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**Reducing Sino-US Tensions and the
Possibility of Confrontation in Maritime
East-Asia**

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EXECUTIVE SUMMARY

For the past several decades, US policy toward China in the East-Asian maritime realm has been to attempt constructive engagement, while simultaneously implementing a hedging strategy in order to deter attempts at overturning the regional balance. Action toward the latter aim in Washington's current approach has included monitoring China's expanding naval power, and taking steps to bolster existing alliance partnerships while reaching out to other friends in the region. However, US-China relations have been on the decline in recent years, amid a wave of China-centered maritime incidents. Rising US-China tensions stoke fears of an impending clash that will destabilize East-Asian regional security and carry global ramifications.

The costs of maintaining the current policy are rising, as US hedging strategies provoke China's suspicion that we are attempting to contain their rising power, increasing mistrust. Similarly, US attempts at positive engagement and cooperation on maritime endeavors have proven insufficient and ineffective at improving ties, and coaxing China to increase transparency with regard to their robust military modernization. A new policy approach is needed to redirect US-China relations away from a culture of strategic rivalry and mutual distrust. Effective US policy could reduce the likelihood of an inadvertent maritime clash, that risks locking-in an antagonistic US-China relationship. Such an outcome would be detrimental to both parties and the region.

This paper identifies three broad policy approaches to the region: engagement while hedging, accommodation, and containment. Each of these pathways has clear strengths and weaknesses, depending on how accurately we interpret China's intentions, and predict their behavior in the maritime realm.

This paper concludes that a *mélange* approach of consultative engagement and naval hedging, maximizes the benefits of the policy approaches above while mitigating the risks inherent therein. This approach is based on the perspective that effective US policy to reduce tensions and the possibility of conflict in maritime East-Asia must take into account the shifting strategic realities of the region. The United States will remain the preeminent power in Asia-Pacific for many years to come. However, as China's economic and military power grows, the US must be willing to make space for China to exert its influence as a regional leader or risk a future escalation. This policy prioritizes efforts at maritime cooperation with China to increase trust and develop a more positive relationship, enabling the US to better guide China's trajectory in a peaceful path not hostile to US interests. It also advocates for enhanced multilateral engagement in the region which demonstrates an acceptance of China's growing influence and leadership role, and respect for regional institutions. The risks of taking this approach are mitigated through a policy of hedging through targeted naval capabilities. In so doing, this policy circumvents development in areas which could increase China's threat perception, while building on capabilities to reduce the US Navy's vulnerability to China's developing anti-access systems.

1. INTRODUCTION

US-China relations have been subject to several bouts of turbulence in recent years, and are likely to weather more storms to come as China continues her ascent to power. Whether or not a maritime clash between the two nations is on the horizon is a hotly debated topic among scholars and policymakers. While ‘peaceful rise’ theorists claim that China’s rising power poses nothing more than an illusory threat to US vital security interests in the maritime realm and continued US naval supremacy; ‘China threat’ theorists argue that China’s rising military power looms large in the calculus of strategic threats to US security interests. Proponents of former view maintain that China has not developed the necessary technologies to constitute a grave threat, and exaggerated assessments of relative capabilities will only undermine beneficial US-China cooperation on a range of security issues. Advocates of the opposing view argue that China’s expanding military power threatens the credibility of American bilateral security guarantees in East-Asia, which decreases regional security and increases the likelihood of conflict.¹ The escalating tension between both powers over the past two years has brought a renewed salience to this debate, particularly when it comes to issues of maritime security in the East-Asian theatre. In assessing policies for reducing Sino-US tensions and the possibility of confrontation in maritime East-Asia, this paper will begin with an analysis of the relevant background information. In particular, this study identifies three major factors which are directly linked to rising maritime tensions in the region and declining US-China relations: near-term increase in maritime incidents related to disputed territorial claims, the persistence of long-standing flashpoints—namely Taiwan and the Korean peninsula, and the implications of China’s rising sea-power.

¹ Robert Ross and Aaron Friedberg. “Here be Dragons: Is China a Military Threat?” *The National Interest*. September/October 2009, 19-34, <http://www.gwu.edu/~power/literature/dbase/friedberg4.pdf>.

Each of the three major factors above—maritime tensions in contested waters, the persistence of long-term flashpoints on Taiwan and the Korean peninsula, and China’s rising sea-power—has a direct impact on US-China relations, and the likelihood of confrontation. In terms of overall maritime tensions in the region, they may be as much symptoms as causes, reflective of the larger paradigmatic shift in the balance of power favoring China, and/or change in how the PRC views the US and its own interests. The flurry of change taking place in Asia-Pacific with regard to China’s robust military modernization and increasingly aggressive posture in asserting its territorial claims in the East and South China seas calls for a re-assessment of our current policy in the region; in an effort to reduce Sino-US tensions where possible, and avoid the possibility of both sides being drawn into a security dilemma, and subsequent conflict.

1.1 Maritime Incidents Heating Up Contested Waters

Over the past few years, there have been several occurrences tied to the maritime arena which have symbolized declining US-China relations: In 2009, the USNS *Impeccable* was harassed by Chinese civilian vessels in the South China Sea, heralding the incident as the most serious clash between the US and China since 2001 when a US reconnaissance aircraft collided with a Chinese fighter near Hainan. In 2010, US frustration with Beijing’s reluctance to take a harder stance against North Korea after the sinking of the *Cheonan* and the shelling of Yeonpyeong Island, further disrupted relations. Also in 2010, Beijing cut mil-to-mil ties with Washington for almost one year after the US announced a \$6 billion arms deal with Taiwan, contributing to rising security tensions in Asian waters.

Furthermore, since last year there has been an increase in maritime encounters directly related to the South and East-China Sea territorial conflicts. In *Strong Borders, Secure Nation*, the central finding of Taylor Fravel’s analysis was that while China’s rise may still be violent,

“territory is not likely to be the leading source of conflict.”² Fravel accurately points out that China’s territorial disputes are not new, and neither is the occurrence of maritime incidents over disputed claims.³ However, since Fravel’s book was published in 2008 a new cycle of maritime incidents featuring increasingly assertive actions on the part of China, seem to be underway over the disputed territories of the South and East-China Seas. While Fravel’s finding may still prove correct, this recent series of maritime incidents is of paramount concern to the United States, as violence in some areas that China claims, such as the Senkakus, could easily draw the US and China into conflict due to Washington’s close ties with Tokyo.⁴ The US takes no position on the sovereignty of the South China Sea territories in favor of one claimant versus another. Nevertheless, Secretary of State Hillary Clinton’s linking of the issue to US interest in freedom of navigation is an indicator that US involvement in a conflict over the disputed territories is a likely possibility.⁵

Examples of China’s increasing assertiveness include scenarios in which Chinese fishing trawlers, patrol boats and survey ships have harassed vessels belonging to fellow claimants to the disputed territories of the East and South China Seas—namely Japan, and most recently Vietnam and the Philippines. This increase in China-centered maritime incidents has given rise to concern in Washington about the implications of a more aggressive Chinese maritime power for maintaining peace and stability in East-Asia—a status-quo that has long been insured by the

² Taylor M. Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China’s Territorial Disputes*, (Princeton: Princeton University Press, 2008), 9.

³ Fravel maintains that China has participated in twenty-three territorial disputes since 1949, and pursued compromise and cooperation in seventeen of the total cases. According to Fravel, this demonstrates that China has been more cooperative and less prone to violence than many might expansionist interpretations suggest. *Ibid.*

⁴ *Ibid.*, 4.

⁵ At the ARF meeting in Hanoi, Secretary Clinton took Chinese representatives by surprise when she raised the issue of Chinese aggressive behavior in securing their claim to disputed territories in the South China Sea. In stating that “legitimate claims in the South China Sea should be derived solely from legitimate claims to land features,” Clinton implied US-perceived illegitimacy of China’s claims.

sustained US naval presence in the region, and US-backed framework of bilateral security guarantees. The following paragraph outlines some of the afore-mentioned maritime incidents.

In September 2010, two Japanese patrol vessels collided with a Chinese fishing boat near the disputed Senkaku/Diaoyutai Islands in the East China Sea, which are claimed by both countries, and Taiwan. The incident began when one of the Japanese patrol boats ordered the Chinese trawler to cease fishing in the disputed waters. The Chinese boat responded by ramming its stern and colliding with the second Japanese patrol boat.⁶ The Japanese Coast Guard then arrested the Chinese fishing boat and detained the ship, setting off the most serious clash between the two Asian giants in decades. According to a report by Sen. James Inhofe, a member of the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, the following events and incidents took place over the past several months which mark a pointed surge in China's use of force in the South China Sea:

February 25, 2011: A Chinese frigate fired warning shots at three Filipino fishing boats near the Jackson Atoll in the disputed Spratly Islands near Palawan Island in the Philippines.

March 2, 2011: Two Chinese maritime patrol vessels threatened to ram a Philippine government energy research vessel that was conducting seismic survey in the Reed Bank area within the disputed Spratly Islands near Palawan Island.

May 2011: China announced a unilateral fishing ban for the northern part of the South China Seas until August. Vietnam alleges that Chinese naval vessels fired on four of its fishing vessels near East London Reef and Cross Island. Chinese vessels lay steel posts and a buoy in the Amy Douglas Bank, Southwest of Reed Bank, within the Philippines' exclusive economic zone [EEZ].

May 11, 2011: Two unidentified fighter jets, alleged to be Chinese, are sighted near Palawan Island.

May 26, 2011: A maritime security vessel from China cuts the towed survey cables of an exploration ship from Vietnam, the BINH MINH, in the South China Sea in waters near Cam Ranh Bay. This use of force occurred within 200 nautical miles of Vietnam, within its EEZ.

⁶ AFP. "High-Seas Collision Triggers Japan-China Spat." September 7, 2010.
<http://www.google.com/hostednews/afp/article/ALeqM5gfux6suEvEhsCmNJgxMYAYK68ZIQ>

June 9, 2011: Three vessels from China, including one fishing vessel and two maritime security vessels ran into and disabled the cables of another exploration ship from Vietnam, the Viking 2—also within Vietnam’s EEZ.⁷

July 4, 2011: An unidentified fighter plane alleged to be Chinese flew within several feet above a boatload of Filipino fisherman near the disputed Spratly Islands, scaring them enough to leave the fishing area.⁸

Although the prospect of great power war stemming from incidents of intimidation and posturing may seem sensational and should not be overstated; as one account argues, the fact that these incidents are occurring with increasing frequency and intensity raises the likelihood that an episode will escalate to armed confrontation, diplomatic crisis or even direct conflict. An accumulation of incidents could contribute to a wider deterioration of relations among major powers, bringing forth dangerous implications for regional peace and stability.⁹

1.2 Long-Standing Flashpoints: Taiwan and the Korean Peninsula

The divergent interests and policies of the United States and China towards Taiwan and the Korean states represent another key factor that increases the potential for Sino-US maritime conflict. Indeed, “A conventional war in East-Asia might seem unlikely, but it could conceivably break out on the Korean Peninsula, or over Taiwan.”¹⁰ Potential conflict over Taiwan or North Korean implosion would almost certainly involve the United States pitting high levels of force against Chinese counterparts, with long-term destabilizing consequences for US-China relations and the region. This is largely a consequence of the web of regional alliances that commit the US to the security of South Korea, Japan and Taiwan; while binding China to the defense of North

⁷ Sen. James Inhofe. “China’s Naval Harassments Cannot be Tolerated.” *The Hill’s Congress Blog*. June 21, 2011. <http://thehill.com/blogs/congress-blog/foreign-policy/167577-chinas-naval-harassments-cannot-be-tolerated>

⁸ Jim Gomez, “Warplane Scares Filipino Fisherman Near Spratlys.” *Associated Press*. July 4, 2011. http://hosted2.ap.org/txdam/9e997301051748e6b7ba5d8b60b1e3c1/Article_2011-07-04-AS-Philippines-Disputed-Islands/id-278c9153304f4107ac421e5f772a305f

⁹ Rory Medcalf and Raoul Heinrichs. “Asia’s Maritime Confidence Crisis,” *The Diplomat*, June 27, 2011. <http://the-diplomat.com/2011/06/27/asia%E2%80%99s-maritime-confidence-crisis/>

¹⁰ Milan Vego, “China’s Naval Challenge.” *Proceedings Magazine*, April 2011, vol 137/4/1, <http://www.usni.org/magazines/proceedings/2011-04/chinas-naval-challenge>

Korea.¹¹ While eventual reintegration with Taiwan is touted as one of China's "core-interests," the United States remains committed to providing the Kuomintang with the military hardware needed to defend themselves from a potential Mainland attack, and has indicated that it will provide direct military support in such a scenario. Similarly, a contingency on the Korean peninsula in which both Washington and Beijing meet their respective treaty obligations, increases exponentially the likelihood of a direct Sino-US military clash. Both powers' conflicting interests and allegiances on these fronts make the prospect of a Taiwan or Korean peninsula scenario deeply threatening to regional peace and stability. The consequences of either contingency would also be devastating for Sino-US relations, and severely damaging to their national interests. Mitigating these sources of tension in order to prevent an escalation of conflict is therefore of utmost importance to both the United States and China.

