ENCOUNTERS AND ESCALATION IN THE INDO-PACIFIC
PERSPECTIVES ON CHINA’S MILITARY AND IMPLICATIONS FOR REGIONAL SECURITY

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Close Encounters with the PLA: Regional Experiences and Implications for Deterrence

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EXECUTIVE SUMMARY
This report examines how the assertiveness of the People’s Liberation Army (PLA) has escalated tensions in the Indo-Pacific, leading to dangerous encounters with key regional players, and evaluates how China’s actions have influenced countries’ strategic planning and deterrence postures.

MAIN ARGUMENT
The significant transformation of the PLA due to Chinese military modernization efforts over the past 25 years has led to a shift in the strategic environment of the Indo-Pacific region. With a 790% increase in defense spending from 1992 to 2020, the PLA has become one of the world’s most advanced militaries. Such military modernization, coupled with increasingly assertive behavior, has led to more frequent and dangerous encounters between the PLA and the militaries of countries across the Indo-Pacific. These interactions have heightened tensions, with specific incidents emphasizing the risk of miscalculations that could escalate into major conflicts. Through case studies on Australia, India, Japan, the Philippines, Taiwan, and Vietnam, this report aims to understand the PLA’s strategic calculus on escalation, assessing the potential for conflict in the region and exploring shared threat perceptions, regional responses, and implications for deterrence.

POLICY IMPLICATIONS
• To effectively counter Chinese aggression, it is crucial that policy approaches are both clear and consistent, along with a robust active deterrence strategy across different administrations.
• Expanding security cooperation with other nations and strengthening partnerships with the U.S. and like-minded countries are important to strengthening regional security and deterring potential threats from China.
• Military deterrence needs to be balanced with diplomatic engagements, such as summit diplomacy, to reduce tensions and stabilize relations without compromising security.
• Strengthening military deterrence through modernization is key, which includes focusing on asymmetric warfare, adopting a firm stance on disputes, increasing domestic defense manufacturing, and building strong international partnerships.
Over the past 25 years, Chinese military modernization has taken the People’s Liberation Army (PLA) from a peasant army with obsolete equipment to one of the largest and most capable militaries in the world. Thanks to a 790% increase in defense spending from 1992 to 2020, most Chinese military equipment in service is now modern, meaning that anything from fighter planes to anti-satellite laser technology is sufficiently advanced to pose a danger to cutting-edge technology.1 The Chinese nuclear force is now survivable, meaning that enough nuclear warheads and delivery systems would survive a preemptive attack that they could threaten a retaliatory nuclear strike. In October 2021, the People’s Republic of China (PRC) became the first country ever to test hypersonic nuclear missiles, prompting the former chair of the Joint Chiefs of Staff General Mark Milley to say, “they have gone from a peasant army that was very, very large in 1979 to a very capable military that covers all domains.”2 Indeed, with 20,000 more scientists than the United States and a 15% per year average rate of growth in research and development spending over the past 25 years (compared with 3% for the United States), it is no surprise that China is now considered more advanced than the United States in many emerging technologies relevant to warfare, such as artificial intelligence (AI), hypersonics, and quantum computing.3

Conventional military metrics also show how far the PLA has come. While earlier its pilots did not navigate the roughly 40 miles off the coast to the centerline between China and Taiwan, now they do so almost daily. Between September 2020 and September 2021, PRC aircraft flew into Taiwan’s air defense identification zone (ADIZ) 250 days of the year.4 ADIZ breaches escalated significantly in 2022, with the number of PLA aircraft violations (1,737) surpassing the combined totals of the previous three years. This trend continued into 2023, with 1,674 Chinese aircraft intrusions into Taiwan’s ADIZ.5 While earlier PLA ships had rarely seen the waters beyond the coasts of the PRC, they now roam the South China Sea, the East China Sea, and the Indian Ocean. China does not yet possess a blue water navy—meaning a naval force capable of operating globally, far from home shores—but it has some global presence thanks to a military base in Djibouti and routine port calls. The PLA Navy is now the world’s largest navy with 355 platforms (though it does not yet equal the U.S. Navy in tonnage). China also boasts the largest, most advanced ballistic and cruise missile programs in the world, including an anti-ship ballistic missile that can hit moving ships at sea—a weapon that the United States currently does not have in its inventory.

