's blockade of Philippine vessels.

Diplomatically, Philippine participants stated that the Philippine government should rally global public opinion in cooperation with the United States and Japan to pressure China to reverse course and not disrupt the resupply mission. They noted that while Manila would brief ASEAN member states and encourage a unified position, the Philippines should not count on a strong statement from the regional bloc.

Some Philippine participants suggested that the U.S.-Philippine alliance should adopt some of the

institutional developments in the U.S.-Japan alliance to better and quickly operationalize military plans in times of crisis. For example, Manila and Washington should negotiate and sign defense guidelines that operationalize the 1951 MDT, the 1998 VFA, and the 2014 EDCA. There was also a suggestion for trilateral naval and coast guard exercises between Japan, the Philippines, and the United States to cope with maritime developments in the region, including a potential Taiwan contingency. Some Philippine participants noted that such an exercise could be pursued soon after Japan and the Philippines conclude their ongoing Status of Forces Agreement negotiations, which would provide a legal framework for the presence of JSDF

***“The most significant complication is that CCG vessels are sovereign immune vessels and, therefore, Japan cannot subject them to ordinary law-enforcement operations. China would see JMSDF conducting maritime security operations against them, as an act of war...”***

troops and war materiel in Philippine territories. U.S. troops and war materiel are already allowed in the Philippines per the 1998 VFA and 2014 EDCA.

One potential problem participants have identified relates to Filipino workers in China. Recalling Beijing’s hostage diplomacy during the 2010 Senkaku incident, they noted that trilateral coordination could crumble if Chinese authorities arrest Filipino workers in China to pressure the Philippines. Overseas Filipino workers are major political considerations of Philippine leaders.

U.S. participants identified their top five goals in order of priority as: 1) preventing Japanese and Philippine loss of administrative control over the Senkakus and the Second Thomas Shoal, respectively (i.e., preventing the change of status quo); 2) reinforcing alliances; 3) deterring further escalation, including preventing geographic spread

of the crises; 4) constraining future Chinese activities; and 5) strengthening rules-based maritime order. To achieve those goals, U.S. participants agreed that the United States should support Japanese and Philippine law-enforcement priorities while also consulting with Japan on immediate changes to posture or readiness and with the Philippines on military responses. U.S. participants also identified immediate deployment of ISR assets, particularly P-8A Poseidon, to the Second Thomas Shoal as a priority, which was in line with expectations from Philippine participants. In addition, the United States would also seek support from Australia on ISR.

In terms of non-military steps, U.S. participants said the United States should ensure that Chinese propaganda does not skew global public opinion. One way is to create a dominant narrative of Chinese aggression supported by imagery, shift the focus to a humanitarian angle by

highlighting the plight of Philippine soldiers waiting for food and supplies and the livelihood of millions of Filipino fishermen unable to fish in Philippine EEZ free from Chinese harassment. Finally, U.S. participants said the two crises warrant a broader discussion with allies on sanctions against China for future misbehavior.

Overall, the exercise reinforced some of the recommendations generated from the dialogue discussions. The most notable is the increasing willingness to take risks and tolerate escalation. Some participants suggested that discussions between and among the allies should include “the amount of pain we are willing to endure, and not just the amount of pain we can inflict.” Participants from the three countries wanted to ensure that the status quo was not upended by China’s gray zone coercion through willingness to risk escalation.

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<sup>ii</sup> “Remarks With Philippine Foreign Secretary Teodoro Locsin, Jr. at a Press Availability.” *U.S. Department of State*, 1 March 2019, 2017–2021. [state.gov/remarks-with-philippine-foreign-secretary-teodoro-locsin-jr/index.html](http://state.gov/remarks-with-philippine-foreign-secretary-teodoro-locsin-jr/index.html). Press briefing.

<sup>iii</sup> Roderick Lee and Morgan Clemens, *China Maritime Report No. 9: Organizing to Fight in the Far Seas, The Chinese Navy in an Era of Military Reform* (China Maritime Studies Institute. October 2020), [digitalcommons.usnwc.edu/cgi/viewcontent.cgi?article=1008&context=cmsi-maritime-reports](http://digitalcommons.usnwc.edu/cgi/viewcontent.cgi?article=1008&context=cmsi-maritime-reports).

<sup>iv</sup> Devin Thorne and Zoe Haver, From Coercion to Invasion; John Costello and Joe McReynolds, China’s Strategic Support Force: A Force for a New Era, *China Strategic*

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<sup>v</sup> “Military and Security Developments Involving the People’s Republic of China 2021.” *U.S. Department of Defense*, 3 November 2021, [media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF](http://media.defense.gov/2021/Nov/03/2002885874/-1/-1/0/2021-CMPR-FINAL.PDF). Annual Report to Congress.