Taiwan presents a complex challenge to forging a more cooperative US-China relationship that is based on mutual trust rather than mutual suspicion. American policy on the subject of Taiwan has, with rare exception, "been firmly rooted in avoiding entanglement in the substance of any eventual cross-Strait arrangement, insisting instead only on a peaceful process."¹² Nevertheless, the US has much to lose in the way of political capital and credibility among other alliance partners should it renege on its security commitment to Taiwan. That being said, the PRC arguably could have even more to lose in terms of maintaining the credibility of the Chinese Communist Party in the eyes of its people. According to Susan Shirk, of primary concern to China's leaders is maintaining 'social stability,' or the prevention of large-scale social

¹¹ The United States signed their initial security treaty with Japan in 1951, followed by the Mutual Security Treaty in 1960. The US also signed a mutual defense agreement with South Korea following the Korean War in 1953. In 1954 the US concluded a mutual defense treaty with Taiwan, and in 1979 signed the Taiwan Relations Act, signifying the deep relationship between both countries. China remains bound by its 1961 alliance treaty with the DPRK government, committing both nations to mutual security assistance should either be attacked.

¹² Alan D. Romberg, *Rein in at the Brink of the Precipice: American Policy toward Taiwan and US-PRC Relations*, (Washington, DC: Henry L. Stimson Center, 2003), 3.

unrest that could bring down the Communist regime. In light of this, the power of the Taiwan issue to incite political fervor among the Chinese population makes reunification more than a nationalist endeavor, but a matter of regime survival in the eyes of the CCP leadership.

If China's leaders believe the regime's survival is at stake, they would feel compelled to react militarily to an independence referendum—even if that means confronting America's military might—unless they can be persuaded to do something else that looks just as forceful to the public and other leaders.¹³

No matter how positive the state of US-PRC relations or even PRC-Taiwan relations may appear, the 'Taiwan question' sits as a potential time bomb that could have grave consequences for US-China relations, the people of Taiwan, and the future strategic and economic prospects of the PRC, US, Japan and the entire East-Asian region.¹⁴ Although we are witnessing a period of relative calm in cross-Strait relations under the current Ma Ying-Jeou administration, the view of many scholars in the field is that the Taiwan question is the only issue that could realistically lead to war between the US and China—making it a vital factor that must be considered in this policy paper.

According to Victor Cha and David Kang, “the debate on the Democratic People's Republic of Korea [DPRK] has emerged in the past decade as one of the most divisive foreign policy issues for the United States and its allies in Asia.”¹⁵ As a rogue nuclear state, DPRK conducted its second nuclear weapons test in 2009 and appears to have resumed activity at its Yongbyon nuclear site. In 2010, Pyongyang also engaged in increasingly aggressive behavior, potentially threatening to regional stability—such as sinking the South Korean warship *Cheonan*, and shelling Yeonpyeong Island. Disagreements between the United States and China over how to deal with the North Korean issue have hampered progress in this area, and contributed to

¹³ Susan Shirk, *China: Fragile Superpower* (Oxford: Oxford University Press, 2007) 182.

¹⁴ Romberg, *Rein in at the Brink*, 10

¹⁵ Victor Cha and David C. Kang. *Nuclear North Korea*, (New York: Columbia University Press, 2003), 1.

worsening US-PRC relations. For example, while American leadership maintains that the US-South Korean naval exercises held in the Yellow Sea in late 2010 was meant to underscore the US commitment to its ROK alliance and to send a deterrent message to North Korea following the violent episodes described above; Chinese military analysts interpreted it as a show of force intended to put pressure on China, and part of a larger strategy of encirclement.¹⁶ Assessing the many possible manifestations of conflict which could erupt on the Korean peninsula as a result of DPRK-led aggressive behavior is beyond the scope of this paper. What is important to note here is that this is an issue that can both harm and be harmed by the status of US-China relations. As a result, managing US- PRC conflicting interests and alliances on the Korean peninsula must figure prominently in a policy of reducing tensions and the possibility of conflict between both powers in maritime East-Asia.

1.3 China's Naval Modernization

A final major factor meriting consideration is the context of China's current campaign of rapid military modernization—much of which has been heavily focused on the People's Liberation Army Navy [PLAN]. The recent dynamism of China's focus on naval expansion raises serious questions in the United States and within the greater East-Asian region over Beijing's possible intentions, such as whether they intend to build a navy with sufficient force-projection capacity to conduct far-seas operations, or remain a coastal-defense force equipped to carry out operations in the East-Asian littoral. According to a June 10, 2010 press report, Admiral Mike Mullen clarified this point in his statement that:

A gap as wide as what seems to be forming between China's stated intent and its military programs leaves me more than curious about the end result...Indeed, I have moved from being curious to being genuinely concerned.¹⁷

¹⁶ Michael S. Chase, "Chinese Suspicion and US Intentions." *Survival*, 53:3, (2011), 143.

¹⁷ Adm. Michael Mullen in Viola Gienger, "U.S. Concern Over China's Military Intent Growing, Mullen Says," *Bloomberg.com*, June 10, 2010.

The following paragraphs provide a brief outline of core components of China's naval modernization and developing capabilities, which raise questions about China's intentions and strategy in the maritime domain. This assessment will help to inform the policy options put forward later in this paper.

Up until the 1990s the PLAN's strategy and capabilities were consistent only with that of a "brown water" navy, capable of operating in littoral ocean areas within one hundred nautical miles of the coastline.¹⁸ China's naval strategy prior to the 1980s was thus characterized as "near-coast defense," (*jin'an fangyu*, "近岸防御") followed by "near-seas active defense" (*jin hai jiji fangyu* or "近海积极防御") after the mid-1980s. However, since the late 1990s the concept of "far-seas operations" (*yuanhai zuozhan* or "远海作战") has been advanced in Chinese naval thinking.¹⁹ The current naval modernization effort which began in the 1990s encompasses an array of weapons acquisition programs that include anti-ship ballistic missiles [ASBMs], submarines, and surface ships. It has also included reforms and improvements in maintenance and logistics, naval doctrine, personnel quality, education, training, and exercises.²⁰

According to Bernard Cole, what these transitions represent is the expansion of Chinese maritime power,

from a coastal Navy with little capability against a modern opponent at sea or in the air to a to a twenty-first-century maritime force able to compete for important objectives in the western Pacific Ocean areas, including especially the East and South China seas and their attendant straits. Additionally, Beijing's naval planning seems aimed at projecting naval force into the Philippine Sea and perhaps the eastern (if not the entire) Indian Ocean.²¹

¹⁸ Bernard D. Cole, *The Great Wall at Sea: China's Navy Enters the Twenty-First Century*, (Annapolis: Naval Institute Press, 2001), 10.

¹⁹ Nan Li. "The Evolution of China's Naval Strategy and Capabilities: From "Near Coast" and "Near Seas" to "Far Seas." *Asian Security*. Vol.5, no.2, (2009) 44, 160.

²⁰ Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress." *Congressional Research Service*. April 22, 2011. *i*.

²¹ Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, (Annapolis: Naval Institute Press, 2010), *x*.

US defense experts believe that the near-term goal of China's military modernization has been to develop a maritime anti-access force capable of deterring US intervention in a conflict over Taiwan, or at the very least delay the arrival or reduce the effectiveness of intervening US naval and air forces.²² This view is corroborated in Cole's extensive study, which likewise identifies preparing for operations against Taiwan and deterring further steps toward independence as the PLAN's primary mission.²³ However, Cole also identifies the following twenty-first-century naval missions as key factors shaping PLAN modernization: (1) establishing an effective nuclear deterrent force at sea as the core of a maritime strategy for the new millennium; (2) maintenance of a naval presence throughout Asia as part of a joint force with the PLAAF that is focused on specific objectives requiring a credible power-projection force. Such a force would be capable of taking and holding disputed territory in the East and South China Seas; (3) and the pursuit of SLOC [Sea Lines of Communication] defense—a mission Cole claims will gain prominence “only if Beijing decides that the US is more of a maritime threat to than a guarantor of the SLOCS on which China depends.”²⁴

In looking at the specific capabilities which the PLAN is developing in order to carry out these strategic missions, of primary concern to US policymakers and naval strategists is China's emphasis on maritime anti-access or “sea-denial” capabilities that are oriented toward restricting or controlling (US) access to China's periphery. Of secondary concern is China's increasing focus on procuring a greater capacity for naval power-projection. With regard to sea-denial, In Paul Goodwin's assessment, the 2004 Defense White Paper indirectly identifies the United States as China's principle potential adversary, driving the priorities of its defense modernization programs in this direction. In other words, he argues that granting precedence to the PLAN,

²² O'Rourke, “China Naval Modernization” *i*.

²³ Cole, 2010, 183.

²⁴ *Ibid*, 185.

PLAAF and the 2nd Artillery Corp (PLA ballistic missile component) is a definite indicator that US naval, air and strategic forces are Beijing's major concern.²⁵ Key elements of China's emerging maritime anti-access force include: ASBMs that are designed to target forces at sea and are combined with overhead targeting systems to locate and track moving ships; conventional and nuclear-powered attack submarines such as the *Kilo*, *Song*, *Yuan*, and *Shang* attack-submarines, which are capable of firing advanced Anti-Ship Cruise Missiles [ASCMs]; surface combatants such as the *Luyang I/II* and *Soveremmeny-II* guided missile destroyers which are equipped with advanced long-range anti-air and anti-ship missiles; and maritime strike aircraft such as the FB-7, FB-7A and the SU-30 MK2 which are armed with ASCMs to engage surface combatants.²⁶

Regarding the PLAN's power-projection capabilities, dramatic improvements in the PLAN's replenishment-at-sea [RAS] capabilities have enabled the successful conduct of anti-piracy operations in the Gulf of Aden since 2008, indicating China's desire and ability to support a naval force far from home.²⁷ Statements in the most recent 2010 Defense White Paper further underscore that a developing a power-projection capability is a key component of PLAN modernization goals:

In line with the requirements of offshore defense strategy, the PLAN endeavors to accelerate the modernization of its integrated combat forces, enhance its capabilities in strategic deterrence and counterattack, and develop its capabilities in conducting operations in distant waters and in countering non-traditional security threats.²⁸

²⁵ Paul Goodwin, "China's Emerging Military Doctrine," in *China's Future Nuclear Submarine Force*, ed. Andrew S. Erickson, Lyle J. Goldstein, William S. Murray, and Andrew R. Wilson, (Annapolis, MD: Naval Institute Press, 2007), 55.

²⁶ Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China*, 2010, 30-31.

²⁷ Commander Jim Lewis, "China Extends Its Reach," *Proceedings Magazine*, July 2010, vol 136/7/1, 61. <http://www.usni.org/magazines/proceedings/2010-07/china-extends-its-reach>.

²⁸ People's Republic of China, Defense White Paper (2010), Chapter 3, *Modernization of the People's Liberation Army*. ("海军按照近海防御的战略要求, 注重提高综合作战力量现代化水平, 增强战略威慑与反击能力, 发展远海合作与应对非传统安全威胁能力" or "Haijun anzhaojin hai fangyu de di zhanlue yaoqiu, zhuzhong tigao

In addition, it is expected that Beijing will soon complete reconstruction of the Soviet *Varyag* aircraft carrier, re-named the *Shi Lang* in 2008. While it is not yet fully operational, available information seems to indicate that the PLAN will deploy its first operational carrier within the decade.²⁹ However, of all of the emerging anti-access and power-projection capabilities mentioned above, no sector merits more immediate attention than the developments being made in upgrading and expanding the PLAN's submarine force—widely recognized to be “the centerpiece of China's current naval strategy.”³⁰

Over the last decade China's submarine force has undergone a remarkable transformation from an antiquated coastal patrol force into a more modern and increasingly capable fleet of over 65 cumulative vessels—the vast majority of which are diesel-electric models, with a small but growing percentage of nuclear-powered submarines (See Appendix B). China's large conventional fleet of diesel submarines is perfect for conducting maritime anti-access strategies within the East-Asian littoral, such as denying US access to regional waters in a Taiwan contingency, or deterring adversaries in South/East China Sea territorial disputes. According to naval experts, their ability to launch highly advanced ASCMs such as the SS-N-27B/Sizzler while submerged over a hundred miles away makes diesel submarines ideal for threatening carrier strike groups. It is even believed that these ASCMs may be able to defeat the US Aegis air and missile defense system, which is central to the defense of US carrier strike groups.³¹ According to naval strategists, should diesel submarines remain the focus of the PLAN, this

zonghe zuozhan liliang xiandaihua shuiping, zengqiang zhanlue weishe yu fanji nengli, fazhan yuanhai hezuo yu yingdui fei chuantong anquan weixie nengli”) http://news.xinhuanet.com/politics/2011-03/31/c_121252219_4.htm

²⁹ Cole, *The Great Wall at Sea*, 2010, 91-92.

