



**Statement before the
U.S.-China Economic and Security Review Commission**

***“China’s Military and Security Footprint
in Southeast Asia and the Pacific
Islands: China’s Grey Zone Predations
in the South China Sea”***

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March 20, 2025

Chair Price, Vice Chair Schriver, distinguished members of the Commission, I am honored to share my views with you on the topic of China's grey zone coercion in the South China Sea. CSIS does not take policy positions, so the views represented in this testimony are my own and not those of my employer. In my testimony, I would like to reflect on Beijing's goals in the South China Sea, the grey zone tactics with which it pursues them, and the recent successes by Southeast Asian partners in standing up to that coercion.

Beijing's Goals in the South China Sea

The South China Sea disputes are primarily about national mythmaking and political legitimacy. That is at the core of most territorial disputes and we should not look for a more logical military or commercial rationale in China's case. The Republic of China put the islands and shoals on a list of offshore territories almost 80 years ago and successive generations of leaders in both Taipei and Beijing saw political value in repeating that claim until it became conventional wisdom. What began as a sovereignty claim to rocks and reefs evolved by the 1990s to an ill-defined claim to maritime rights and resources. And since Xi Jinping's rise to leadership, that maximalist demand for "historic rights" everywhere in the nine-dash line has taken on an unprecedented political salience.

In Xi's first speech on the "China Dream" in 2013, he highlighted China's rise as a maritime power and the importance of recovering lost territories. Since then, the state has grown steadily more risk-tolerant in efforts to "reclaim" the islands and waters of the South China Sea as a necessary part of the "Great rejuvenation of the Chinese nation." It has also put in place myriad incentives for bureaucratic and private actors to pursue their own parochial interests in order to advance the "rights protection" mission in the South China Sea. This includes national oil companies, owners of militia vessels, and the leadership of the China Coast Guard (CCG) and People's Liberation Army – Navy (PLAN).¹

PLAN or CCG officers are undoubtedly sincere in their desire to keep the Americans out of the first island chain. But that is not the primary reason China has advanced its maritime claims. If it was, then Beijing long ago would have struck the necessary deals with Southeast Asian neighbors to degrade U.S. military access to the South China Sea. It could have negotiated equitable fisheries management and resource exploitation schemes in exchange for ASEAN accepting its preferred language restricting foreign military activity as part of a code of conduct. It could have allowed Filipino traditional fishing at Scarborough Shoal and been more flexible with the previous Duterte administration in order to sever the U.S.-Philippines alliance. But Beijing has never shown any willingness to trade resource rights or other aspects of its claim in exchange for a reduced U.S. presence in the waterway. China's goals in the South China Sea are not primarily military in nature nor most concerned with the United States. But that does not make them any less threatening to U.S. national interests and those of our allies and partners.

¹ On the South China Sea and the China Dream, see Ryan D. Martinson, "From Words to Actions: The Creation of the China Coast Guard," paper presented at Chian as a Maritime Power Conference, CNA, Arlington, Virginia, July 28-29, 2015, 1-4, https://www.cna.org/cna_files/pdf/creation-china-coast-guard.pdf.

Grey Zone Pressure in the South China Sea

China has pursued its claims with increasing coercion and threats of force under Xi's leadership. But there is still a limit: China remains unwilling to be the first to use lethal military force in the conflicts. Beijing assesses that it can achieve its aims through pressure and non-lethal force which, in its estimation, will eventually compel Southeast Asian states to acquiesce. This paired with lingering doubts about when the United States might intervene on behalf of the Philippines and uncertainty about the PLA's ability to prevail in such a contest keeps the disputes in the "grey zone."

From 2012 until 2021, China's gray zone tactics were remarkably successful. Southeast Asian fishers were increasingly driven from traditional fishing grounds, especially in the case of Filipinos around Scarborough Shoal. Nearly every foreign oil and gas operator engaged in offshore operations in Vietnam abandoned their projects or saw them canceled by Hanoi in the face of coercion by the CCG. Chinese survey ships mapped the seabed throughout the South China Sea with impunity and denied Southeast Asian law enforcement the ability to enforce their own laws within their exclusive economic zones (EEZs).