<sup>vi</sup> Zoe Haver, *China Maritime Report No. 12: Sansha City in China’s South China Sea Strategy: Building a System of Administrative Control* (China Maritime Studies Institute, January 2021).

<sup>vii</sup> Gregory Poling, *The Conventional Wisdom on China’s Island Bases is Dangerously Wrong* (War on the Rocks. January 10, 2020), [warontherocks.com/2020/01/the-conventional-wisdom-on-chinas-island-bases-is-dangerously-wrong/](http://warontherocks.com/2020/01/the-conventional-wisdom-on-chinas-island-bases-is-dangerously-wrong/).

<sup>viii</sup> Olli Suorsa, *The Conventional Wisdom Still Stands: America Can Deal with China’s Artificial Island Bases* (War on the

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## **APPENDIX I: KEY INCIDENTS IN THE EAST AND SOUTH CHINA SEAS**

### ***KEY INCIDENTS IN THE SOUTH CHINA SEA***

Since establishing its first permanent presence in the Spratlys in 1988 after a skirmish with Vietnam, China did not encroach on areas that were considered under Philippine control until February 1995, when Beijing erected several platforms on stilts atop Mischief Reef. Manila then used diplomacy, its ties with the Association of Southeast Asian Nations (ASEAN), and even its alliance with the United States to pressure China to reverse course and dismantle the new structures, but to no avail. Despite repeated requests from Manila in 1995 and 1996 to clarify the 1951 MDT, Washington emphasized it did not take a position on the merits of the claims, and encouraged a peaceful resolution to the crisis. Beijing deflected international criticism by arguing the structures would serve as shelters for fishermen and even attempted to negotiate joint use of facilities in the future with Manila. Now those shelters are modern military facilities, including a 2,700-meter concrete runway, aircraft hangars, gun batteries, and surface-to-air missile (SAM) systems, among other features.

In 1997, Philippine authorities monitored an increasing number of Chinese “fishing boats” in the Scarborough Shoal’s vicinity. There was already suspicion that China was using its fishermen to assert its claims. In May 1997, the Philippine Navy turned away a Chinese non-government vessel for attempting to land on the shoal. In 1999, the Philippine Navy’s efforts to deter intrusions resulted in a Chinese fishing vessel sinking, which drew diplomatic protests from Beijing. In 2012 however, the Philippine Navy’s attempt to seize Chinese fishing vessels in the Shoal resulted in a standoff when China Marine Surveillance (CMS) vessels, now under CCG, intervened. The standoff lasted for two months. During the standoff, the Philippines pulled its Navy vessels and replaced them with Coast Guard ships. Manila requested again that Washington clarify the coverage of the MDT to deter China’s potential use of force against Philippine public vessels, which the United States still did not grant. Instead, the United States continued its longstanding policy not to take sides on sovereignty disputes but also made efforts to mediate a solution. This resulted in a mutual commitment from Beijing and Manila to withdraw government vessels from the shoal. The Philippines complied. China did not.

In 2014, in a bid to pressure the Philippines to withdraw an UNCLOS arbitration, China blocked the Philippine Navy’s RoRe mission to the Second Thomas Shoal, an underwater feature in the Spratlys, where, in 1999, the Philippines beached the BRP Sierra Madre, a World War II-era vessel, staffed by personnel from the Philippine Marine Corps. The Philippines coordinated with the United States, and the latter sent a P-8A Poseidon to join Philippine aircraft in conducting low-level overflights. The RoRe mission resumed when Philippine vessels maneuvered around Chinese Coast Guard vessels, taking significant risks. The RoRe mission succeeded without China doing more to prevent Philippine vessels from reaching the Shoal. Experts saw this as a successful case of deterrence.

In March 2021, Manila monitored over 200 Chinese fishing boats anchored on Whitsun Reef, inside the Philippines’ EEZ. Philippine authorities later identified the boats as

militia vessels. The sheer number of these vessels prompted worries that Beijing could be attempting to establish a new permanent presence. When the Philippines complained, China argued the fishing boats were sheltering from bad weather, which Manila immediately debunked. The Philippine Coast Guard circulated photos of the anchored vessels to the media and information on the weather. A month later, the militia boats dispersed to other parts of the Spratlys, with the Whitsun reef remaining uninhabited. Experts at the dialogue also identified this as a successful case of thwarting China’s gray zone operations.