³⁰ Erickson et al, *China's Future Nuclear Submarine Force*, 2007. x

³¹ *Ibid*, Eric A. McVadon, “China's Maturing Navy,” 9.

would indicate a naval strategy geared toward prevailing in a Taiwan scenario or other near-seas operations, rather than for conducting expanded operations in global oceans.³²

While China's large diesel-electric submarine fleet poses important sea-denial challenges to be considered; what has received even more attention in recent years is the PLAN's focus on building and operating nuclear-powered submarines. Unlike conventional models, nuclear submarines do not need to surface to recharge batteries or refuel, making them ideal platforms for projecting power should China choose to do so. The increasing attention being given to the small but growing proportion of Chinese submarines that use nuclear propulsion is thus justified by the widely held belief that "the trajectory of Chinese nuclear propulsion may be one of the best single indicators of whether or not China has ambitions to become a genuine global military power."³³ For instance, some naval experts believe that the new Chinese ballistic-missile submarine (SSBN) is a vital component of the PLAN's improving nuclear force-posture, which in combination with advancements in road-mobile ICBMs has the potential to translate directly into political leverage in a US-China crisis. Likewise, those and other observers contend that "all indications are that this priority on nuclear submarines will continue and even accelerate in the twenty-first century."³⁴ If this outlook proves accurate, it would no doubt pose a significant challenge to the status-quo.

2. ENGAGEMENT WHILE HEDGING: MAINTAINING THE STATUS-QUO

Broadly speaking, Washington's current Beijing policy, as well as its approach toward the Asia-Pacific region is comprised of four main themes: maintenance of the "*one China*

³² Erickson et al. *China's Future Nuclear Submarine Force*. 2007. xii

³³ *Ibid*, "China's Future Nuclear Submarine Force." 199.

³⁴ *Ibid*, Christopher McConaughy, "China's Undersea Nuclear Deterrent." 78.

policy,”³⁵ pursuing a policy of *comprehensive engagement* with China through high-level official dialogue, encouraging China’s *integration* into the international community as a responsible stakeholder³⁶, and a policy of *reassuring*³⁷ China that the US has no malicious intentions toward its rising power.³⁸ In addition, American policy continues to prioritize the “hub” (United States) and “spokes” (US allies) security framework that has been used by Washington and its Asia-Pacific allies for decades.³⁹ This strategy has long served US objectives in the region, as well as those of other Asian states who depend on American security guarantees to deter the possible negative consequences of China’s rising power.⁴⁰ This framework has facilitated a policy of “hedging” against the possibility that cooperation with Beijing will be unsuccessful, while simultaneously endeavoring to engage constructively with the emerging power. In practical terms, hedging has involved the strengthening and advancing US regional alliances, maintaining and strengthening American forward deployed forces in the Western Pacific, and taking steps to invigorate US political and security ties with important non-allied states such as Singapore,

³⁵ Under the “one China policy” Washington maintains diplomatic relations only with Beijing, and claims that it would accept of any final verdict on the sovereignty of Taiwan in relation to the mainland so long as it was determined peacefully and with the mutual consent of both parties. A corollary of this policy is that the US continues to support Taiwan’s security needs through advanced weapons sales, while explicitly opposing any unilateral declaration of independence.

³⁶ The US uses a mix of rhetorical pressure, diplomatic initiatives and economic and military sanctions to try and get China to do more to enforce international norms and implement the decisions of the international organizations of which it is a member. See Harry Harding, “China Policy for the Next US Administration.” *America’s Role in Asia: Asian and American Views*, 2008.

³⁷ See remarks by President Obama welcoming President Hu Jintao to the White House in January 2011 that, “The United States welcomes China’s rise as a strong, prosperous and successful member of the community of nations.” Available in *The Hindu*, January 20, 2011. <http://www.thehindu.com/news/resources/article1103376.ece>. Also see 2010 Quadrennial Defense Review: “The United States welcomes a strong, prosperous, and successful China that plays a greater global role.” 60.

³⁸ Four main themes of US policy toward China taken from Harding, 2008, 183.

³⁹ The framework of US bilateral security alliances (i.e. with Japan, South Korea, and Taiwan continue to underwrite regional security as part of the “hub and spokes” model. See Sutter, Robert. “The United States in Asia,” in *International Relations of Asia*, ed. David Shambaugh and Michael Yahuda, (Lanham, MD: Rowman & Littlefield, 2008), 90.

⁴⁰ *Ibid*, 88.

Indonesia and India.⁴¹ This approach is based on the fundamental assumption that through a policy of engagement while hedging, the US can encourage China to behave well while remaining poised to impose constraints if it behaves badly—thus preserving the regional balance of power.⁴²

These broader policy directives have translated into a US maritime strategy in East-Asia that is characterized by the following trends: First, the US has been closely monitoring what China is doing in terms of its military modernization, with special attention paid to PLAN upgrades.⁴³ A corollary of this has been that the US has also engaged in an array of surveillance activities of PLAN coastal forces in the South China Sea, which have contributed to worsening relations between Washington and Beijing. According an account by Mark Valencia,

The activities of the US EP-3 planes and Navy ships, the Bowditch and the Impeccable, probably collectively, have included the active “tickling” of China’s coastal defenses to provoke and observe a response, interference with shore-to-ship and submarine communications, “preparation of the battlefield,” using legal subterfuge to evade the consent regime and tracking China’s new nuclear submarines for potential targeting as they enter and exit their base.⁴⁴

China has objected vehemently to US intelligence gathering activities within their Exclusive Economic Zone [EEZ], arguing that it constitutes provocative and illegal behavior based on their interpretation of the United Nations Law of the Seas [UNCLOS]. Nevertheless, the US navy ships continue to patrol the area. Second, the United States has demonstrated renewed interest in the region in the wake of recent incidents in the South and East China Seas. Evidence of this can

⁴¹ Under the George W. Bush administration, US relations with the governments of Japan and Australia were markedly advanced. Similarly, US policy has focused greater attention on advancing military and diplomatic relations with non-treaty allies such as Singapore and India. See Harry Harding, 186.

⁴² Hugh White, “Australia in Asia,” in *International Relations of Asia*, ed. David Shambaugh and Michael Yahuda, (Lanham, MD: Rowman & Littlefield, 2008), 230.

⁴³ There have been increasingly more detailed reports on the status of China’s military modernization and development of anti-access capabilities issued by the Congressional Research Service (See O’Rourke, 2011), Department of Defense (See 2009 and 2010 reports to Congress on Military and Security Developments involving the PRC), and private institutions (See Naval War College publications).

⁴⁴ Mark Valencia, “Questioning of US’s surveillance in South China Sea,” *Taipei Times*. August 17, 2010, <http://www.taipeitimes.com/News/editorials/archives/2010/08/17/2003480533>.

be seen in America's linking of US concerns over freedom of navigation with territorial disputes in the South and East China Seas, which began with Secretary Clinton's remarks at last year's ARF meeting in Hanoi.⁴⁵ At the most recent ARF meeting in Bali this past July Secretary Clinton again reiterated US interests in the South China Sea, calling on claimants to back their claims with legal evidence by ensuring conformity with UNCLOS. This effectively established the US as a de facto party in the facilitation of a peaceful settlement of the disputes, underlying Washington's significant interest in how the South China Sea disputes are resolved.⁴⁶ Third, the US has expanded its commitment to strengthening and advancing its alliances and partnerships. Recent naval exercises with South Korea following the sinking of the *Cheonan*, as well as exchanges with Vietnam and the Philippines represent a push to deepen military ties across East-Asia, especially in the face of greater shared concerns over China. The US has also expanded its military and training exercises with other Asian states to include Malaysia, Cambodia and Bangladesh for the first time, and has deployed new hardware in Singapore.⁴⁷ Fourth and finally, the US has continued to uphold its security commitment to Taiwan through high-tech weapons sales.⁴⁸

⁴⁵ Secretary of State Hillary Clinton is reported to have said, "*The United States has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea,*" effectively conflating issues of freedom of navigation with territorial dispute issues in the South China Sea. Another comment that "*legitimate claims in the South China Sea should be derived solely from legitimate claims to land features,*" emphasized US interest in upholding provisions of UNCLOS and other legal means to mitigating the issues. Clinton also offered to have US officials aid in mediating the South China Sea issues.

⁴⁶ Daljit Singh, "South China Sea developments at the ASEAN Regional Forum," *East Asia Forum*, August 3, 2011, <http://www.eastasiaforum.org/2011/08/03/south-china-sea-developments-at-the-asean-regional-forum/>

⁴⁷ Singapore Institute of International Affairs. "US and Vietnam Begin Joint Naval Exercises Amid Strained Ties with China," July 18, 2011 <http://www.siaonline.org/?q=programmes/insights/us-and-vietnam-begin-joint-naval-exercises-amid-strained-ties-with-china>

⁴⁸ Washington's 2010 approval of just over \$6 billion in arms sales to Taiwan marked the second major weapons package sold to Taiwan since 2008.

2.1 Advantages of the Status-Quo

The status-quo policy of emphasizing positive engagement while continuing to balance against the negative implications of China's rise has been by and large successful in helping to shape China's strategic choices toward peaceful development while deterring potential aggression. Serving as East-Asia's security guarantor and vital economic partner has also made the US a focal point for regional hedging, allowing Washington to maintain its position as an East-Asian leader.⁴⁹ Washington's current strategy of hedging reduces the possibility that allied states such as South Korea, Japan, Taiwan, and the Philippines will take unilateral measures to bolster their defenses in the face of China's rise, thereby setting off a regional security arms-race. The significant forward presence of US military forces under the Pacific Command [USPACOM] effectively supports the regional US alliance structure, and allows the US to react quickly in the case of a maritime contingency. To that end, US-led security guarantees and forward naval presence also help mitigate the potential for regional hot spots such as Taiwan or North Korea to erupt.

Continued joint naval operations in the Western Pacific, including areas China regards as its EEZ is a useful way for the US to assert its position and avoid setting a precedent of dialing back operations in accordance with Chinese demands.⁵⁰ Increased participation in ARF, APEC and other multilateral forums such as the East-Asia Summit which Washington recently joined, demonstrates to other Asian states that we are committed to engagement in Asia. By stating clearly US interest in a peaceful resolution to the South and East China Sea territorial disputes, Washington has effectively internationalized the issue. This sets a positive precedent for it to be

⁴⁹ Sutter, 97.

⁵⁰ Walter Lohman, "Sorting American Priorities in the South China Sea," *The Heritage Foundation*, June 20, 2011. <http://www.heritage.org/Research/Reports/2011/06/Sorting-American-Priorities-in-the-South-China-Sea>

discussed in future multilateral security forums which is important considering that escalation in that area would have broad security implications for all Asian states.⁵¹

2.2 *Disadvantages of the Status-Quo*

Despite some of the successes of Washington's current strategy of engagement with China and the region at large, rising tensions amid the recent surge in maritime incidents demand a closer look at some of the disadvantages of this policy pathway. The most glaring disadvantage is that as the US continues to bolster its existing alliances while reaching out to non-allied partners, we risk provoking China's suspicion that we are conducting a policy of encirclement, thus instigating a possible security dilemma with Beijing. According to the literature, this is in fact a widely held belief among Chinese analysts.⁵² For example, Shen Dingli states that:

China's security environment is increasingly challenged by the United States in that the latter has taken the opportunity presented by regional tensions to shore up its alliance with both South Korea and Japan, as well as through trilateral defense coordination. If the United States' 'return' to East Asia has not been enough, Washington is also apparently revamping its relations with some Southeast Asian countries and urging these nations to hedge against China's rise. In July 2010, Secretary of State [Hillary] Clinton openly challenged China's position on the South China Sea in her address to the 17th ARF Ministerial Meeting in Hanoi, which was bluntly rebuffed by her Chinese counterpart.⁵³

The preceding paragraph alludes to several of the disadvantages of the current policy, the basis of which is that it leaves too much space for a misinterpretation of US intentions toward the China's rising power. Another example of this is in Yuan Zheng's view that our current policy toward Beijing is viewed as "engagement plus being on guard," since the US realizes it needs China's cooperation on key international issues, but is simultaneously worried about

⁵¹ Clive Schofield, Ian Townsend-Gault, Hasjim Djalal, Ian Storey, Meredith Millter and Tim Cook. "From Disputed Waters to Seas of Opportunity: Overcoming Barriers to Maritime Cooperation in East and Southeast Asia," *National Bureau of Asian Research*. Special Report #30. July 2011, 18.

