Chapter Eight

IMPLICATIONS FOR U.S. STRATEGY AND DEFENSE PLANNING

For the foreseeable future, it is unlikely that the territorial and maritime disputes between China and some ASEAN states will be resolved through the multilateral conflict prevention and confidence-building measures proposed by the ASEAN Regional Forum. Thus, competing claims will pose a continuing risk of military conflict in the South China Sea. The political and social disruption brought about by the economic crisis has also increased the risk of disorder, piracy, and other transnational problems. Separatist movements threaten to destabilize Indonesia's fragile political transition and perhaps unleash a process of fragmentation. All of this creates opportunities for Beijing, if it were so inclined, to expand its presence and influence in the region. Further, over the next decade China will likely increase its current military advantage over any conceivable combination of ASEAN countries.

Nonetheless, several factors discussed in this study—China's economic priorities and dependence on foreign trade and investment, need for a stable regional environment, military shortcomings, and the possible impact on the Taiwan issue and on U.S. and Japanese defense policies—lessen the probability that China will use military force to achieve its political goals in Southeast Asia. Together, these factors suggest that the Chinese may not feel any particular sense of urgency to settle the South China Sea issue on Chinese terms. Indeed, the Chinese may well judge that time is on China's side, and that maintaining their control over some of the Spratly Islands, coupled with China's growing military and economic strength, will en-

able China to continue to probe for soft spots and make gains at little or negligible cost.

At the same time, as noted before, the possibility cannot be ruled out that conflict in the Spratlys could arise not from an act of premeditated aggression but rather from miscalculation or inadvertent escalation. Additionally, it is possible that China's growing economic integration into the global economy may not constrain aggressive Chinese behavior. For example, a beleaguered Chinese government, driven by domestic problems and rising Chinese nationalism, may continue its policy of "creeping assertiveness" or try to rally popular support by escalating a dispute with a neighboring state into a military conflict. Finally, the Chinese leadership might see an opportunity to dislodge adversaries from islands and seas it regards as its own and restore the Middle Kingdom's hegemonic position in this area.[1] What would be the consequences of Chinese success?

Exclusive Chinese possession of the Spratly Islands would threaten U.S. security interests if Beijing could use such control to: (1) deny the United States and other countries unrestricted access to the sea-lanes, or (2) impose Chinese domination over the region.

In peacetime, as already noted, the Chinese have no economic incentives to disrupt the sea-lanes. Further, even if China's intentions changed, the Chinese will not possess the military capabilities, at least for the next 10 to 15 years, to dominate the South China Sea in the face of determined U.S. military opposition.[2] Thus, a Chinese military threat to the sea-lanes seems plausible only as part of a broader conflict, such as in a PRC move against Taiwan.

Chinese possession of the Spratlys, while undesirable from a strictly military standpoint, is unlikely fundamentally to alter the military balance of power in the region or enhance China's ability to domi-

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[1]See Shee Poon Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia*, Vol. 19, No. 4, March 1998.

[2]Chinese understanding of these military and economic realities is reflected in official Chinese statements that forswear any intention of interfering with freedom of navigation in international waters and underscore that this position would not change even if Chinese claims in the South China Sea were validated.

nate the area.[3] Most of the islands cannot sustain the infrastructure for large-scale air and naval operations. Although it might be technically feasible to construct air and naval bases on a handful of islands, such facilities would be expensive to build and difficult to defend, given their vulnerability to air and missile attack or naval blockade. Chinese construction of military installations on the Spratlys would also be interpreted by many ASEAN states as provocative and a sign of hostile Chinese intent. Given this reaction, many of the Southeast Asian states would probably request U.S. military assistance. A positive U.S. response to these requests would cancel any Chinese military gains from turning the Spratlys into a forward base of operations.

Given the limited nature of the Chinese military threat to South China sea-lanes and chokepoints, the central issue for the United States and the ASEAN states is whether Chinese control of the Spratlys would be both a necessary and sufficient condition for establishing Chinese hegemony over the region. Chinese air bases closer to ASEAN countries would have military and perhaps coercive value, primarily by improving China's capability to provide air cover for Chinese naval forces operating in the South China Sea. That said, China is already significantly stronger than the ASEAN countries and Chinese control over the Spratlys would not appreciably change this equation. Likewise, whether China becomes a peer competitor of the United States in the next 15 to 20 years in Southeast Asia will be determined by a host of factors that have little to do with Chinese control of the Spratlys. Although energy reserves in the South China Sea could alleviate China's potential energy shortfall, those reserves constitute a tiny fraction of total global reserves. There is little danger, therefore, that China could use control of these energy resources to threaten global energy security for other coercive purposes.