### ***KEY INCIDENTS IN THE EAST CHINA SEA***

Records from the JCG show that intrusions of Chinese government vessels into the waters of the Senkaku Islands started in 2008. While many incidents ended with the status quo unchanged, some events resulted in tensions. The first major Japan-China confrontation in the East China Sea happened in September 2010 when a Chinese fishing trawler rammed a JCG vessel near the Senkaku Islands. JCG responded by seizing the trawler and arresting the captain. China insisted that the trawler was operating in Chinese waters. Beijing restricted exports of rare earth minerals critical for Japan’s electronic industry to pressure Tokyo to release the captain and the vessel.

Moreover, China also retaliated by arresting Japanese employees of a Japanese company operating in China. Japanese participants noted that there was a lack of coordination between Japanese and U.S. officials during the standoff. While Tokyo expected a firm alliance commitment from the United States, the official statement from Washington included what Japanese experts saw as an unnecessary statement of “not taking a position” on the sovereignty of the Senkakus. In the end, Japan released the trawler and its captain, prompting Beijing to release the arrested Japanese employees in China. Experts at the dialogue saw this as a success for China.

Another important incident happened in 2012-2013 when the government of Japan purchased three of the Senkaku Islands, namely, Uotsuri Shima, Minami Kojima, and Kita Kojima, from their private owners to prevent a local politician from grandstanding. China viewed it as a change in status quo, even though the islands had been under the administration of Japan. The number of Chinese government vessels intruding into the islands’ contiguous zone and territorial sea increased dramatically. In response, Japan deployed nearly half of its entire Coast Guard fleet. Japanese experts at the dialogue lamented that U.S. government officials sent mixed signals that weakened the U.S. defense commitment by including wording on “not taking sides on sovereignty questions,” for example.

Japanese participants also recalled China’s announcement of an Air Defense Identification Zone (ADIZ) in the East China Sea in 2014. The new ADIZ overlapped with those of Japan and the Republic of Korea, potentially affecting civilian aviation by requiring prior notification for commercial flights passing through the zone even when not destined for Chinese airports. Beijing wanted to legitimize its claims in the East China Sea. Some U.S. airlines complied. In response, the U.S. military flew two B-52 bombers over the Senkaku Islands and through the new ADIZ to operationally challenge Chinese requirements.

## ABOUT THE PRINCIPAL INVESTIGATORS

**Dr. Jeffrey Ordaniel** is non-resident Adjunct Fellow and Director for Maritime Security at the Pacific Forum. Concurrently, he is also Associate Professor of International Security Studies at Tokyo International University (TIU) in Japan. He holds a Ph.D. in International Relations and specializes in the study of offshore territorial and maritime entitlement disputes in Asia. His teaching and research revolve around maritime security and ocean governance, ASEAN regionalism, and broadly, U.S. alliances and engagements in the Indo-Pacific. From 2016 to 2019, he was based in Honolulu and was the holder of the endowed Admiral Joe Vasey Fellowship at the Pacific Forum. Since 2019, Dr. Ordaniel has been convening the Indo-Pacific Maritime Security Expert Working Group, an informal network of select experts and scholars from Japan, Southeast Asia, Australia and North America, with the aim of generating sound, pragmatic and actionable policy prescriptions for the region. His current research on maritime security in Asia is funded by the Japan Society for the Promotion of Science (JSPS), 2020-2022.

**Carl Baker** is senior adviser at Pacific Forum in Honolulu, Hawaii. Previously, Mr. Baker served as the Forum's Executive Director and as coeditor of Comparative Connections. He is a member of the Council for Security Cooperation in the Asia-Pacific (CSCAP) and engaged in promoting security cooperation in the Asia-Pacific region as a participant in several CSCAP Study Groups. Current focus areas include preventive diplomacy, multilateral security architecture, nonproliferation of weapons of mass destruction, and nuclear security. Previously, he was on the faculty at the Asia-Pacific Center for Security Studies and an adjunct professor at Hawaii Pacific University. Publications include articles and book chapters on U.S. alliances and political developments in South Korea and the Philippines. A retired U.S. Air Force officer, he has extensive experience in Korea, having served as an international political-military affairs officer for the UN Military Armistice Commission and as a political and economic intelligence analyst for U.S. Forces Korea. He has also lived for extended periods and served in a variety of military staff assignments in Japan, the Philippines, and Guam.

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1003 BISHOP ST. SUITE 1150, HONOLULU, HI 96813  
(808) 521-6745 • [PACIFICFORUM@PACFORUM.ORG](mailto:PACIFICFORUM@PACFORUM.ORG)  
[WWW.PACFORUM.ORG](http://WWW.PACFORUM.ORG)