

Statement before the
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A Testimony by:

Bonnie S. Glaser

Director, Asia Program
German Marshall Fund of the United States

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Chairman Reed, Ranking Member Inhofe, and distinguished members of the Senate Committee on Armed Services, thank you for the opportunity today to testify at this important hearing on “The United States’ Strategic Competition with China.”

My testimony today will focus on three issues: China’s gray zone tactics in support of its strategic objectives; deterrence in the Taiwan Strait and U.S. policy toward Taiwan; and the role of U.S.-China military ties in deterring conflict and managing escalation.

The Role of Gray Zone Tactic in Advancing China’s Interests and Objectives

China seeks to become the dominant power in Asia, while simultaneously increasing its global influence. Regionally, Beijing’s priorities include settling sovereignty disputes in China’s favor, deepening regional economic integration and thus dependence on China, dissuading its neighbors from taking actions damaging to Chinese interests, and weakening U.S. alliances and military presence. Globally, Beijing aspires to shape international rules, norms, and institutions so they are less threatening and more advantageous to China. Above all else, China wants to ensure that its strategic environment is favorable for the continued growth of all dimensions of Chinese power. China’s strategy is to build its comprehensive economic, military, and technological power over the course of the next decade, which will enable it to achieve its objectives.

China has developed an expansive toolkit to advance its interests and goals. Increasingly prominent among those tools are gray zone tactics – activities of non-traditional statecraft that are designed to achieve strategic advantage without resorting to or provoking use of force. These tactics include economic coercion, cyber and information operations, disinformation campaigns, military exercises, and state-controlled paramilitary maritime forces.

Economic coercion is increasingly being used by Beijing to punish countries that harm Chinese interests. Measures employed include curtailing access to China’s large market, import tariffs, consumer boycotts, tourism bans, export restrictions, and sanctions on individuals and organizations deemed unfriendly to China. The latest target of Chinese economic coercion is Australia, which riled Beijing by barring Huawei and ZTE from its 5G network, accusing China of interfering in Australia’s domestic politics, and, above all, calling for an independent inquiry into the origins of the Covid-19 pandemic.

China is using military assets for gray zone coercion against Taiwan. Since September 2020, PLA aircraft have flown in Taiwan’s Air Defense Identification Zone almost daily, and sometimes crossed the centerline of the Taiwan Strait which was a tacitly accepted boundary for decades. In conjunction with other gray zone tactics, these flights are intended to warn Taiwan’s democratically elected government against pursuing independence, erode the will of the Taiwanese people to resist unification, and wear down the ROC Air Force.

Cyber operations are increasingly being employed by China for coercive purposes. Cyber attacks are used to pressure governments as well as private companies to change their policies. Last year, there were suspicions, albeit unproven, that Chinese hackers targeted nodes of India’s electric grid to demonstrate its cyber capabilities and to dissuade India from challenging China’s territorial claims along the border.

Especially worrisome are China's non-military maritime forces, the China Coast Guard under the command of the Central Military Commission, and the People's Armed Forces Maritime Militia, which is composed of fishing boats manned by fishermen who receive military training and are coordinated by the state. China employs these non-military assets to assert its claims to the disputed Senkaku Islands, which are administered by Japan, and to harass and coerce rival claimants in the South China Sea. By relying on its coast guard and maritime militia, China has been able to challenge other countries' claims in disputed waters in the East and South China Seas, while minimizing the risk of escalation.

China's confidence in its gray zone arsenal reduces its reliance on military force to secure a favorable outcome. But it also complicates the ability of the U.S. to respond effectively, to deter Chinese bullying, and to reassure allies and partners. China is using U.S. avoidance of risk to its advantage. It continues to rely on gray zone tactics because the costs are minimal.

The U.S. should be more proactive, rather than reactive in its approach to China's gray zone challenges. In particular, the U.S. and its allies must be willing to incur some degree of escalation risk in order to effectively deter and respond to gray zone coercion. They must also develop means to impose greater costs on China for its malign behavior.

The Biden administration should work to forge a counter-coercion coalition composed of countries that have been subjected to Chinese economic coercion or are vulnerable to such coercion in the future. When instances of Chinese economic coercion take place, coalition members can decide whether and how to respond. Such a grouping could help countries resist Chinese coercion and reduce their vulnerabilities to Chinese trade pressure. Even more important, the coalition could seek to impose costs on China with the aim of changing Beijing's risk-reward calculus and thus deter it from undertaking future economic coercion campaigns. A web of arrangements could be considered for collective action, including joint statements condemning Chinese behavior, WTO challenges, punitive retaliatory tariffs, and offsetting assistance to targeted countries.