Thus, there is little reason to fear that Chinese control of the Spratly Islands would give China the additional military, economic, or political muscle to achieve regional hegemony. Nonetheless, China's behavior in the South China Sea cannot be separated from broader Chinese strategic thinking. A Chinese decision to use force in the

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[3]Robert Ross, "Beijing as a Conservative Power," *Foreign Affairs*, Vol. 76, No. 2, March/April 1997, pp. 36–37.

Spratlys could have symbolic importance as a barometer of Chinese intentions in the region. Even if Chinese control of the Spratlys fell short of giving China a platform to dominate the region, the successful use of force to attain political or military objectives would damage a major principle of international behavior—the non-use of force to settle international disputes—which has been at the heart of discussions between China and ASEAN countries over the South China Sea. It would also challenge the U.S. role of regional guarantor. The U.S. response to Chinese aggression in the Spratlys, regardless of the direct military consequences or America's intrinsic interests there, could be interpreted by both China and the ASEAN states as a signal of the U.S. willingness to use force to resist a broader Chinese geopolitical thrust in the region.

Consequently, to demonstrate to China that there is a cost to aggression and to discourage similar Chinese muscle flexing elsewhere in Asia—for instance, in Taiwan—the United States might want to take action to oppose Chinese military adventurism in the Spratlys and to reinforce the American commitment to regional stability and security. These reactions could be primarily diplomatic and economic (e.g., sanctions, statements), but there could also be a military dimension, including additional military deployments to the region,[4] arms transfers, and increased military contacts.[5]

Of course, whether or not China gains control of the Spratlys, it could emerge as an aggressive hegemonic threat in the future. Should this occur, the countries of Southeast Asia would face a serious dilemma. For the foreseeable future, the ASEAN states will confront a huge gap between their external security needs and their capabilities to meet these needs, particularly if a prolonged economic downturn leads to more aggressive Chinese behavior and a deterioration of ASEAN cohesion and military capabilities. As one well-known expert on the

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[4]Five months after the Mischief Reef incident, a contingent of U.S. Navy Seals arrived in Puerto Princesa, headquarters of the Philippines Western Military Command, to train Filipino troops stationed in areas in the Spratlys under Filipino control. According to some analysts, the prospects of revived U.S.-Filipino military cooperation appeared to have had a sobering effect on Beijing. Raman, pp. 9–10.

[5]Some analysts have also suggested that U.S. air and naval forces could assist ASEAN countries in military operations to evict Chinese forces, perhaps by supporting a blockade or conducting air strikes on military targets on the islands. David A. Shlapak and David T. Orletsky, "China's Military in Transition," internal 1998 RAND paper.

region has observed, none of the three options available to bolster external security offers great promise.[6]

- **National self-defense.** With the possible exception of Indonesia, individual ASEAN states simply lack the size, resources, and capabilities to sustain a military buildup that could offset Chinese military preponderance. For the foreseeable future, Indonesia has been too weakened by the economic crisis and political instability to generate a credible deterrent capability.
- **Collective self-defense.** There is deep and abiding opposition to multilateral military cooperation within ASEAN or formation of an ASEAN defense pact. Although greater multilateral security cooperation may evolve to deal with low-level threats (e.g., piracy, smuggling, protection of EEZs), ASEAN now lacks the cohesion and capabilities to counter serious military threats.[7]
- **Regional security arrangements.** Given the constraints on individual and collective self-defense, ASEAN states have searched for broader regional security arrangements that might deter China or resolve disputes that might lead to armed conflict. Thus far, however, the creation of a viable and effective regional security structure has proved elusive. Even if ASEAN could overcome the many intra-ASEAN obstacles to such a regional order, China's interest in effective multilateral security arrangements that are not weighted in Beijing's favor remains a question mark.[8]

In other words, if an aggressive and hostile China sought to achieve regional hegemony the ASEAN states are likely to have no viable alternative to reliance on U.S. military forces to deter aggressive Chinese behavior, unless they decide to throw their lot in, or

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[6]Leszek Buszynski, "ASEAN Security Dilemmas," *Survival*, Vol. 39, No. 4, Winter 1992–1993, pp. 90–107.

[7]On the other hand, Dr. Karl Jackson noted that ASEAN functioned as a multilateral security community throughout the struggle in Cambodia. Comments to authors, February 2000.