The strategic environment in the Indo-Pacific has changed dramatically in light of the PLA’s ongoing military modernization efforts and increasingly assertive regional behavior. As the PLA operates more aggressively outside its maritime periphery, countries across the Indo-Pacific have experienced a notable uptick in dangerous encounters with it. In Australia’s case, unsafe encounters at sea and in the air increase the likelihood of miscalculation, as demonstrated by the recent encounter between the Australian P-8A Poseidon and PLA J-16 fighter aircraft in the South

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4 Thomas J. Shattuck, “Assessing One Year of PLA Air Incursions into Taiwan’s ADIZ,” Global Taiwan Institute, Global Taiwan Brief, 2021, 14–17.
China Sea. Other countries, such as India, have engaged in low-intensity clashes with the PLA that have resulted in loss of life.

The Indo-Pacific strategic environment has indeed become more tense due to the PLA’s increasing aggressions around Second Thomas Shoal in the South China Sea. A recent incident in March 2024 saw China Coast Guard cutters using water cannons and ramming a Philippine resupply mission to the shoal, resulting in injuries to four Philippine Navy sailors and damage to two vessels. In March 2023, another incident of maritime tension occurred when Vietnamese and Chinese vessels came perilously close to one another within Vietnam’s exclusive economic zone (EEZ) in the South China Sea. Similarly, military activity near Taiwan has surged, with the PLA conducting “joint combat readiness patrols” near the democratic island approximately every seven to ten days on average. Each encounter, whether as dangerous as the 2020 China-India border clash or as persistent as coercive activities in the East China Sea or Taiwan Strait, increases the prospect of high-intensity military conflict in the Indo-Pacific.

How have regional players’ encounters with the PLA over the last five to ten years influenced their understanding of Chinese intent and capabilities? What were the lessons learned regarding China’s approach to deterrence and escalation control, and how have they shaped countries’ approach to handling crises and the broader bilateral relationship with the PRC?

To address these questions, this report consists of six case studies of Indo-Pacific experiences with the PLA (Australia, India, Vietnam, Japan, the Philippines, and Taiwan) to gain a better understanding of PLA thinking on escalation control and assess the risk of high-intensity conflict in the Indo-Pacific. Each essay details a specific encounter with the PLA and provides implications for a broader understanding of PLA thinking on crisis management. The experts, who consist of current and former practitioners with insight into their government’s experiences and thinking, examine PLA literature on the case at hand, analyze available open-source information about their country’s response, and extrapolate the implications for how China may behave in a possible future conflict or crisis.

Shared Threat Perceptions: Six Cases of PLA Assertive Activities and Regional Responses

This report starts with the premise that regional encounters with the PLA have increased in the past five to ten years. This pattern is evident in each of the six case studies—both in the PRC’s maritime disputes with Japan, Vietnam, and the Philippines and in its increasingly aggressive military activities vis-à-vis Australia, Taiwan, and India.

Australia. Australia has increasingly viewed China’s military activity as a threat to its sovereignty and interests, prompting a strategic reassessment and strengthening of its defense capabilities and alliances. The evolving tone of Australia’s defense white papers mirrors growing concerns over China, with mentions of the country increasing from merely 4 times in 1987 to 64

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in 2016.\(^9\) The *Defence Strategic Review 2023* starkly highlights China's military expansion as “the largest and most ambitious of any country since the end of the Second World War,” emphasizing a lack of “transparency or reassurance to the Indo-Pacific region of China’s strategic intent.”\(^10\) Part of the reason has been increased incidents at sea, such as the HMAS *Toowoomba* incident in 2023, in which a PLA ship injured an Australian diver. Chinese behavior in other realms, such as its cyberhacking, intervention in Australian politics, and growing influence with Pacific Island nations, has also soured relations, especially since 2018. In the first case study, Michael Shoebridge demonstrates how Beijing’s growing reliance on force to assert or accomplish its goals in the region has shaped Australian thinking. He concludes that China’s goals are to exclude foreign militaries from the region, influence the South China Sea code of conduct, and train the PLA for wartime. It is making incremental progress toward achieving those goals under current policy settings, including its own and Australia’s. Shoebridge sees Australia’s response—increased military exercises and regional cooperation—as weak and driven by Canberra’s desire to avoid escalation to prioritize trade with China.