The U.S. should work with allies and partners to preserve and strengthen international rule of law, which constricts opportunities for gray zone activity. Toward this end, the U.S. should ratify the U.N. Convention on the Law of the Sea. Doing so would bolster the reputation of the United States as a rule-abiding country. It would also enable the U.S. to participate in the rule-making process on the law of the sea rather than cede ground to China.

The U.S. should also adopt a more proactive approach aimed at imposing costs on China for asserting unlawful claims and undermining other countries' sovereignty in the South China Sea. Chinese vessels engaged in fishing, tourism, scientific surveys, or oil and gas exploration in nation's EEZs without permission should be sanctioned. In addition, a robust effort should be undertaken to surveil, identify, and categorize Chinese maritime militia boats that are using coercion against other claimants. Once documented, this information should be shared with U.S. allies and partners to attempt to garner support for imposing sanctions on Chinese fishing companies aimed at incentivizing changes in their behavior.

Sanctions should be imposed on known state-owned maritime militia units operating in the Spratlys and potentially on Chinese individuals who support, direct, or facilitate militia activity.

Costs can also be imposed on private Chinese fishing companies that engage in maritime militia activities on a part-time basis. The U.S. can blacklist companies, bar seafood imports from them, and ban U.S. investment in these companies. Such actions would not only be intended to curb current coercive activity by Chinese fishing companies, but also disincentivize other companies from engaging in coercion.

In the East China Sea, the U.S. and Japan should develop contingency plans for gray zone scenarios that enable prompt and effective responses to Chinese coercion. More frequent joint U.S.-Japan patrols near the Senkakus in response to Chinese incursions would signal that Chinese pressure on Japan is not cost free.

Enhancing Deterrence in the Taiwan Strait

Taiwan remains the most dangerous potential flashpoint between the United States and China. Chinese leader Xi Jinping has explicitly stated that “reunification” is “critical to the rejuvenation of the Chinese nation” and refuses to renounce the use of force to achieve that objective. China’s military has developed significant “counter intervention” capabilities within the first and second island chains in East Asia that are aimed at deterring and defeating U.S. forces should they intervene to prevent a Chinese military takeover of Taiwan. A combination of precision-strike ballistic missiles, land-attack cruise missiles, and anti-ship cruise missiles launched from surface ships, submarines, and aircraft put at risk U.S. surface ships operating within 2000 kilometers of China’s coastline and U.S. bases as far away as Guam. China’s long-range air defenses threaten U.S. air assets defending Taiwan as well as Taiwan’s air force. To achieve its goal of information dominance in a conflict, the PLA is developing capabilities to blind or destroy satellites that are essential for U.S. situational awareness and communications in a Taiwan conflict.

Even if China’s military was successful in deterring or defeating U.S. intervening forces—which is an assumption the PLA cannot and does not make—many analysts argue that the PLA cannot yet easily seize and occupy Taiwan. Moving tens or hundreds of thousands of troops across 80 nautical miles of water and then defeating an active resistance in mountainous terrain would pose challenges for the Chinese military which hasn’t fought a war in over forty years. Signs of China’s preparations for a cross-Strait war would be apparent, thus depriving the PLA of strategic surprise and providing Taiwan with the opportunity to move its naval fleet out of vulnerable ports, deploy sea mines, put the economy on war footing, and take additional measures to prevent PLA troops from landing on any of the beaches on Taiwan’s western coast. The U.S. would also have the chance to deliver and reinforce its deterrent messages.

A failed invasion or even one that ends in a stalemate could pose a major threat to the Chinese Communist Party’s legitimacy at home. Other risks would also have to be considered before a decision to attack was made. Use of force would severely damage China’s image in the world and potentially solidify an anti-China coalition willing to push back against Chinese aggression. A military takeover of Taiwan would inevitably lead to a diversion of resources from Xi’s pressing domestic priorities and set back, rather than advance, his plan of attaining national

rejuvenation by mid-century. Moreover, Beijing could not rule out a military conflict with the United States that could spread beyond the Taiwan Strait or escalate to an exchange of nuclear weapons.