⁵² See Shen Dingli, "A Chinese Assessment of China's External Security Environment," *China Brief*, vol.11, no.5, March 25, 2011. Also, Yuan Zheng, "Zhong Mei zengjin zhuanlue huxin zai lu shang" [On the Road to Prootion of Sino-US Strategic Mutual Trust], *Liaowang xinwen zhoukan* [Outlook Weekly], no.5, 31 January-6 February 2011, 60-61.

⁵³ Dingli, "A Chinese Assessment of China's External Security Environment," 2011.

China's growing power. This results in "the two-faced oscillating nature of US-China policy" that "has increased China's anxiety about US strategic intentions."⁵⁴ Based on this view, recent activities such as: US reconnaissance activities within China's EEZ, Washington's assertion of its 'interests' in the South China Sea⁵⁵, US affirmation that the Senkaku/Diaoyuai Islands fall under the scope of the US-Japan mutual defense treaty, and US-South Korean naval exercises in the Yellow Sea last year all point toward a larger containment strategy meant to pressure China. In other words Washington exploited opportunities, such as the sinking of the *Cheonan*, to strengthen its alliances and enhance military cooperation with Southeast Asian nations to hasten encirclement of China. According to this view, the current alliance-based policy of hedging is actually more detrimental to the East-Asian security environment, indicative of a need to move to a broader regional security mechanism.

The implications of this perception of US policy as trying to contain or encircle China would be counterintuitive for reducing tensions and the possibility of conflict between the two powers. It has the adverse effect of provoking China's suspicion and encouraging a culture of mutual distrust, which is precisely what needs to be avoided. Should things continue down this path, the risk of inadvertent military escalation over sensitive issues (i.e. Taiwan, the Senkaku/ Diaoyutai Islands, or the Korean peninsula) increases significantly. Such a manifestation could lock-in an antagonistic relationship between Washington and Beijing making actual military confrontation even more likely in the future. Thus, the potential costs of the current US strategy are increasing, and require reassessment.

⁵⁴ Yuan Zheng in Chase, "Chinese Suspicion and US Intentions," 138.

⁵⁵ Clinton's statements at the 2010 ARF meeting in Hanoi highlighted US interests in freedom of navigation, support for 2002 ASEAN-China declaration on the conduct of parties in the South China Sea, and offer to facilitate initiatives and confidence building measures consistent with the declaration.

While arguably, the United States cannot totally cater its policy in the region toward ensuring that China does not misinterpret our intentions, there is probably more that can be done to assuage fears in Beijing. For example, although the current policy approach does call for maturing the US-China relationship, we have yet to implement confidence building measures or engage in a cooperative dialogue regarding shared security concerns, such as Korean peninsula contingency planning. There is no doubt that US policy on this front needs to be more robust, as developing a genuinely cooperative US-China relationship based on mutual trust and shared interests is the only way to move beyond the current policy, and circumvent a security dilemma. The challenge elucidated in this evaluation of the current policy is how the US can maintain a firm stance on key strategic issues and support regional allies and friends, without stoking China's suspicion and inadvertently creating a deeper security rivalry with the US.⁵⁶

3. ACCOMODATION: SHARED LEADERSHIP WITH RISING CHINA

An alternative to the status-quo which may alleviate some of the drawbacks described above would be a policy of accommodating China's rising power and sharing leadership in Asia.⁵⁷ The utility of such an approach is based on the traditional value of appeasement strategies in reducing threat perception, "thus mitigating domestic security dilemma-arguments for forceful change." This policy approach would require the United States to make some adjustments to the current strategic order by conceding certain interests, in order to sate China's ambitions, maintain regional stability, and avoid recourse to violent confrontation.⁵⁸ This policy is based on

⁵⁶ Chase, "Chinese Suspicion and US Intentions," 147.

⁵⁷ Hugh White, "Why War in Asia is Unthinkable," *Survival* 50:6 (December 2008-January 2009), 85-104.

⁵⁸ Robert Ross and Zhu Feng. "The Rise of China: Theoretical and Policy Perspectives," in *China's Ascent: Power, Security and the Future of International Politics*, ed. Ross and Feng, (Ithaca, NY: Cornell University Press, 2008) 293-315.

the view that China's rapid economic growth and development has fundamentally altered the power relations of the region, requiring a new order to be built. This new order must successfully accommodate the core interests and concerns of all major regional powers to maintain peace and stability. In pragmatic terms, America must be much more reticent to use force to achieve its aims in the region, while also making more space for China.⁵⁹ If the United States is unwilling to make the concessions necessary to facilitate a shift away from the current system, subscribers to this line of thought believe that tensions are likely to keep heating up, making conflict all the more likely.

As Hugh White argues, the status-quo arrangement in the region reflects a balance of power system in which "the two strongest powers build alliances to balance each other, and a structurally adversarial relationship emerges between them." Other regional countries will then be forced to choose which country to bandwagon with, making Asia poorer and less secure.⁶⁰ If this policy approach were successful, the result would be an evolution of the current security regime to a US and China-led concert-of-power in Asia, in which the major Asian powers cooperatively shape regional affairs in the common interest.⁶¹ At its core, this approach assumes that China's strategic intentions in the maritime arena are tied to the defense of a continental power with growing maritime interests as well as to Taiwan's unification.⁶² In terms of China's long-term ambitions, this policy agrees with Hugh White's assertion that "we can be fairly sure that China's leaders aspire to the kind of primacy in the Western Pacific that the United States has for so long enjoyed in the Americas, and it would be surprising if China's people, there

⁵⁹ Harry White, "US Needs another Nixon to Fix Foreign Policy Woes," *East Asia Forum*, August 12, 2011, <http://www.eastasiaforum.org/2011/08/12/us-needs-another-nixon-to-fix-foreign-policy-woes/>.

⁶⁰ Hugh White, "Why War in Asia is Unthinkable," 95.

⁶¹ *Ibid*, "Australia in Asia," 231.

⁶² Taylor M. Fravel, "China's Search for Military Power," *The Washington Quarterly*, Summer 2008, 126.

nationalism bolstered by economic power, were satisfied with anything less.”⁶³ Therefore, if we pursue a policy of accommodation and power-sharing, we will remove the most likely stimulus for violent confrontation—US-China great power rivalry. According to its supporters, the major challenge of this policy position is whether the United States is prepared to surrender its position of primacy in East-Asia, and make tough concessions in order to accommodate China’s rising power.

In terms of what this means for US maritime action within the Asia-Pacific, this policy approach suggests courses of action which capitalize on opportunities for US-China cooperation, based on their shared stakes in the global maritime commons, and the region at large.⁶⁴ Such cooperation could include the implementation of confidence-building measures [CBMs] across a wide range of areas including both diplomatic initiatives and traditional sea operational activities. The premise of the approaches put forward in this policy is that developing a genuinely cooperative US-China maritime relationship based on mutual trust and power-sharing will help to set the stage for a new and more stable regional security order.

First, US-China Maritime cooperation in maintaining regional security on the Korean peninsula, across the Taiwan Strait, and key SLOCs such as the Strait of Malacca and Indian Ocean represents an initial opportunity for both powers build trust and share leadership in areas of mutual concern. One example of this might be to shift current policy from demanding certifiable denuclearization of the Korean peninsula, to one that prioritizes stability first and increased contingency planning with China over possible North Korea scenarios. By making this

⁶³ White, “Why War in Asia is Unthinkable,” 100.

⁶⁴ The US and China have numerous incentives for cooperation in maritime affairs—namely shared goals and interests. Both nations seek to maintain peace and stability in the Asia-Pacific region, and have a shared interest in development and prosperity. There are also common security threats such as piracy, smuggling, terrorism, climate change and natural disasters. See Zhuang Jianzhong, “China’s Maritime Development and US-China Cooperation,” in *China, the United States, and 21st Century Sea Power: Defining a Maritime Security Partnership*, ed. Erickson et al, (Annapolis, MD: Naval Institute Press, 2010), 8.

concession, Washington would encourage Beijing to take a more active leadership role in maintaining security, while demonstrating our ability to accommodate their position that denuclearization of the peninsula would have a destabilizing effect. Similarly, abiding by the 1982 communiqué of reducing arms sales to Taiwan⁶⁵ is another measure the US could take to demonstrate our willingness to accommodate China's interests while also reducing China's threat perception in this most sensitive area.⁶⁶

An additional step which the United States could take to reduce tensions under this policy approach would be to ratify UNCLOS. The fundamentally different interpretations of UNCLOS held by the US and China represents one of the major challenges to cooperation in the maritime arena. The fact that Washington calls on claimants to the disputed territories of the South and East China Sea to abide by UNCLOS in resolving sovereignty issues, when the US is itself not a signatory to the legal regime, intensifies suspicion and distrust—especially within China.

Failure to ratify it (UNCLOS) conveys the message to the world that the United States creates its own arbitrary rules rather than upholding a global rules-based system.⁶⁷

Working towards a mutually acceptable interpretation of UNCLOS, culminating in the US joining the convention, would be a powerful way to demonstrate to China a willingness to work on an even playing field. Ratifying UNCLOS might also help to relieve suspicion in Beijing that Clinton's remarks at last year's ARF meeting in Hanoi was specifically targeted toward China,

⁶⁵ See the Joint Communiqué Issues by the Governments of the United States and the People's Republic of China on August 17, 1982, which states that the United States "intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution."

⁶⁶ According to Fravel, Taiwan is the most conflict-prone territorial dispute involving China. The primary reason for this is that China's claim strength and bargaining power in the Taiwan dispute remain weak, while Taiwan represents a core 'homeland dispute' in which China is unlikely to ever compromise on its goal of reunification. Fravel's theory asserts that a state with relatively weak claim strength might be tempted to use force if its military position in the dispute suddenly increases. The greater the importance of the territory at stake, the greater potential gains from using force to acquire or defend it. This has particular salience for the Taiwan question, in light of China's current campaign of rapid military modernization. If pursuing a more aggressive policy of support for Taiwan risks a US-China confrontation, it follows that a more accommodating policy would increase China's claim strength, reducing the possibility of a Taiwan scenario. Fravel, *Strong Borders, Secure Nation*, 2008

⁶⁷ Patrick Cronin, "How China, US See Each Other at Sea." *The Diplomat*. May 29, 2011. <http://the-diplomat.com/2011/05/29/how-china-us-see-each-other-at-sea/>

and not all claimant states.⁶⁸ A first step towards this goal might be for the US to scale down the conduct of surveillance activities within China's coastal waters to less invasive levels, while working toward an agreement on mutually acceptable EEZ behavior. Washington's policy of carrying out unceasing, overt intelligence collection activities aggravate Chinese nationalism to a high degree, and are likely not worth the political costs. In scaling back these activities considerably, the US could realistically demand China to offer more tangible increases in military transparency in return.⁶⁹

In regards to US involvement in the South and East China Sea disputes, toning down our explicit support for Japan in relation to the Senkaku/ Diaoyutai Islands dispute would also help alleviate concerns in Beijing that we are taking sides on matters of disputed sovereignty. Likewise, we should insist that our position in relation to the South and East-China territorial disputes is tied only to peaceful resolution of the issues based on an application of UNCLOS. We should also refrain from unilaterally raising the issue in public forums—lest it inadvertently emboldens other claimants to take more forceful action, believing we favor their claims over those of the PRC. A related concession that could be made in order to highlight US acceptance and respect for China's rising power could be to explicitly de-link US concerns over freedom of navigation with sovereignty disputes over South and East China Sea territories. China has never taken action to deny others access to the entire South China Sea, and it is unlikely that they would do so. According to Amitav Acharya:

China's commerce, and hence prosperity, depends very much on access to sea lanes through the Indian Ocean, the Malacca Straits and other areas over which it has little

⁶⁸ Mark Valencia argues that signing onto UNCLOS would be an important way to demonstrate its concerns over peaceful resolution of South China Sea disputes in a more "even-handed manner," in which pressure is placed on all claimant states—not just China—to abide by UNCLOS and international law. Mark Valencia. "South China Sea: Back to the Future," July 15, 2011. <http://www.nghiencuubiendong.vn/en/conferences-and-seminars-/second-international-workshop/582-the-south-china-sea-back-to-future-by-mark-j-valencia>.

⁶⁹ Lyle J. Goldstein, "Resetting the US-China Security Relationship" *Survival*. Vol.53 no.2, April-May 2011, 99.

control, and which are dominated by US naval power. India too has significant naval power in the Indian Ocean. So if push comes to shove, an aggressive Chinese denial of SCS trade routes to world powers, and the resulting disruption of maritime traffic, would be immensely self-injurious to China. It would provoke countermeasures that will put in peril China's own access to critical sea lanes in the Indian Ocean and elsewhere. Chinese leaders are not oblivious to this fact. The truth is that they may not have the option of pursuing an aggressive posture. The costs will simply be too high.⁷⁰

In light of the above, connecting these two issues only bolsters fears in China that the US is intent on meddling in issues of territorial disputes, worsening tensions.