All of this was made possible by the island building campaign of 2013 to 2016 and the subsequent construction of naval, air, and sensing infrastructure at those bases. Chinese vessels were a rare sight in the southern reaches of the sea prior to 2014; by 2017 they were able to sustain operations across the nine-dash line every day of the year. The islands themselves have not seen more than modest new construction in recent years. Most major infrastructure was built in the 2017-2018 period. By April 2018, PLA maritime patrol aircraft and military transports were using the runways at all three of China's air and naval bases in the Spratlys: Fiery Cross, Mischief, and Subi Reefs.²

By that time, the PLAN and CCG were also regularly operating from the harbors at those three to maintain a persistent presence across the nine-dash line. The CCG has been the most visible arm of China's grey zone campaign against its neighbors. These vessels protect illegal Chinese fishing fleets and survey vessels, harass the lawful activity of China's neighbors within their EEZs, and keep up an almost daily presence at strategically or symbolically important reefs across the sea which China does not physically occupy.

The CCG patrols focus on five key locations: Luconia Shoals, Vanguard Bank, Scarborough Shoal, Second Thomas Shoal, and Thitu Island. The first two are key to China's efforts to block Southeast Asian oil and gas activity. Chinese law enforcement vessels have lingered at Luconia Shoals since late 2013 and from there patrol across Malaysia's oil and gas operations off Sabah and Sarawak states. The CCG has regularly patrolled from Vanguard Bank since 2020, using it as the base of operations to harass Vietnamese drilling in the area as well as Indonesian oil and gas exploration to the south. The other three patrol locations – Scarborough, Second Thomas, and Thitu – are all focused on harassing Philippine operations. The CCG has blocked Philippine access to Scarborough since seizing it in 2012, harassed and sometimes blockaded the Filipino

² Asia Maritime Transparency Initiative, "An Accounting of China's Deployments to the Spratly Islands," Center for Strategic and International Studies, May 9, 2018, <https://amti.csis.org/accounting-chinas-deployments-spratly-islands/>.

troops stationed at Second Thomas since 2014, and maintained a constant presence around Thitu since at least 2018. The Asia Maritime Transparency Initiative (AMTI) has tracked these patrols since 2019 and documented that the number of ship days the CCG spends at each location has increased steadily year over year. In 2024, CCG vessels patrolled at least 359 days at Luconia Shoal, 354 at Vanguard Bank, 313 at Scarborough Shoal, 263 at Second Thomas Shoal, and 241 at Thitu Island. The CCG also took up a new patrol at Sabina Shoal in response to a standoff with the Philippines in fall 2024, but it is unclear if that will become a permanent feature of its presence in the South China Sea.³

The other major player in China's grey zone strategy is its militia. U.S. government sources often call this fleet the "People's Armed Forces Maritime Militia," but that term is not used by the Chinese government or experts. It can be a useful shorthand, but it also conflates two different fleets which have distinct missions. China refers to these as "Maritime Militia Fishing Vessels" (海上民兵渔船, *haishang minbing yuchuan*) and "Spratly Backbone Fishing Vessels" (南沙骨干渔船, *nansha guban yuchuan*). CSIS alongside the Center for Advanced Defense Studies and colleagues from the China Ocean Institute profiled these fleets, including their ownership, funding, home ports, and in many cases ownership, in a 2021 report funded by the State Department.⁴

The professional Maritime Militia Fishing Vessels operating in the South China Sea are purpose built, usually state-owned, and fully funded by the local, provincial, and central governments. They serve as a de facto third sea force for the Chinese military, directly harassing foreign government vessels and operating hand in glove with the CCG and PLAN, as seen in recent violence directed toward the Philippines at Second Thomas, Scarborough, and Sabina shoals. They all appear to operate from Hainan province and have analogs in other provinces to cover operations in the East China Sea and Yellow Sea, though neither of those fleets seem to be as large or active as the South China Sea fleet. Over half of Hainan-based militia identified by AMTI are registered to Sansha City on Woody Island in the Paracels and are operated by the state-owned Sansha Fisheries Development Co. Ltd. Sansha city has been the center of the militia's modernization and professionalization since 2013.⁵ As of 2024, AMTI has been able to identify 152 professional militia vessels by name which, while incomplete, likely encompasses most of the fleet.⁶

³ Asia Maritime Transparency Initiative, "China Coast Guard Patrols in 2024: An Exercise in Futility?," Center for Strategic and International Studies, February 6, 2025, <https://amti.csis.org/china-coast-guard-patrols-in-2024-an-exercise-in-futility/>.