While it is true that some experts in China have concluded that time is no longer on China's side and Beijing should use force to compel unification, Xi Jinping has not heeded this advice. In the 14th Five-Year Plan that was approved in March, Beijing reaffirmed the policy guideline of pursuing "peaceful development of cross-Strait relations," which was put in place during Hu Jintao's presidency. On a recent inspection tour in Fujian, Xi exhorted provincial officials to "be bold in exploring new paths for integrated cross-Strait development," including by offering economic policies that would benefit the people of Taiwan and deepen mutual understanding. Rather than visit a front-line PLA unit, Xi inspected a mobile corps of the People's Armed Police Force. In a January 2019 speech, Xi implored China's "brethren" in Taiwan to not pass down differences between the two sides of the Strait from one generation to the next, but he did not set a fixed timeline for unification.

China's top priority is to deter Taiwan independence; unification is a longer-term goal that Beijing prefers to achieve without bloodshed. It is employing a vast array of tools designed to undermine the confidence of the people of Taiwan in their government and weaken their will to resist integration with the mainland. At the same time, the Chinese are warning the governments in Taipei and Washington against strengthening ties with each other in ways that threaten Chinese redlines. To these ends, China is pursuing a strategy of gray zone warfare that combines military, diplomatic, and economic pressure.

Calls from some American strategists for the U.S. to abandon its long-standing policy of ambiguity regarding whether the U.S. would come to Taiwan's defense if attacked are no doubt intended to prevent a catastrophe, but they are based on a misreading of the strategic situation, particularly Chinese intentions, strategy, and politics.

"Strategic clarity"—an unconditional commitment by the U.S. to defend Taiwan—could provoke, rather than deter, a Chinese invasion of Taiwan. Such a shift in U.S. policy would confirm Beijing's suspicions that the U.S. is supporting Taiwan independence, and potentially persuade Xi that forced reunification should take place now, when U.S. capabilities to defend Taiwan are deficient, rather than a decade hence when new technologies and weapons systems may further increase the costs of a PLA invasion. The extension of an unqualified security commitment to Taiwan would likely be seen by Beijing as a restoration of the U.S.-ROC alliance that was terminated as a precondition for the establishment of U.S.-PRC diplomatic relations in 1979. Xi Jinping might be compelled to act or risk criticism within the CCP that he is failing to defend the nation's sovereignty.

The credibility of an unconditional commitment to Taiwan's defense could be constantly tested and challenged by Chinese gray zone military actions that would prove the limits of the U.S. security guarantee. The PLA could easily seize the outer islands of Jinmen and Mazu, which are located only a few miles from the mainland's coastline. It could fly aircraft or missiles over Taiwan with impunity. Moreover, the Chinese leadership and the PLA already assume and plan

for U.S. intervention in most major conflict scenarios as evidenced by the PLA's focus on developing anti-access area-denial capabilities.

Another consideration is Taiwan's potential response to a U.S. decision to abandon strategic ambiguity and provide an iron-clad security commitment. Providing certainty to Taiwan that the U.S. will come to the rescue if China attacks could weaken the Taiwanese military's already feeble commitment to necessary defense reforms and implementation of an asymmetrical strategy that holds out the possibility of making Taiwan indigestible to invaders. Taiwan's current President Tsai Ing-wen has pursued a moderate approach to cross-Strait relations and eschewed provocative policies, but her successors may not do the same. If a more radical member of the DPP is elected in 2024, he or she may be emboldened to push for de jure independence, which would almost certainly provoke a PRC attack. It is in U.S. interest to continue to dissuade Taiwan's politicians from crossing Beijing's true redlines of asserting its independence from China or developing nuclear weapons, which would result in war.

Short of providing an unconditional security commitment to Taiwan, there are many steps that the U.S. can and should take to shore up cross-Strait deterrence.

To enhance the credibility of U.S. military intervention to defend Taiwan, the United States must move away from reliance on fixed regional bases that are vulnerable to Chinese attack, and rely more on a smaller, dispersed, resilient, adaptive force posture. The U.S. must also develop a larger inventory of longer-range conventional strike weapons.