[8]For an examination of Chinese attitudes toward multilateral security cooperation, see Banning Garrett and Bonnie Glaser, "Multilateral Security in the Asia-Pacific Region and Its Impact on Chinese Interests: Views from Beijing," *Contemporary Southeast Asia*, Vol. 16, No. 1, June 1994, pp. 14–34. See also fn. 8 of Chapter One.

"bandwagon," with China. Given the uncertainty about China's future strategic direction, therefore, the issue is not whether the United States should seek to establish a prudent hedge in Southeast Asia against the possibility of an adversarial China. Rather, the key issues revolve around managing the implementation of this hedge strategy—the timing, content, and sequencing of hedging actions, the relationship of these measures to broader policies of engagement and containment, the resources that should be expended to establish a hedge, and the risks associated with moving too slowly or rapidly in taking hedging actions.

Without a fundamental change in threat perceptions of China and a resolution of internal problems and intra-ASEAN frictions, ASEAN will likely persevere with its current approach of dialogue, cooperation, engagement, and expanded economic interdependence to restrain Chinese ambitions. At the same time, however, some ASEAN states may seek reassurance from the United States and tangible signs of U.S. military support. In the short run, such requests are likely to be modest and intended primarily to "keep China honest" rather than create a robust war-fighting capability through the establishment of U.S. bases or a permanent land-based U.S. military presence.[9]

Nonetheless, any increase in U.S. peacetime military activities in Southeast Asia could make an important difference on the margins of Chinese strategic calculations, primarily because of China's continuing military weaknesses vis-à-vis the United States. While U.S. naval forces will play the primary role in a South China Sea contingency, access to the region for U.S. land-based fighter aircraft would complicate Chinese calculations, because of the serious difficulties China would face in establishing air superiority for its naval forces operating in the South China Sea.

These considerations have several implications for U.S. defense planning and the USAF:

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[9]Tangible signs of U.S. support could include, for instance, U.S. military reengagement with the Philippines now that the Visiting Forces Agreement has been ratified by the Philippine Senate; willingness to transfer NATO-releasable advanced military technology to states with which the United States has a close and ongoing military relationship; and cooperation with ASEAN states on counterterrorism and regional order-keeping initiatives.

- First, the United States should think in terms of a step-by-step approach to hedging. The initial phase of a hedging strategy should focus on shaping a more favorable security environment through engagement, dialogue, reassurance, and trust-building.
- Second, over the next several years the United States will have an opportunity to cultivate stronger military ties with many ASEAN states and perhaps to play a behind-the-scenes role in facilitating closer intra-ASEAN defense cooperation. Military-to-military contacts should put priority on encouraging professionalism and modernization in a democratic context. Indonesia's democratic evolution since the fall of Suharto has opened a window of opportunity for closer military-to-military ties with the Indonesian armed forces (TNI), and the scope of bilateral military cooperation could widen in a post-Mahathir Malaysia. The priority during this time frame should be to increase military engagement to foster habits of cooperation and interoperability. China might even be included in some of these activities as a transparency and confidence-building measure.
- Third, until the Southeast Asian economies emerge from the economic crisis, the United States should restore a robust security assistance program to allies in the region, particularly the Philippines. Providing urgently needed air defense and naval patrol assets to the Philippines would help Manila to reestablish deterrence vis-à-vis China and give a further impetus to the revitalization of the United States-Philippine defense relationship. The United States should also restore full military-to-military ties with Indonesia and resume the transfer of military equipment and spare parts needed to prevent the further deterioration of Indonesian defense capabilities.
- Fourth, there are a number of low-key but valuable steps that the USAF could consider to expand military cooperation, trust, and confidence with ASEAN militaries. One especially fruitful approach would be to expand military-to-military contacts and training to assist ASEAN countries with the modernization of their air forces and the use of the assets to combat illicit drug trafficking, smuggling, and piracy. The U.S. program of engagement with Singapore could serve as a model to expand pilot

training and officer exchanges. Exercise *Cope Thunder* could also be expanded to include other ASEAN countries.[10] The USAF could increase periodic deployments of airborne warning and control system (AWACS) E-3 Sentry aircraft for training in a maritime surveillance mode with ASEAN military units. Additionally, the USAF could begin a dialogue on bilateral and regional cooperation to improve the effectiveness of anti–drug-smuggling operations, the delivery of disaster relief, and responses to environmental disasters. Specifically, these talks could address U.S. technical assistance in establishing a regional air surveillance network. All of these contacts would offer substantial mutual benefits without threatening China. Indeed, China could be invited to participate in some of these activities. At the same time, these interactions would help establish an improved atmosphere for closer United States-ASEAN military cooperation if warranted by the nature and direction of Chinese policies.