⁴ Gregory B. Poling, Tabitha Grace Mallory, Harrison Prétat, and C4ADS, *Pulling Back the Curtain on China's Maritime Militia*, Center for Strategic and International Studies and C4ADS, November 2021, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/211118_Poling_Maritime_Militia.pdf?VersionId=Y5iaJ4NT8eITSLAKTr.TWxtDHuLIq7wR.

⁵ Zachary Haver, "Unmasking China's Maritime Militia," Radio Free Asia, May 18, 2021, <https://www.rfa.org/english/news/china/maritime-militia-05182021094638.html>.

⁶ Asia Maritime Transparency Initiative, "Behind the Curtain: An Update on Hainan's Maritime Militia," Center for Strategic and International Studies, December 12, 2024, <https://amti.csis.org/behind-the-curtain-an-update-on-hainans-maritime-militia/>.

The Spratly Backbone Fishing Vessels, by comparison, are civilians which are ordered by authorities to avoid direct confrontation with foreign government vessels. Instead their job is simply to linger in the Spratlys to create the illusion that China has a commercial fishing fleet which traditionally operated in the area. This fleet is numerically larger than the professional force and of more recent vintage, having emerged from a new subsidy regime put in place after Xi's ascension in 2013. These vessels mainly operate from ports in Guangdong province and are privately rather than state-owned. Their owners are eligible to receive a special fuel subsidy for each day the vessel operates in the waters around the Spratly Islands if it does so at least 280 days of the year. The vessels must also meet certain specifications, including being at least 200 tons and 35 meters in length. Most are over 55 meters, at which size the subsidy as of 2020 was CNY 24,175 (\$3,340 at today's exchange rate) per day. This rate well exceeds operational costs, allowing owners to easily profit by hiring a skeleton crew to pilot the vessel to the Spratlys and then ride at anchor, usually tied alongside ships from the same port, for most of the year.⁷

Like the CCG and professional militia, AMTI has tracked this fleet in annual reports since 2022. In 2024, satellite imagery revealed an average of 232 vessels per day spread across 11 reefs at which they most often gather, a modest 15 percent increase from 2023. Most of these ships deploy to the Spratlys at the end of the Lunar New Year and stay in the area until the end of the calendar year. But whereas in recent years the fleet mainly anchored at unoccupied features like Whitsun Reef and Iroquois Reef to keep up the façade that they were commercially fishing, in 2024 they spent much more time within the harbors at China's artificial islands. This suggests that authorities are no longer pressuring them to maintain the illusion of fishing, since the fact that they do not operate commercially has become common knowledge across the region. The special subsidy regime and therefore the Spratly Backbone Fishing fleet seems to go on due to bureaucratic inertia and not because it is measurably advancing China's goals.⁸

Southeast Asian Resolve

Despite their growing numbers, the tactics employed by the CCG and militia have become less effective since late 2021. Across multiple fronts, Southeast Asian claimants have been able to succeed in resource exploitation, military upgrades, patrols, and resupply missions despite concerted pressure from China. Throughout this period, CCG and militia tactics have grown more violent, including intentional collisions, more frequent use of high-pressure water cannons, dangerous air-to-air intercepts, and use of dazzlers and acoustic devices. This suggests a force whose orders are to assert China's prerogatives but not at the cost of military escalation. Southeast Asian claimants have realized this and proven willing to accept considerable risk in order to maintain access to the waters and reefs still left to them. And so Chinese forces appear stuck iterating on unsuccessful gray zone tactics to which Southeast Asian claimants have grown increasingly resilient.⁹

⁷ Poling et al, *Pulling Back the Curtain*.

⁸ Asia Maritime Transparency Initiative, "Dropping the Act: China's Militia in 2024," Center for Strategic and International Studies, February 27, 2025, <https://amti.csis.org/dropping-the-act-chinas-militia-in-2024/>.

⁹ Gregory Poling, "China Loses Strategic Waters in the South China Sea," East Asia Forum, March 15, 2024, <https://eastasiaforum.org/2024/03/15/china-loses-strategic-waters-in-the-south-china-sea/>; Gregory Poling and Monica Michiko Sato, "Beijing Treads Water in the South China Sea," East Asia Forum, March 12, 2025, <https://eastasiaforum.org/2025/03/12/beijing-treads-water-in-the-south-china-sea/>.