Greater efforts must be made by both the United States and Taiwan to help transform Taiwan's military into an agile, resilient, and modernized force with the asymmetric capabilities to deter and, if necessary, defeat a PLA invasion. Weapons procurement should focus more heavily on procuring large quantities of smaller, less-expensive items, rather than small numbers of large, expensive platforms. Priorities should include mobile coastal defenses, smart sea mines, precision-guided munitions, man-portable air-defense systems, and stealth fast-attack boats armed with missiles. Taiwan must also build an effective military reserve system along with a whole-of-society unconventional civil defense capability.

Congress should require an annual report on Taiwan's progress in defense planning, training, and procurements to ensure that it is focused on developing asymmetric capabilities to resist a PLA attack and defend itself if necessary. The report should include an assessment of Taiwan's progress in building an effective reserve force and developing a whole-of-society approach to civil defense.

The U.S. should make strong declaratory statements and take other measures to signal Beijing that U.S. intervention in the event of a Chinese attack on Taiwan is an option. Secretary of State Antony Blinken's recent statement that "it would be a serious mistake for anyone to try to change that status quo by force" is an example of a declaratory statement that can strengthen deterrence while preserving strategic ambiguity.

Additional steps that the U.S. should urgently take to strengthen Taiwan's security and resilience in the face of gray zone pressure from China include: 1) negotiating a bilateral free trade

agreement with Taiwan and helping Taiwan diversify its trade relations; and 2) urging US allies and partners to signal that they have a stake in the preservation of peace and stability in the Taiwan Strait.

Strengthening U.S.-China Mil-Mil Dialogue and Mechanisms

The U.S.-China military-to-military relationship is an important component of the overall bilateral relationship. Mounting strategic mistrust and systemic rivalry between the United States and China have increased the need for regular dialogue to clarify strategic intentions and avoid misunderstanding; for mechanisms to reduce risk, avoid accidents, and manage crises; and for engagements that provide public goods, such as humanitarian assistance and disaster relief.

Top U.S. and Chinese leaders should reaffirm the importance of dialogue between the two militaries as well as the establishment and enforcement of bilateral mechanisms aimed at crisis communication, risk reduction, confidence building, and cooperation. At a summit in 2013 at the Annenberg Estate, President Barack Obama and Chinese leader Xi Jinping agreed to improve and strengthen the military-to-military relationship. Reiterating this agreement at a future meeting between President Joe Biden and Xi Jinping could reinvigorate efforts to conduct results-oriented defense engagements and reach concrete agreements that put U.S.-China defense ties on a path of greater transparency and non-aggression.

In recent years, U.S.-China defense policy dialogues have been conducted sporadically and have not been effectively aligned and integrated to advance a clear set of U.S. objectives. The Policy Dialogue System established under the Trump administration seeks to address these deficiencies by routinizing exchanges, creating a holistic structure, and focusing on producing results in priority areas to promote a military relationship between the United States and China that is predictable, stable, and constructive.

Crisis avoidance and risk reduction should be accorded high priority. As Chinese and U.S. military forces operate increasingly frequently in close proximity in East Asian waters, and as the PRC military expands its reach globally, the risk of an accident between U.S. and Chinese forces increases. Although a serious accident has occurred only once—when a Chinese fighter jet collided with a US surveillance aircraft in 2001—reported near misses in subsequent years underscore the need to avoid a collision that could quickly escalate or spark an unwanted political crisis. In the most recent publicly reported incident involving naval vessels, a Chinese Luyang destroyer carried out unsafe maneuvers by sailing within 45 yards of the USS Decatur during a freedom of navigation patrol in September 2018.

Existing bilateral U.S.-China crisis avoidance mechanisms include two memoranda of understanding (MOUs) on notifications of major military activities and rules of behavior for safety of air and maritime encounters. The maritime safety MOU incorporates the multilateral Code of Unplanned Encounters at Sea (CUES), a non-binding protocol signed in 2014 by twenty-one countries that establishes safety procedures, communication methods, and maneuvering directions for naval ships and aircraft during unscheduled encounters.

A major shortcoming of those agreements is that they are voluntary. And Chinese naval operators frequently do not implement CUES or the other provisions of the bilateral MOUs. To improve the effectiveness of U.S.-Chinese agreements, they should be modified so they are binding on both sides. Language such as “should” and “may” in the U.S.-China MOUs and CUES should be replaced by “shall” as was used in the 1972 U.S.-Soviet Agreement on the Prevention of Incidents on and over the High Seas (INCSEA). In addition, ambiguity in the MOUs regarding what constitutes “unsafe and unprofessional” maneuvers, and “safe separation” should be clarified to the extent possible, rather than leave it up to operators to determine their meaning.