- Finally, given the near-term political constraints on significant ASEAN military cooperation with the United States, military and diplomatic planners should adopt a "portfolio approach" toward access and basing arrangements. In other words, as long as there is clear risk that internal instabilities and weak ASEAN governments could threaten loss of, or timely and unhindered access to, facilities, the United States should seek as much diversification as possible in its regional military infrastructure, consistent with operational and budgetary considerations.

For the next 5 to 10 years, assuming a continuation of current trends, it should be possible to expand military-to-military contacts in meaningful ways. These activities could include cooperation in sea-monitoring, search and rescue, and combined exercises. Ideally, the USAF and U.S. Navy would exercise and train together in the region with more than one ASEAN country and perhaps Australia and the UK under the aegis of the Five Power Defense Arrangement, if this agreement survives current tensions between Singapore and

[10]*Cope Thunder* was conducted by Pacific Air Forces (PACAF) in the Philippines prior to the U.S. withdrawal from bases there, and subsequently in Alaska. Participants in the most recent exercises include Japan, the Philippines, Australia, New Zealand, Thailand, and Singapore.

Malaysia. Singapore would be an attractive candidate because of its location, military professionalism, and technical sophistication. However, the United States should seek to involve some other ASEAN country because Singapore's space limitations could constrain air operations. The Philippines, Thailand, Malaysia, and/or Indonesia are possibilities for such expanded multilateral training and exercises.

A major challenge in setting priorities will be reconciling political constraints on access/basing with USAF operational requirements in specific contingencies. Political considerations argue for spreading access/basing arrangements among several countries to avoid overdependence on any single country and to hedge against the possible loss of access or onerous operational restrictions placed on U.S. forces arising from political sensitivities in host countries. A key question is whether this diversification strategy is compatible with a viable operational concept for supporting expeditionary operations if the latter required a greater concentration of assets and infrastructure.

The sea-lanes through Southeast Asia are vulnerable in two areas: the Straits of Malacca, Sunda, and Lombok and the two main shipping channels in the South China Sea running east and west of the Spratly Islands. The ideal bases of operation to gain control of the air space over the Straits are Singapore, Malaysia, and Indonesia. The Philippines and Vietnam would be suitable for support of USAF operations to establish air superiority over the main shipping channels in the South China Sea. As suggested earlier, the U.S. Navy would play the predominant role in defense of the sea-lanes in Southeast Asia, especially the main shipping channels through the South China Sea. However, the USAF could play a critical role, particularly to the degree that U.S. carrier battle groups (CVBGs) might have difficulty operating in the confined spaces of the Straits and a large portion of U.S. naval forces might be preoccupied with countering the Chinese submarine, mining, and surface naval threat to the sea-lanes.

From a strictly operational standpoint, therefore, the U.S./USAF priority, in conjunction with the U.S. Navy, should be to improve military ties and cooperation with the Philippines, Singapore, Malaysia, Indonesia, and Vietnam. Because there is no urgency to establishing U.S. military bases, and the ASEAN states are ultimately dependent

on the United States to maintain a balance of power in the region, the United States need not act as the *demandeur* in trying to forge stronger military relations with these countries. Particularly with Malaysia and Indonesia—both of which are committed to national and regional "self-reliance" and are sensitive about their sovereignty and position within the Non-Aligned Movement—the United States/USAF will need to be patient in building trust in the relationship and in improving their defense capabilities. Enhanced U.S. intelligence sharing and arms transfers, especially those that improve interoperability with U.S. forces, as well as U.S. assistance tied to improving intra-ASEAN military cooperation, could pave the way for expanded military cooperation should threat perceptions of China change. Furthermore, by pursuing a diversification strategy the United States should be able to maximize its bargaining leverage with each country.