Finally, maritime cooperation on sea operational activities might include joint conduct of search-and-rescue exercises, humanitarian operations, anti-piracy operations and other naval exercises. The US could also encourage the implementation of CBMs outlined in the 2002 Declaration on the Conduct of Parties in the South China Sea [DOC]. Some examples include the establishment of telephone hotlines between the defense departments of claimant countries or providing advanced notification of military training exercises. Diplomatic CBMs such as the creation of an "incident at seas" [INCSEA] agreement would also help limit the number and severity of maritime encounters. While the 1998 US-China Military Maritime Consultative Agreement [MMCA] remains in existence, it does nothing to establish effective rules of the road at sea, and has since broken down due to differing interpretations of the legality of military surveillance activities in EEZs. The establishment and implementation of INCSEAs between the US and China, and even Japan and China would help to prohibit provocative or dangerous behaviors that risk escalation to violence.⁷¹

⁷⁰ Amitav Acharya, "Beyond the Chinese Monroe Doctrine," *East Asia Forum*, July 11, 2011, <http://www.eastasiaforum.org/2011/07/11/beyond-the-chinese-monroe-doctrine/>

⁷¹ For additional information on implementing CBMs recommended in the DOC, see Schofield et al., *From Disputed Waters to Seas of Opportunity*, 27-28.

3.1 Advantages of Accommodation

The primary advantage of pursuing an accommodation and power-sharing policy toward China is the prospect of improved relations with the PRC, and reduced possibility of great power conflict stemming from a strategic rivalry. Taking accommodating actions such as committing to a reduction of weapons sales to Taiwan, or attempting a Chinese approach to sustaining stability on the Korean peninsula are powerful ways to demonstrate that we are willing to make political space for Beijing's leadership in the region. Pursuing multiple avenues for maritime cooperation likewise helps to build trust, and reduce anxiety among other Asian states that they must choose between the US and China to be their security guarantor. Signing onto UNCLOS would give more legitimacy to Washington's position on the South and East China Sea disputes, while also demonstrating a more even-handed approach to the issue. This could ostensibly give more clout to US suggestions for ways to mitigate the disputes, such as implementing CBMs put forward in the 2002 DOC.

A second advantage is that taking this step will conceivably allow for a future reduction in our commitment of resources to the region. US involvement in the wars in Afghanistan in 2001, Iraq in 2003 and most recently Libya via NATO has engendered a significant economic strain on the defense budget. Taking steps to prepare for a shared leadership role with China in Asia would likely involve a future restructuring of the number of US forces deployed to the region. Currently, the US Pacific Command boasts the largest of the US military's area commands, and is host to the US Navy's 7th Fleet. (See Appendix F for more information on US naval forces in the Pacific). If this policy is successful in creating an alternative pathway to regional peace and stability, the introduction of naval arms control initiatives to restrict the development and fielding of certain weapons systems, such as SLBMs, may also be feasible. A

related possibility could be a reduction in overall US military forces deployed to the region, which would greatly reduce the costs of maintaining primacy in East-Asia as the singular guarantor of regional security.

3.2 Disadvantages of Accommodation

The major disadvantages of this policy pathway center on the concessions which it requires the US to make, and the risk that it could ultimately have the opposite of its intended result: increased tensions and the onset of a regional security dilemma. In regards to concessions, since the end of WWII the US has enjoyed a position of naval supremacy and regional leadership in East-Asia, unmatched by any other power. It has afforded us with significant influence, and all of the benefits bestowed upon any hegemonic power. Forgoing primacy in Asia would mean that we would no longer retain the same level of influence, or flexibility. Another disadvantage of this approach is that it is based on a favorable interpretation of China's strategic intentions and regional ambitions—an assumption that is impossible to back up with 100% certainty. We therefore cannot rule out the possibility that Beijing would not see this policy as a sign of weakness, and an opportunity to demand even more concessions which the US may not be willing to make. Even if this were not the case, some of the afore-mentioned concessions and demonstrations of our willingness to make political space for China's leadership could instigate greater insecurity among current alliance partners and regional friends. If not undertaken gradually and with care, this policy could result in a security dilemma in which East-Asian states ratchet-up their own defenses in preparation for declining US power in the region. In engendering a loss of confidence among key regional allies, this would likely also hurt our international credibility.

A final disadvantage lies in the fact that this policy focuses heavily on engagement in CBMs in order to build mutual trust and a more cooperative relationship. However, achieving the benefits of maritime cooperation and engagement in CBMs is a slow process that will take many years, whereas the risks from maritime incidents are present right now.⁷² For example, although there is already an infrastructure of CBMs the region⁷³, it is flimsy and underutilized, and failed to neither prevent nor mitigate the EP-3 or Impeccable incidents. This may be reflective of a larger clash of views about the value and purpose of CBMs, where the US sees them as vehicles for building trust, where the view in China is that trust must be established prior to the implementation of such endeavors.⁷⁴

4. CONTAINMENT: A NAVAL BALANCING STRATEGY

Although the end-goal is the same, this policy approach is based on a line of thinking that is fundamentally opposite to the rationale behind an accommodation-based approach. While the latter is meant to reduce a rising power's threat perception and thus the possibility of a security dilemma, this policy supports deterrence for maintaining stability. There is therefore significant overlap with certain elements of the status-quo approach, in that both policies advocate for a form of balancing against China's rising power to constrain revisionist activity that may lead to conflict. However, where this policy differs is that it supports a tougher strategy of naval balancing that goes beyond emphasis on bilateral alliances in order to constrain the negative implications of China's rise. This policy therefore favors a stronger US commitment and military

⁷² Medcalf et al, "Asia's Maritime Confidence Crisis."

⁷³ Repeated instances of suspension of military dialogue, failure to implement "rules of the road" articulated in the DOC, or employ the Sino-Defence hotline established in 2007 reflect the challenges of actually utilizing CBMs already established.

⁷⁴ Medcalf et al, "Asia's Maritime Confidence Crisis."

presence in the Pacific, motivated by anxious appraisals of the pace and scope of China's military modernization and acquisition of new capabilities.⁷⁵

The courses of action suggested here stem from a capabilities-based assessment of China's maritime ambitions in East-Asia, and potential for revisionist goals.⁷⁶ According to the assessment espoused in this strategy, "actions speak louder than words," and the rapid increase of PRC anti-access capabilities in East-Asian waters—spearheaded by PLAN modernization efforts—should rightly concern the United States and its regional allies.⁷⁷ Additionally, lack of transparency regarding Beijing's strategic intentions in developing its nuclear submarine forces, ballistic missile technology, and capacity to project power across farther distances has heightened tensions in the region.⁷⁸ Recent maritime incidents described at the outset of this paper demonstrate China's increasing willingness to use force in asserting territorial claims in the South and East-China Sea. When examined within the context of the PLAN's focus on modernizing its conventional submarine forces while advancing its nuclear submarine program, it is clear that China is increasing its strategic deterrent against possible US (and US-allied) intervention, while also developing the capability to deny access to regional waters.

Furthermore, although there is widespread agreement regarding the superiority of the US Navy in terms of size (tonnage), experience and the caliber of its platforms; this does not

⁷⁵ Goldstein, "Resetting the US-China Security Relationship"

⁷⁶ See Christopher McConaughy's argument that "At some point capabilities must be reviewed to assess potential threats in order to provide a solid foundation for future force structure planning... Defense planners cannot sit on the sidelines and wait for the resolution of a debate over a potential adversary's intentions." McConaughy, "China's Undersea Nuclear Deterrent," 77-78.

⁷⁷ According to Aaron Friedberg, key reasons why the US should care about a loss of regional hegemony to China in East-Asia are: potential denial of access to markets, technology and vital resources; possible use of the region by hostile forces as a secure base from which to challenge American interests or attack the United States; and the implications inherent in ceding regional domination to a non-democratic power. Aaron L. Friedberg, *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia*. (New York: W.W. Norton & Co., 2011), 21-22.

⁷⁸ Vego, "China's Naval Challenge."

necessarily translate into an assured victory against the PLAN in a conflict. According to Naval experts Holmes and Yoshihara,

True, the all-nuclear US submarine force can fight at great distances and with great skill, but the PLAN has accumulated an even larger undersea fleet optimal for lurking in nearby waters—the waters that will count in any future Sino-American clash. It is by no means clear that American attack boats hold a commanding edge over diesel submarines in the mostly shallow, convoluted waters of the China seas. Stealthy, missile armed-Houbei fast attack boats punch far above their weight in a near-shore environment. Nor do all the aircraft carriers or missile-toting destroyers in the world mean much if the US Pacific Fleet dares not come within range of Chinese anti-ship ballistic missiles and cannot bring its offensive firepower to bear. A fleet that cannot reach the theater is an impotent fleet, whatever the numbers say.⁷⁹

In comparing navies, Holmes and Yoshihara argue that the most important measure is how much combat power a given fleet can apply in a particular contingency, which in the case of the US vs. China, is likely to be the latter. In one possible scenario, China's SSBNs could be employed as insurance against US capabilities to destroy land-based ICBMs, while their SSN fleet could be used to counter enemy forward anti-submarine warfare [ASW] operations, as well as to protect their SSBNs. When China's aircraft carriers become operational, they could be deployed in the South China Sea to silence neighboring claimants.⁸⁰ In short, what this means is that the progress being made in China's naval modernization has serious potential to disrupt the East-Asian security balance.

According to one projection by Bernard Cole, “the PLA Navy might be able to ‘exert hegemonic leverage in maritime East-Asia’ by 2016-1017 due to its swift growth, American naval overstretch, and fiscal constraints on Japanese shipbuilding.”⁸¹ As tensions continue to

⁷⁹ James R. Holmes and Toshi Yoshihara, “When Comparing Navies, Measure Strength, Not Size.” *Global Asia*, Vol.5 No.4, December 22, 2010.

http://www.globalasia.org/V5N4_Winter_2010/James_R_Holmes_&_Toshi_Yoshihara.html

⁸⁰ Tetsuo Kotani, “Why China Wants South China Sea.” *The Diplomat*. July 18, 2011. <http://the-diplomat.com/2011/07/18/why-china-wants-the-south-china-sea/>

⁸¹ Bernard D. Cole, “Right-Sizing the Navy: How Much Naval Force Will Beijing Deploy?” in *Right-Sizing the People's Liberation Army: Exploring the Contours of China's Military*, eds. Roy Kamphausen and Andrew Scobell

heat-up in the South and East-China Seas, this approach maintains that Beijing's rising sea-power will pose a mounting challenge to the United States' ability to maintain credible security guarantees, and thus maintain regional peace and stability. According to Aaron Friedberg,

If Beijing's military buildup continues apace and if...we do not respond more vigorously than we have to date, the military balance in the Western Pacific is going to start to tilt sharply in China's favor. Such a change would weaken the security guarantees that we extend to our allies and on which our entire posture in the region rests. Doubts about our continuing commitment, combined with economic inducements and diplomatic pressures emanating from Beijing, could compel some of our longtime friends to reappraise their own national security policies, including their alignments with us.⁸²

Therefore, in this policy pathway whether the United States can sustain its primacy in maritime East-Asia will be crucial.⁸³ The US must be willing to enact tough measures when necessary, and maintain its military advantage in the region in order to constrain the negative implications of China's rise and deter attempts at coercion or aggression. In effect, this policy supports a strategy of containing China's growing maritime power in order to maintain regional security under the current system.

In practical terms, this approach supports actions meant to bolster existing US regional alliances and make overtures toward other Asian powers, as well as improving the US Navy's ability to counter the developing anti-access capabilities of the PLAN by making parallel upgrades to our own fleets in key areas. In terms of the former, specific courses of action could include conducting more extensive joint naval drills with regional powers such as Vietnam, South Korea, and the Philippines in order to deter China from engaging in more forceful measures in relation to territorial disputes. An additional step could be to revitalize the US-Japan alliance in order to help both countries achieve their strategic interests in the maritime realm.

(Carlisle, PA: Strategic Studies Institute, U.S. Army, 2007), in "Can China Defend a 'Core Interest' in the South China Sea?" Toshi Yoshihara and James R. Holmes *The Washington Quarterly* 34:2, 2011, 553.

⁸² Friedberg, *Contest for Supremacy*, 21.

⁸³ Yoshihara and Holmes, "Can China Defend a 'Core Interest' in the South China Sea?" 55.