The Philippines under the administration of President Ferdinand “Bongbong” Marcos, Jr., has reestablished a patrol around Scarborough for the first time since 2012 and enhanced its posture in the Spratlys, especially around Thitu Island. Most impressively, the Philippines was able to sustain monthly resupply missions to the BRP *Sierra Madre* in 2023 and early 2024 despite a violent Chinese blockade effort. Manila eventually repaired the ship and was able to negotiate a return to the status quo without triggering military escalation. In the meantime, Manila used the increasing Chinese pressure to rally domestic support behind a once-in-a-generation modernization of the U.S. alliance in order to enhance deterrence (which proved critical at Second Thomas). It has also embedded itself more firmly in an emerging regional security architecture, strengthening its partnership with Australia under the Status of Visiting Forces Agreement, concluding a Reciprocal Access Agreement with Japan in July 2024, and nearing conclusion of similar pacts with Canada, New Zealand, France, Germany, and the United Kingdom. Just as importantly, Manila has refocused international attention on the illegal nature of China’s claims, more than tripling to 28 the number of countries that have publicly called on Beijing to comply with the 2016 South China Sea arbitral award since Marcos came into office.¹⁰

Elsewhere, China has failed to stop Malaysian, Indonesian, or Vietnamese oil and gas surveys or drilling operations since the fall of 2021. In addition to the daily presence at Luconia Shoals, a leaked diplomatic note in September 2024 revealed China had pressured Malaysia to halt oil and gas exploration in the area. Instead, Malaysia drilled 15 new exploratory wells off Sarawak in 2024 after having broken a record by drilling 25 in 2023.¹¹ China also challenged a seismic survey in Indonesia’s Natuna D-Alpha gas field in October 2024. Indonesia broke with its usual policy by publicly releasing photos and footage of China’s harassment. Then it completed the survey operations as planned.¹²

Meanwhile Vietnam has spent the last three years expanding its own military outposts in the Spratlys. That effort accelerated in 2024 and by the middle of the year, Vietnam had created more than two-thirds as much land as China. It continues to dredge at a blistering pace and will likely match China’s acreage in 2025. The most impressive work has been on Barque Canada Reef, now the fourth-largest outpost in the Spratly Islands and home to Vietnam’s second and longest runway in the islands. At least one other feature, Pearson Reef, seems likely to get a new runway.¹³ Despite this, China has made no effort to physically stop Vietnam’s island building

¹⁰ Asia Maritime Transparency Initiative, “Arbitration Support Tracker,” Center for Strategic and International Studies, updated January 10, 2025, <https://amti.csis.org/arbitration-support-tracker/>.

¹¹ World Oil, “PETRONAS Discovered over 1Bboe in 2023 with ‘Significant’ Malaysian Oil, Gas Exploration Campaign,” December 1, 2023, <https://worldoil.com/news/2023/12/1/petronas-discovered-over-1-bboe-in-2023-with-significant-malaysian-oil-gas-exploration-campaign/>.

¹² Asia Maritime Transparency Initiative, “Seismic Strife: China and Indonesia Clash over Natuna Survey,” Center for Strategic and International Studies, <https://amti.csis.org/seismic-strife-china-and-indonesia-clash-over-natuna-survey/>.

¹³ Asia Maritime Transparency Initiative, “How Many Runways Is Vietnam Building in the Spratly Islands?,” Center for Strategic and International Studies, October 30, 2024, <https://amti.csis.org/how-many-runways-is-vietnam-building-in-the-spratly-islands/>; Asia Maritime Transparency Initiative, “Hanoi in High Gear: Vietnam’s Spratly Expansion Accelerates,” Center for Strategic and International Studies, June 7, 2024, <https://amti.csis.org/hanoi-in-high-gear-vietnams-spratly-expansion-accelerates/>.

campaign and has only once criticized it publicly, in a rather boilerplate statement on February 19, 2025, by Foreign Ministry spokesperson Guo Jiakun.¹⁴