From a political standpoint, however, the United States might encounter serious constraints in raising its military profile with Indonesia and Malaysia. Indeed, should China emerge as an aggressive and expansionist threat in the next 10 to 15 years, Singapore, the Philippines, and possibly Vietnam may prove more amenable to hosting an increased U.S. military presence, depending of course on the overall state of U.S. bilateral relations with these countries and regional political dynamics. Singapore is ideally located for protection of the Straits, but the distance of the Philippines and Vietnam from the strategic chokepoints of Southeast Asia would reduce their operational value in any effort to prevent closure of the Straits. However, access to both countries (e.g., for staging/bed-down of combat aircraft or tanker/AWACS support) would help to establish air superiority over the sea-lanes of the South China Sea. Moreover, any Chinese air and naval assets engaged in a campaign to close the Straits would need to transit areas of the South China Sea that would be vulnerable to air interdiction. For these reasons, therefore, the U.S. hedging strategy in Southeast Asia should seek to encompass the Philippines and Vietnam as well as Indonesia, Malaysia, and Singapore.

A potential political constraint on a U.S. engagement strategy with the ASEAN militaries will be the overall level of democracy and human rights practices in the respective ASEAN countries. The military's involvement in political and internal security activities in some

ASEAN countries, particularly Indonesia during the Suharto era, created barriers to military-to-military cooperation with the United States. At the same time, the militaries in most ASEAN countries are important, and sometimes dominant, players in the political system, as well as in defense and security policy decisions. The United States therefore needs to walk a fine line between the need to engage ASEAN militaries and influence their values, security doctrines, and political actions and to avoid association with questionable activities.

The residual effects of the East Timor crisis, the insurgencies in Aceh and West Papua (Irian Jaya), and ethnic and religious strife in the Moluccas and elsewhere have the potential to derail the fragile political transition in Indonesia, as well as the prospects for cooperation with the United States. An unstable Indonesia would not make a suitable security partner for the United States. Moreover, the resulting geopolitical vacuum could draw in external powers such as China and increase the demands on the USAF.

In conclusion, without clear and unambiguous indications that China seeks to overturn the status quo, many ASEAN states will be reluctant to arouse Chinese antagonism by taking actions that China would regard as provocative; in general, therefore, Southeast Asian states will prefer to restrain China through a combination of economic integration and diplomatic engagement. On the other hand, during this time frame, fears of a rising China could lead some ASEAN states to seek reassurance of the U.S. commitment to regional security, including an expanded U.S. military presence in the region.

Given these complex and somewhat contradictory attitudes, how should the United States treat Southeast Asia in the context of its evolving strategy toward China? In light of the uncertainty surrounding China's future strategic orientation, what is the appropriate balance between the broader policy of engagement with China and hedging activities with individual ASEAN countries? How far should the United States go in hedging against the possible emergence of a hostile China? What are the risks of pursuing hedging activities at a deliberate pace?

At least for the next 5 to 10 years, China will pose a limited military threat to U.S. security interests in Southeast Asia, for the reasons described in this study. Because the Chinese threat will evolve gradu-

ally, U.S. military cooperation with the ASEAN states and the expansion of the U.S. military presence can proceed at a deliberate pace. The primary purpose of U.S. peacetime military activities should be shaping; in other words, the aim of any increase in military contacts and arrangements with host countries should be to create a more secure strategic environment rather than the infrastructure to support U.S. war-fighting capabilities in a military engagement with China. Should China abandon moderation in favor of a hostile course toward its neighbors, U.S. "shaping" activities can establish a better climate for robust military cooperation with ASEAN states aimed at thwarting expansive Chinese geopolitical ambitions—in short, a "virtual alliance."[11] The country priorities for these shaping and hedging activities should be the Philippines and Singapore, followed by Malaysia, Indonesia, and Vietnam.

The gradualist approach described above promises low risks and a potentially high payoff. An overly aggressive and ambitious effort to secure access to facilities in support of a major expansion of the U.S. peacetime military presence and power projection capabilities would antagonize China, add an unnecessary irritant to U.S. bilateral relations with ASEAN states, and widen intra-ASEAN differences.

The potential downside to such a "go slow" approach is that the United States could be caught flat-footed if the Chinese military threat materializes faster than most observers anticipate. As other RAND studies have suggested, however, it is unlikely that China will achieve a "leap-ahead" breakthrough in military capabilities during the next decade. Moreover, a shaping and hedging approach offers two significant benefits: first, raising the U.S. military profile in the region, even if done in only modest ways, will reinforce Beijing's caution and underpin the credibility of our security commitments. Second, an incremental approach to improving U.S. military relationships with ASEAN states would avoid the pitfalls of a premature policy of "containing" China while capturing the benefits of hedging—specifically, laying the groundwork for implementing multi-

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[11]See Saunders.

lateral security cooperation to cope with a Chinese threat to the security of Southeast Asia and to U.S. vital interests in the region should one emerge.