Courses of action here might include: First, taking steps to improve the interoperability of their militaries in intelligence, surveillance and reconnaissance [ISR] operations in order to facilitate a more effective joint response to contingencies, such as on the Korean peninsula. Second, the US and Japan could prepare for joint naval operations in defense of potential (Chinese) threats to accessing the global maritime commons. This might include bolstering the navies and coast guards of key littoral states, helping to secure SLOCs, and shoring-up Japan's military capabilities in light of China's growing naval assertiveness.⁸⁴

With regard to making upgrades to American naval forces, operationalizing the "Air-Sea Battle Concept" in order to overcome efforts by the PLAN to field robust anti-access capabilities represents one way for the Navy to counter growing challenges to US military power projection in Asia-Pacific.⁸⁵ Other improvements on US Navy programs might include:

Developing and procuring highly capable ships, aircraft, and weapons for defeating Chinese anti-access systems; assigning a larger percentage of the Navy to the Pacific Fleet; home porting more of the Pacific Fleet's ships at forward locations such as Hawaii, Guam, and Japan; increasing training and exercises in operations relating to countering Chinese maritime anti-access forces, such as antisubmarine warfare (ASW) operations; and increasing activities for monitoring and understanding developments in China's navy, as well as activities for measuring and better understanding operating conditions in the Western Pacific.⁸⁶

A corollary of the specific courses of action described in the preceding quote is that a naval balancing approach would require the US Navy to retain its power-projection capability, be able to carry out littoral special operations combat (i.e. against terrorist groups based in and around

⁸⁴ Dr. Patrick Cronin, Dr. Daniel Kliman, and Abraham M. Denmark, "Renewal: Revitalizing the U.S.-Japan Alliance." *CNAS*, October 27, 2010, 5-7. <http://www.cnas.org/node/5169>

⁸⁵ The "Air-Sea Battle Concept" is a recent Navy doctrine based on the tight integration of Air Force and Navy operations in which each service plays a key enabling role for the other in accomplishing critical missions. It was put forward specifically to maintain the current military balance in the Western-Pacific theatre of operations, which offsets the PLA's rapidly improving anti-access area-denial capabilities. It is premised upon the belief that the key to maintaining a stable military balance in the Western-Pacific, is the US military's ability to sustain sufficient power in the region to defend US interests and protect friends and allies. Jan van Tol with Mark Gunzinger, Andrew Krepinevich and Jim Thomas, "AirSea Battle: A Point of Departure Operational Concept," *Center for Strategic and Budgetary Assessments*, May 18, 2010. <http://www.csbaonline.org/publications/2010/05/airsea-battle-concept/>

⁸⁶ O'Rourke, "China Naval Modernization," *i.*

Indonesia, Malaysia and the Southern Philippines), and have an enhanced stealth capability (for patrolling the Chinese mainland and Taiwan Strait among other regions). Making sure that the US Navy is equipped to carry out each of the three different types of operations above will strengthen our ability to deflect China's rising sea-power, both directly and indirectly. Through a containment policy focused on naval balancing, the US Navy will be "prepared any time to fight, say, a conventional war against North Korea or an unconventional counterinsurgency battle against a Chinese-backed rogue island-state."⁸⁷

3.3 Advantages of Containment

Enacting a containment-based policy of naval balancing will reduce the US Navy's strategic vulnerability to emerging PLAN capabilities. This will ensure continued US naval supremacy in East-Asia, which is a necessary prerequisite to maintaining peace and stability under the current security architecture. If successful, this policy would also be beneficial to China's rising power, in that through deterrence, it encourages China to move away from assertive action and instead continue its "charm offensive" toward other Asian states. Improving its relationships with other regional players will facilitate China's continued economic growth, and could reduce the possibility of a security dilemma. In the case of the off-shore territorial disputes of the South and East-China Seas, Fravel argues that China will likely be more willing to compromise than escalate.⁸⁸ Based on this assessment it is more likely that a deterrent strategy such as this could push China toward a more conciliatory posture in the case of the South and East China Sea disputes. In essence, the advantages of this approach are contingent on whether a

⁸⁷ Robert D. Kaplan, "How We would Fight China," *The Atlantic*. June 2005.

<http://www.theatlantic.com/magazine/archive/2005/06/how-we-would-fight-china/3959/>

⁸⁸ Fravel argues that territory is not likely to be a leading source of conflict based on China's history of being more likely to compromise and less likely to use force in its territorial disputes than many policy analysts assert. Fravel, *Strong Borders, Secure Nation*

deterrence strategy will be successful in shaping China's strategic posture away from revisionist tendencies.

4.2 Disadvantages of Containment

The central disadvantage of this policy is the risk inherent in making assumptions about China's strategic intentions based on their developing military capabilities. The implications of China's growing anti-access capabilities are clear and should be addressed. However, directly interpreting the PLA's capabilities as intentions simplifies what should be a much more complex and ambiguous endeavor, involving an assessment of various other factors.⁸⁹ A misinterpretation that leads to overreaction by the United States could be disastrous for the interests of both nations, and regional security. Nan Li corroborates this view, claiming that "while a major change in naval capabilities may be related to a change in naval strategy, sometimes it may be driven more by other highly contingent or idiosyncratic reasons." These variables may include the role of naval leadership and personal experience, endorsement of civilian leadership, changing perception of external security environment, availability of funding and technologies, and institutionalization of naval research.⁹⁰

Despite rising fears in Washington over China's developing military power, a popular consensus among naval experts is that Beijing's naval building program has actually been quite moderate, and defensive-oriented. This is due to the fact that its major focus has been on building conventional submarines which are more oriented toward defensive operations rather than power-projection missions. Overreaction in Washington leading to strong containment measures

⁸⁹ Abraham Denmark, "The Uncertain Rise of China's Military," *Testimony before the US-China Economic and Security Review Commission*, March 10, 2011. www.cnas.org.

⁹⁰ Nan Li, "The Evolution of China's Naval Strategy and Capabilities," 144-145.

could have the unfortunate effect of precipitating the Cold War which many already fear.⁹¹ Similarly, a more robust, forward-posture based on enhancing defense agreements and implementing strategies such as the air-sea battle concept could provoke a more intense US-China rivalry, and ensuing security dilemma. A related point is key regional allies would likely become uncomfortable with such a strong US posture due to the risk of escalating tensions. This could result in demands for a reduced US troop presence in Japan, or the possibility of some East-Asian states shifting away from the US in order placate China. Among the many negative implications of this outcome, is also the destabilizing effect it would have on the economic interests of both the US and China, whose economies have become increasingly intertwined.

5. RECOMMENDED POLICY

Each of the three policies outlined above—hedging, accommodation and containment—were chosen in order to highlight the key strengths and weaknesses of the broader conceptual approach and related theoretical arguments. Clearly, any policy based on a single ideal-type approach would necessarily be short-sighted and incomplete. The question which this paper was tasked to answer, is how to best reduce tensions and the possibility of maritime confrontation between the US and China in East-Asia. Based on the preceding policy discussions, the crux of this issue seems to be how to avoid triggering a security dilemma—which becomes more or less likely depending on how accurately US policymakers interpret China’s strategic intentions and maritime ambitions.

The outcome of appeasement or containment policies is frequently contingent upon the a priori intentions of the rising power’s leadership or on the sensitivity to the foreign policies of other states of its domestic political system and of the domestic balance of power among contending policy groups.⁹²

⁹¹ Goldstein, “Resetting the US-China Security Relationship,” 90-91.

⁹² John A. Vasquez, *The War Puzzle*, (New York: Cambridge University Press, 1993), in “The Rise of China: Theoretical and Policy Perspectives,” ed. Ross and Feng, 306.

The risk is that containment policies directed at a cooperative state risks begetting greater ambitions which are less amenable to management; while appeasement directed toward an ambitious leadership can beget even greater ambition and increased likelihood of instability.⁹³

The difference is that in the containment approach assessed in policy three, the security dilemma is likely to materialize first between the US and China; whereas in the accommodation approach of policy two, the actions of other regional players to increase their own security is what would trigger it. Depending upon how the status-quo policy of hedging is perceived in Beijing, a security dilemma is an equally plausible outcome.

4.3 Implementation of Consultative Engagement & Naval Hedging

In conclusion, this paper recommends a policy of consultative engagement and naval hedging; a *mélange* approach which prioritizes three broad agenda goals: (1) increased participation in regional multilateral institutions as the primary form of US diplomatic engagement in East Asia; (2) increased engagement and cooperation with China across a wide spectrum of maritime areas; and (3) hedging through directed naval capabilities in order to counter the developing anti-access capabilities of the PLAN. These broad agenda goals are informed by this author's perspective that while renegeing on our commitment to existing bilateral defense agreements is not a viable option at this time, maintaining US primacy in the region will be likewise unfeasible and too costly in the long-term. Asia's security architecture is undergoing a momentous shift characterized by China's growing influence and power, and the rise of new strategic realities in the Asian region. As a result, the greatest challenge to current and future US administrations and policymakers in Washington will be to understand, accept and

⁹³ Ross and Feng, "The Rise of China: Theoretical and Policy Perspectives," 307.

cope with the shifting balance of influence in Asia, from an era of sustained American primacy to a more widespread distribution among a variety of regional actors—most notably China.⁹⁴

The first step in this policy would be to implement a more accommodating diplomatic posture which reflects our acceptance of a new Asia-Pacific balance, characterized by China's emerging political and cultural predominance. This requires the US to make more political space for China to exert its own form of leadership by enacting the specific courses of action laid out in policy two of this paper. To reduce the chances of a security dilemma ensuing from a policy of accommodation, the US would need to be even more involved and participatory in East-Asian multilateral and regional forums than ever before. This would help mitigate the fear that in making political space for China we are preparing for a policy of "benign neglect" of the region. On the contrary we would be increasing our participation and involvement in Asian affairs, and just tailoring the manner in which we conduct our engagement that is reflective of new strategic realities in the Asian region. The fact that the US joined the East Asia Summit this past June is a step in the right direction, acknowledging that American engagement in East-Asia should be based in multilateral consultation and cooperation. This would help convince allies and friends that "America's position in the region is not sustained only through our primacy but also through building and developing complementary and productive partnerships" through larger Asian institutions—not only through bilateral ties.⁹⁵ A key component of this multilateral engagement approach would also be to encourage greater trilateral cooperation with China and Japan, with a call for a high-level meeting between leaders of all three countries as a first step. The US has a clear national security interest in encouraging positive Sino-Japanese relations, including curbing the possibility of conflict erupting over the Senkaku/ Diaoyutai Islands dispute. Therefore

⁹⁴ Dr. Kurt M. Cambell, Nirav Patel, and Vikram J. Singh. "The Power of Balance: America in iAsia". *CNAS*, June 11, 2008. Accessed May 17, 2011. <http://www.cnas.org/node/118>

⁹⁵ *Ibid*, 80.

incremental measures such as increasing high-level dialogue, perhaps by creating a trilateral US-Sino-Japan summit would go a long way toward promoting more stable and predictable relations between the Japan and China.

This second step in this policy requires that the US prioritize increasing cooperation with China on sensitive issues of maritime security—an area which the status-quo policy has not paid adequate attention. As Lyle Goldstein elaborates, “The maritime component of the US-China security relationship is important precisely because it has been the cause of very considerable tension in the overall security relationship.”⁹⁶ Therefore, it is incumbent upon US policymakers to place a higher priority on approaches which institutionalize the habit of military cooperation at all levels between the US and China, and reign in the developing US-China military rivalry. This will help to build trust between the two powers, and reduce the mutual suspicion and mistrust which has characterized the US-China relationship in recent years. With respect to the maritime domain, this could include accelerating maritime cooperation in areas of: confidence building and crisis management; search and rescue; disaster relief; environmental stewardship; regional maritime security; and sea-lane security.⁹⁷ Alternative CBMs could involve establishing direct communications and a working relationship between the respective leaders of the US and PLA navies. For example, should a contingency arise in a volatile area such as the Korean peninsula, ideally the Chinese North Sea Fleet Commander and US Pacific Fleet Commander would know each other, have discussed possible scenarios and instructed their staff on ways forward.⁹⁸ While it may be true that reaping the benefits of CBMs takes time, this is not a reason to halt or prolong attempts at employing them now. Effective maritime cooperation will not only help to prevent an

⁹⁶ Goldstein, “Resetting the US-China Security Relationship,” 92.

⁹⁷ *Ibid.* Also see specific recommendations for boosting US-China maritime cooperation outlined in chapter three of this paper.

⁹⁸ *Ibid.*, 104-105.

intensification of US-China strategic rivalry, but also help pave the way for a new era of increased acceptance and support of China's leadership in the region.