Such modifications will likely increase Chinese compliance with the provisions in the MOUs, which in turn will reduce the risk of an unwanted accident and attendant escalation. However, there may still be cases in which China could engage in a dangerous intercept or even deliberately cause a collision in an effort to signal displeasure with U.S. military operations in the Western Pacific and support for U.S. allies or partner Taiwan.

There is also a pressing need to extend CUES to include non-naval vessels such as coast guards and maritime militias. The risk of accidents involving these “white hulls” and “blue hulls” is growing, especially in the disputed waters of the South China Sea. Once again, the U.S.-Soviet experience provides a useful precedent. In 1973, the two superpowers agreed to extend the provisions in the INCSEA to cover non-military ships. To promote safety and common understanding regarding maritime law enforcement throughout the region, however, the extension of CUES to non-military vessels should include all the twenty-one signatories of CUES as well as Taiwan, which is a non-signatory party, but also reportedly implements the agreement.

Another priority should be strengthening crisis communications between the U.S. and Chinese defense establishments. A hotline known as the Defense Telephone Link (DTL) between the Pentagon and China’s top PLA leaders was set up in 2008, which exists alongside the presidential link that was created in 1998 and the space hotline that was established in 2015. The U.S. should continue to press the PLA to establish additional hotlines, including between U.S. Indo-Pacific Command and one or more PLA theater commands. Efforts should also be reinforced to persuade China that utilizing hotlines in a crisis can serve shared interests in crisis management and de-escalation. More frequent use of hotlines may help to establish a limited degree of confidence between U.S. defense officials and their China counterparts. Realistically, however, it will be difficult to overcome Beijing’s reluctance to use hotlines in crisis conditions due to the centralization of authority under the top leader and the Chinese Communist Party’s political culture.

The U.S. should consider engaging with China in a discussion about creating an architecture for strategic stability. This could include nuclear, cyber, and space domains. The modernization and diversification of Chinese nuclear forces, including the possible move to a launch-on-warning posture, are among the developments that will complicate strategic stability in the coming decade. In recent track two dialogues and published articles, retired Chinese military officers have expressed interest in arms control talks that might include topics such as nuclear policy and

doctrine, the size and composition of respective nuclear arsenals, and preventing cyberattacks on nuclear facilities and command and control structures, as well as assets in space.

The U.S. should also renew efforts to open a dialogue with the Chinese military aimed at deconflicting U.S. and Chinese operations on the Korean Peninsula in the event of a crisis triggered by regime collapse in North Korea. Even if the U.S. and China seek to avoid a direct confrontation in a crisis, their forces could encounter each other as they seek to secure military and nuclear sites and achieve other military objectives. Although Beijing shares an interest with the U.S. in avoiding a military clash on the Korean Peninsula, it has resisted past overtures to discuss Peninsula contingencies and ways to deconflict military activities, in part due to a belief that talks with the U.S. would undermine China's ties with and therefore leverage over Pyongyang. However, if Chinese concern increases about the likelihood of instability on the Korean Peninsula, China's risk-benefit calculus could change.

Conclusion

For some time to come, China will be the top strategic competitor of the United States and therefore the U.S. must prepare for multidimensional competition with China. My testimony has focused on two challenges: Chinese gray zone tactics and the erosion of deterrence in the Taiwan Strait. The U.S. needs to build out a more effective toolkit to respond to China's gray zone tactics. To effectively deter Chinese gray-zone coercion, the U.S. should be more proactive, rather than reactive, and forge coalitions with allies and partners to impose costs on China for its malign behavior.

There are many measures that the U.S. can and should take to shore up cross-Strait deterrence and bolster Taiwan's security. But abandoning the long-standing U.S. policy of strategic ambiguity in favor of providing Taiwan with an iron-clad defense guarantee could provoke rather than deter a PRC attack.

Finally, U.S.-China military-to-military dialogue and interactions should prioritize clarifying strategic intentions, crisis avoidance, and risk reduction. Existing agreements should be strengthened, and new mechanisms should be created to discuss U.S.-China strategic stability and crisis management in Korean Peninsula contingencies.