The reasons for China's muted response to Vietnam's island building compared to its violent reaction to much less ambitious activities by the Philippines are debated, but four factors are likely at play. First, Beijing deployed a significant number of CCG and militia vessels and took on a great deal of international criticism during the 2023-2024 operation against Philippine resupply at Second Thomas Shoal. It may not have wanted to pick another fight at the same time. Second, the situation at Second Thomas was framed by Chinese officials as a proxy contest with the United States as the Philippines' patron. That made the stakes higher and retreat or acquiescence much more politically difficult than in the case of Vietnam, which is not and never will be a U.S. ally. Third, the Party-to-Party channel between China and Vietnam provides a means of deescalating issues behind closed doors that is not available to other parties. And fourth, Vietnam has a history of accepting risk and even casualties in the South China Sea when it deems something a strategic necessity. Beijing likely realizes that grey zone coercion will not stop Vietnam's island building campaign, which means there is not point in trying unless China is prepared to use military force.¹⁵

China's control over waters, seabed, and airspace has plateaued and in some cases may have retreated over the last three years. But the South China Sea is not getting any safer. Quite the opposite. As Southeast Asian states stand firm at a handful of symbolically or economically important locations, China has steadily increased the number of vessels it deploys in reaction and the tactics they employ. This creates a steady drumbeat of interactions that have a low but non-zero chance of military escalation due to an accidental fatality. That nearly occurred in June 2024 when Chinese forces severed a Filipino sailor's thumb by pinning it between their boat and his. Had he been pinned by the elbow, the Philippines might have triggered the U.S.-Philippines Mutual Defense Treaty over a fatality. If this tempo of operations continues, it is a mathematical certainty that a Southeast Asian mariner—most likely a Filipino—will be killed with unpredictable escalation risks.¹⁶

Recommendations

I would make three recommendations for the U.S. Congress to support partners and push back on China's grey zone coercion in the South China Sea.

First, it is vital that the United States continue to appropriate sufficient funds to support the longterm modernization of the Armed Forces of the Philippines. Annual Foreign Military Financing from the United States to the Philippines roughly doubled in 2022, to \$100 million, and then quintupled to \$500 million in 2024. The administration issued a waiver to the freeze on

¹⁴ "China Denounces Vietnam's Island Building in South China Sea," Radio Free Asia, February 19, 2025, <https://www.rfa.org/english/china/2025/02/19/vietnam-spratlys-south-china-sea-protest/>.

¹⁵ Zack Cooper and Gregory Poling, "The South China Sea Dog that Hasn't Barked... Yet," War on the Rocks, June 18, 2024, <https://warontherocks.com/2024/06/the-south-china-sea-dog-that-hasnt-barked-yet/>.

¹⁶ Asia Maritime Transparency Initiative, "Shifting Tactics at Second Thomas Shoal," Center for Strategic and International Studies, August 22, 2024, <https://amti.csis.org/shifting-tactics-at-second-thomas-shoal/>.

foreign assistance in February 2025 allowing the Philippines to access the remaining \$336 million of those FY24 funds, which has been well received. It is unrealistic to expect the Philippines to be able to absorb \$500 million in FMF each year, but an adequate annual appropriation should be maintained to sustain the ambitious modernization plans agreed in the U.S.-Philippines 10-year Security Sector Assistance Roadmap.

Second, the Congress should again take up ratification the United Nations Convention on the Law of the Sea. There has not been a serious discussion of ratification since 2012 and the United States' exclusion from the treaty and the regulatory bodies it created such as the Commission on the Limits of the Continental Shelf and the International Seabed Authority only cedes ground to China and undermines U.S. legal arguments. This applies not only in the South China Sea but globally, including in the realm of deep seabed mining where the United States cannot minimize Chinese inroads due to its exclusion from the International Seabed Authority.

Third, it would be helpful for the Congress to include in the National Defense Authorization Act a requirement for a report on the frequency of unsafe air-to-air intercepts by the PLA of both U.S. and partner aircraft over the South China Sea, East China Sea, and Taiwan Strait. The Pentagon released some of these details in 2023 after warning that numbers had spiked over the previous two years.¹⁷ The PLA has reportedly decreased the frequency of unsafe intercepts of U.S. aircraft since early 2024 but continues to threaten the safety of Australian, Philippine, and other allied and partner aircraft. Better documentation of this behavior would help rally international pressure against what is likely the most dangerous but least reported aspect of China's grey zone activity.

¹⁷ Mallory Shelbourne, "Pentagon Officials Provide Data on Unsafe Chinese Fighter Intercepts over Western Pacific," USNI News, October 17, 2023, <https://news.usni.org/2023/10/17/pentagon-officials-provide-data-on-unsafe-chinese-fighter-intercepts-over-western-pacific>.