While this policy's main focus is on the merits of enhanced multilateral engagement and increased maritime cooperation between the US and China, it does not advocate against the strategic utility of a hedging strategy in order to maintain an effective deterrent against the possibility of confrontation. Concerns about capabilities and about current and future intentions on both sides will make some suspicion and thus some hedging unavoidable.⁹⁹ The PRC's military modernization risks increasing instability in East-Asia, regardless of whether their goals are seen as expansionist or not. Therefore, a policy of targeted hedging through directed US naval capabilities will help to relieve rising insecurity. This coincides with Robert Ross' view:

But just as the United States cannot base policy on an exaggerated assessment of the China threat, it cannot allow strategic complacency to undermine U.S. security. Washington must maintain those capabilities that underpin U.S. strategic partnerships with the maritime states in China's neighborhood and a favorable regional balance of power. Respect for Beijing's strategic potential requires that U.S. defense policy continues to stress advancement of those capabilities that support American power projection in the western Pacific Ocean, even as the United States prepares for a protracted era of counterinsurgency warfare.¹⁰⁰

The challenge here is for the United States to develop a measured military response to what Ross terms 'China's naval nationalism' while avoiding unnecessary and costly bilateral tension.¹⁰¹ A policy of naval hedging could include developing US submarine forces and ASW capabilities—rather than surface forces which are increasingly vulnerable to PLAN systems. The former capabilities are geared more towards establishing sea-denial than sea-control, which is becoming increasingly less feasible within the East-Asian littoral. Emphasis on these areas would be an effective and discreet way to maintain confidence among regional allies in US naval supremacy,

⁹⁹ Chase, "Chinese Suspicion and US Intentions," 147.

¹⁰⁰ Ross and Friedberg, "Here be Dragons: Is China a Military Threat?" 31.

¹⁰¹ Robert S. Ross, "China's naval nationalism: Sources, prospects, and the U. S. response," *International Security* 34 (2) (Fall: 2009), 78. <http://www.jstor.org.ezproxy.bu.edu/stable/40389213>.

and in turn the credibility of our regional security guarantees. This would be less provocative and likely to incense Sino-US tensions, than the more robust naval posture suggested in this paper's containment approach. In essence, naval hedging is meant to reflect a genuine 'hedge' that does not constitute the focus of US policy in the region, but a low-profile and carefully directed effort to mitigate risk.¹⁰²

How we respond to the challenges posed by an increasingly assertive and more powerful Chinese maritime power has important regional and global security implications. Given the current salience of China's naval modernization and rising tensions in East-Asian waters, this paper has chosen to focus on the maritime dimensions of US-China relations. If successful, this policy could help reshape the US-China relationship into a cooperative partnership that jointly maintains regional peace and stability, thereby improving the chances for peace.

¹⁰² Goldstein, "Resetting the US-China Security Relationship," 110-111.

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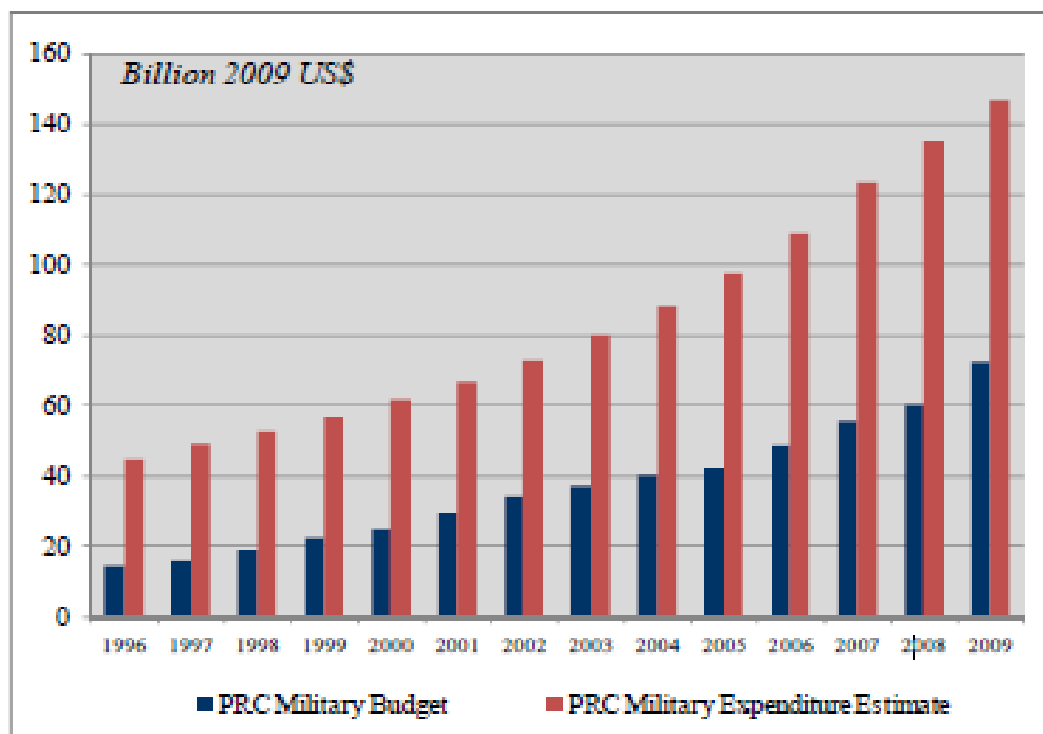
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APPENDIX

Appendix A: Trends in China's Defense Expenditures¹⁰³



China's Annual Real GDP and Military Budget Growth, 2000 - 2009.

¹⁰³ Most recently, on March 4, 2011 China announced a \$91.5 billion increase in defense spending on the PLAN and PLA Air Forces [PLAAF], up 12.7% from the previous year's official budget of \$77.9 billion to marking the 20th double-digit increase in China's defense spending since 1989. This clearly shows China's commitment to significantly strengthening their military power in a region which has played host to US Naval supremacy for over sixty-five years. Also, according to the US Department of Defense there is a significant divide between China's stated military budget and its actual military expenditures, due to a lack of accounting transparency and exclusion of major categories of expenditure within the military budget. For example, DOD estimates that the PRC's actual defense spending in 2010 was nearly twice its stated budget of \$77.9 billion, at about \$150 billion. See "Military and Security Developments Involving the People's Republic of China 2010." *Office of the Secretary of Defense*. 43.

Appendix B: Number of PLA Navy Ships Presented in Annual DOD Reports to Congress¹⁰⁴

(Figures include both older and less capable units and newer and more capable units)

	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nuclear-powered attack submarines	5	5	~ 60	n/a	6	5	5	5	6	6
Diesel attack submarines	~60	~ 50	~ 60	n/a	51	50	53	54	54	54
Destroyers	~20	~ 60	> 60	n/a	21	25	25	29	27	25
Frigates	~40	~ 60	> 60	n/a	43	45	47	45	48	49
Missile-armed coastal patrol craft	n/a	~ 50	~ 50	n/a	51	45	41	45	70	85
Amphibious tank landing ships (LSTs) and amphibious transport dock ships (LPDs)	almost 50	~ 40	> 40	n/a	20	25	25	26	27	27
Amphibious medium landing ships (LSMs)				n/a	23	25	25	28	28	28

Source: Table prepared by CRS based on data in 2002-2010 editions of annual DOD report to Congress on military and security developments involving China (known for 2009 and prior editions as the report on China military power).

Note: n/a means data not available in report.

¹⁰⁴ The PLAN currently fields 53 diesel-electric submarines which include the very quiet and difficult to detect *Song*, *Kilo* and most recently commissioned *Yuan* class submarine—all non-nuclear powered attack submarines (SS), capable of launching sophisticated torpedoes, ASCMs, and mines. The PLA Navy is also currently building two new classes of nuclear-powered submarines: the 093 SSN (fast-attack submarine) also known as the *Jin*-class, and the 094 SSBN (ballistic-missile submarine) otherwise called the *Shang*-class, of which the latter will carry the JL-2 SLBM, an 8,000-10,000 kilometer-range submarine-launched ballistic missile. The range of the SLMBs carried by the *Jin*-class SSBNs could permit them to threaten the continental United States from the relative safety of proximate waters in the central Pacific.

Appendix C: US Naval Forces in the Pacific: Equipment Type and Location¹⁰⁵**Guam**

Abbreviation	Definition	Quantity
SSN	Submarine, nuclear powered	3

Japan

Abbreviation	Definition	Quantity
CVN	Carrier, nuclear powered	1
CGHM	Cruiser, with guided missiles	2
DDG	Destroyer, with guided missiles	7
LCC	Amphibious command ship	1
MCO	Mine countermeasures	4
LHD	Amphibious assault ship	1
LSD	Landing ship, dock	2
LPD	Landing Platform, doc	1

Pacific

Abbreviation	Definition	Quantity
SSBN	Submarine, nuclear powered, with ballistic missiles	8
SSGN	SSN, with dedicated, non-ballistic missiles	2
SSN	Submarine, nuclear powered	29
CVN	Carrier, nuclear powered	4
CG	Cruiser, with guided missiles	8
DDG	Destroyer, with guided missiles	21
FFG	Frigate, with guided missiles	12
MCO	Mine countermeasures	6
LHD	Amphibious assault ship	3
LCS	Landing ship, support	2
LPD	Landing platform, dock	3
LSD	Landing ship, dock	3

¹⁰⁵ Anthony H. Cordesman, and Robert Hammond. "Military Balance in Asia 1990-2011: A Quantitative Analysis." *Center for Strategic & International Studies*. May 16, 2011.

Appendix D: US and China Nuclear Capable Forces in the Pacific¹⁰⁶**United States**

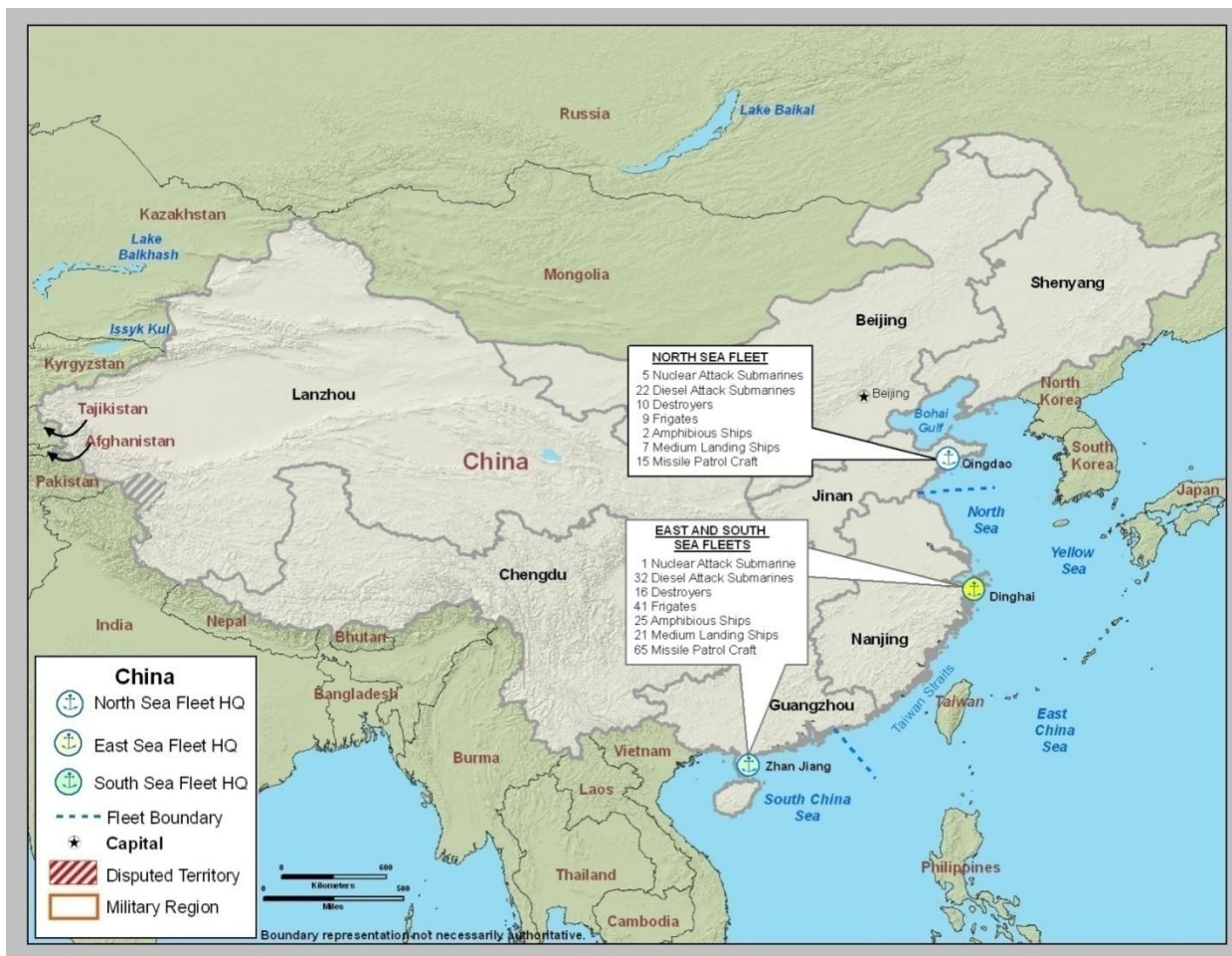
Quantity	Role/Type
Navy	
14	Ohio SSBN 730 <i>Each with up to 24 UGM-133A Trident D-5 strategic SLBM</i>
Air Force	
6	SQN with 71 B-52H Stratofortress <i>Each with up to 20 AGM-86B nuclear ALCM and/or AGM-129A nuclear ACM</i>
2	SQN with 19 B-2A Spirit <i>Each with up to 16 free-fall bombs (or 80 when fitted with Small Diameter Bombs)</i>
4	B-52 test heavy BBR
1	B-2 test heavy BBR
9	SQN with 450 LGM-30G Minuteman III <i>Each with a capacity of 1-3 MIRV Mk12/Mk12A per missile</i>

¹⁰⁶ Anthony H. Cordesman, and Robert Hammond. "Military Balance in Asia 1990-2011: A Quantitative Analysis." *Center for Strategic & International Studies*. May 16, 2011.

China

Quantity	Role/Type
Strategic Missiles (figures are estimates)	
ICBM	
12	DF-31 (CSS-9)
24	DF31A (CSS-9 Mod 2)
10	DF-4 (CSS-3)
20	DF-5A (CSS-4 Mod 2)
IRBM	
80	FD-21 (CSS-5)
36	DF21C (CSS-5 Mod 3)
2	DF-3A (CSS-2 Mod)
SRBM	
108	DF-11A/M-11A (CSS-7 Mod 2)
96	DF-15/M-9 (CSS-6)
LACM	
54	CJ-10 (DH-10)
Navy	
1	Xia <i>With 12 JL-1 strategic SLBM</i>
2	Jin <i>With 12 JL-2 strategic SLBM</i>

Appendix E: China's Major Naval Units¹⁰⁷



¹⁰⁷ “Military and Security Developments Involving the People’s Republic of China 2010.” *Office of the Secretary of Defense*. 65.

Appendix F: US Naval Forces in the Pacific – Force Size & Location¹⁰⁸

Regional Naval Installations Located in:

- Singapore
- Hawaii
- Japan
- South Korea
- Guam

US 7th Fleet Forces

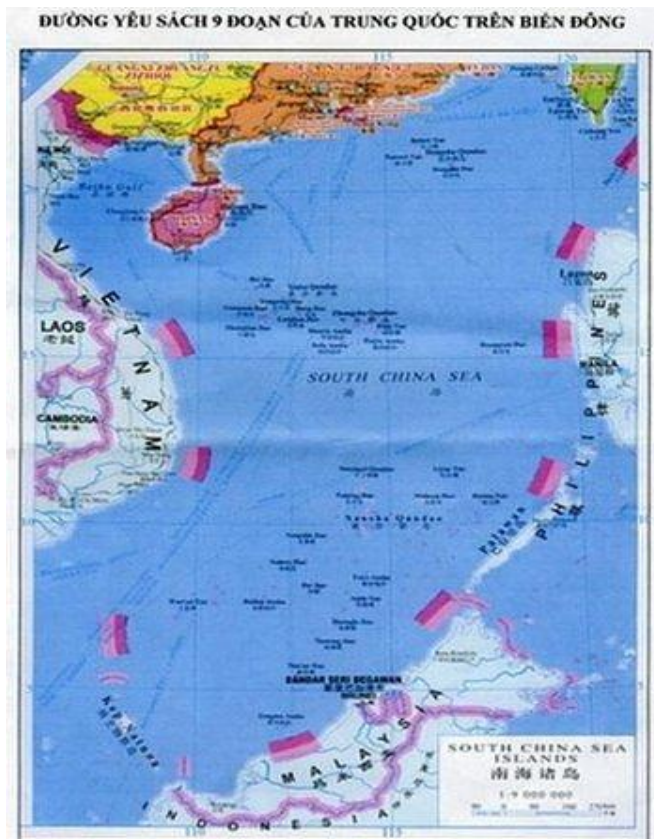
- 60-70 ships
- 200-300 aircraft
- 400,000 Sailors and Marines
- US-based carrier and expeditionary strike groups conduct rotational deployments to the region.
- 21 forward deployed ships are located in the region at US facilities in Japan and Guam
- 8 Regional Task Forces

Appendix G: China's Claims to Territorial Waters



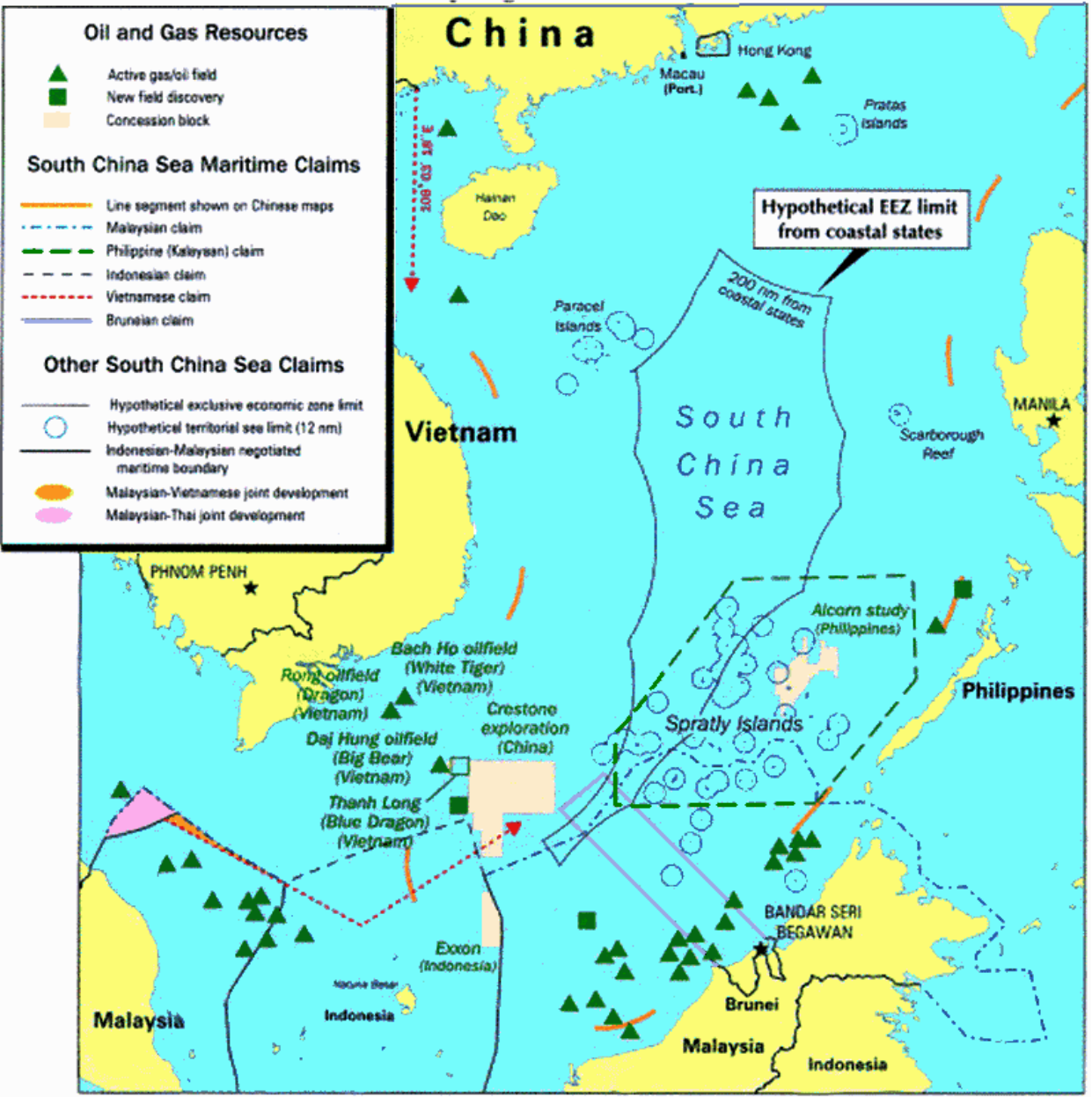
¹⁰⁸ See <http://www.c7f.navy.mil/forces.htm> and http://www.cnmc.navy.mil/CNIC_HQ_Site/RegionsAndInstallations/index.htm#findInstallationsByRegion

Appendix H: China's 9 Dash Line

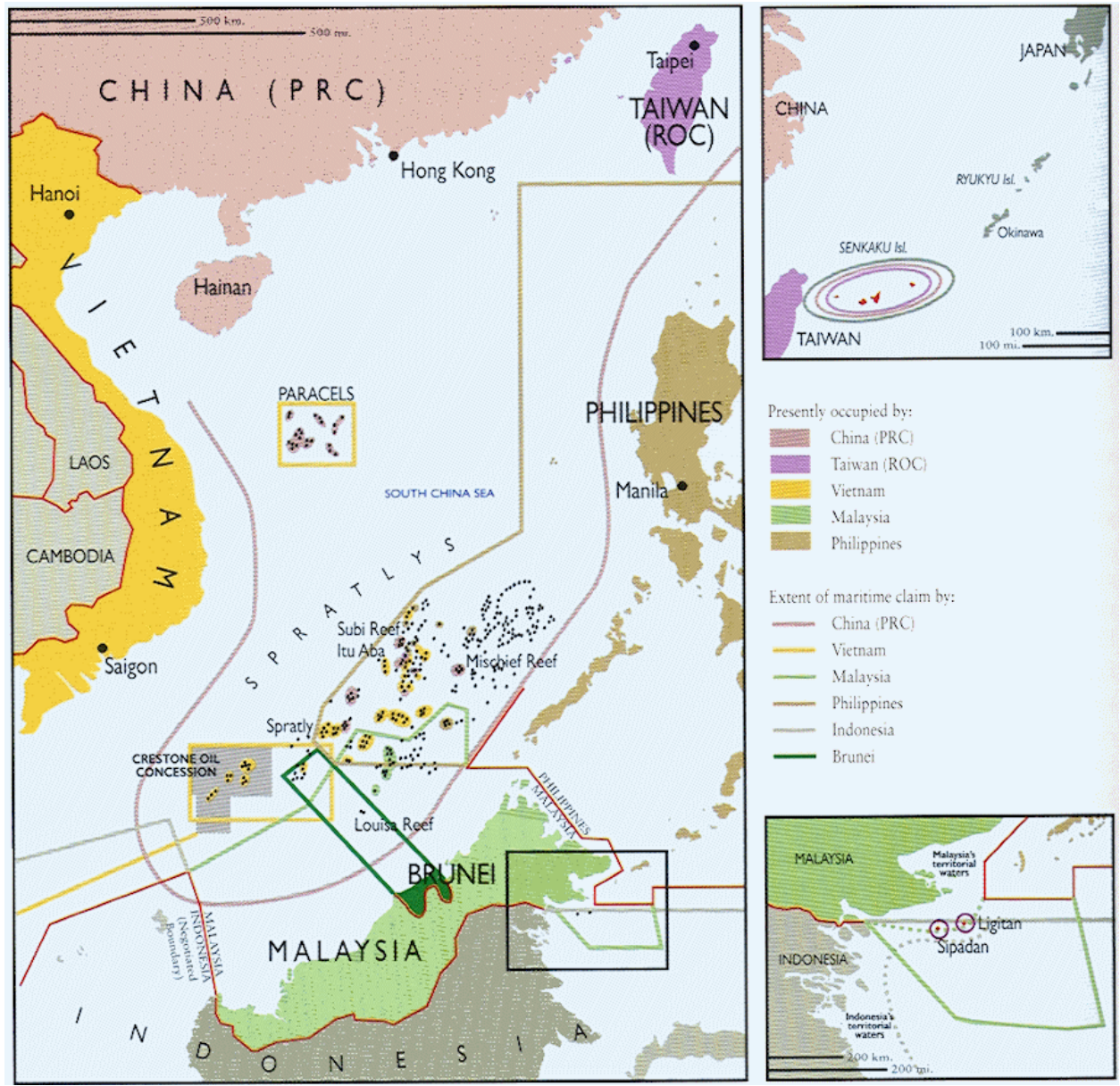


Appendix I: South China Sea Territorial Claims

Competing Claims in the South China Sea



Appendix J: South and East China Sea Territorial Claims¹⁰⁹



¹⁰⁹<http://www.globalsecurity.org/jhtml/jframe.html#http://www.globalsecurity.org/military/world/war/images/south-china-sea-claims2.gif>