*Taiwan.* China’s increased aggression toward the island of Taiwan has shaped threat perceptions all around the world. Yu-cheng Chen lays out in the second essay the PLA’s intensification of military pressure on Taiwan. Between August 2022 and December 2023, the PLA’s intensified activities near Taiwan “marked a significant uptick in military pressure, setting new records for air force provocations and median-line crossings in the Taiwan Strait.” This period also revealed a steady increase in PLA Navy provocations, indicating a strategic pattern of heightened military presence around Taiwan. In particular, Chen argues that the Joint Sword exercises conducted in April 2023 revealed Xi Jinping’s determination to use military means to deter Taiwanese independence and undermine Taiwan’s global engagement.

*Japan.* Before 2010, the Senkaku/Diaoyu Islands had little significance in Sino-Japanese relations. However, a collision between a Chinese fishing vessel and a Japan Coast Guard vessel in September 2010 escalated tensions, leading Japan to arrest the crew. This incident prompted Beijing to enforce an unofficial embargo on rare earth minerals and increase intrusions of Chinese vessels into the waters around the Senkaku Islands. As in many of the other cases considered in this report, there was one incident that served as a turning point for Japanese leaders in their thinking and approach to China’s military modernization. In September 2012, Japan’s purchase of three disputed Senkaku islands triggered a sharp escalation in tensions, which led to widespread protests in China and an increase in assertive actions by the PRC. Following the island purchase, two Chinese ships, *Haijian 46* and *Haijian 49* of the China Marine Surveillance, breached the twelve nautical mile territorial seas of the Senkaku Islands. By the end of 2012, China’s coast guard had intruded into Senkaku waters 68 times, marking a significant rise in intrusions from previous years.\(^11\) Subsequent years saw continued intrusions, with 188 vessels in 2013, 88 in 2014, and 86 in 2015.\(^12\) But it was not only the rise in activities that was problematic, but also China’s increasingly dangerous and risk-acceptant tactics. In the third essay, Yamaguchi Shinji focuses on an incident

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\(^12\) Ibid.
in 2013 when the Chinese frigate *Lianyungang* irradiated fire-control radar toward the Japanese destroyer *Yudachi*. Yamaguchi agrees with other authors that China uses crises to assess another party’s resolve as well as to mobilize its domestic population, claim the moral high ground, and shift the blame onto other parties. Since this incident, Japan has become more cognizant of China’s coercive tactics and has responded by strengthening its defense capabilities; enhancing cooperation with countries like the United States, Japan, and Australia; and promoting the “free and open Indo-Pacific” concept.

**Vietnam.** Vietnam has a storied history with the PLA. The last major war China fought was in 1979, when it invaded Vietnam, citing the country’s occupation of the Spratly Islands and mistreatment of ethnic Chinese as the pretext. Although the war only lasted a month, it deepened Vietnam’s animosity toward China and paved the road for more small wars between the two countries until 1991. The war also demonstrated China’s poor military prowess, pushing the PLA to pursue heavy military modernization. The main territorial disputes between Vietnam and China, however, are in the maritime sphere, where both countries claim the Paracel Islands and some overlapping features of the Spratly Islands. Tensions began in 1974 when Chinese forces occupied and militarized the western portion of the Paracel Islands and Vietnamese forces fled to occupy the Spratly Islands. Physical conflict broke out in 1988 during China’s armed attempts to take over the Spratly Islands. Three Vietnamese navy vessels were sunk and 74 Vietnamese sailors were killed in the altercation. From the 1970s to 2021, Vietnamese vessels were the most frequent targets of China.

In his contribution to the report, Nguyen The Phuong closely examines one incident in particular, the HD-981 standoff between Vietnam and China in 2014. Before this incident, the two countries had been on relatively positive terms. The crisis began when China moved its oil platform into disputed waters, marking the first time it placed such an expensive asset within another state’s EEZ. Both sides deployed forces to confront the other at sea, but the situation transgressed the military realm and inserted itself into diplomatic channels. Nguyen argues that China’s decision to dispatch the HD-981 had the main goal of demonstrating resolve. However, Beijing miscalculated the reaction of the Vietnamese leadership and “underestimated the domestic factors that affected Hanoi’s decision-making process.” Vietnam successfully exploited this miscalculation, forcing China to abandon its coercive actions. Although there were no significant policy changes, Vietnam’s reaction against Chinese aggressive gray-zone tactics was considered as a “glass-ceiling breaking” moment.

**The Philippines.** Two years before the HD-981 standoff, the Chinese military had a military encounter with another Southeast Asian country that was a turning point for perceptions of and reactions to China. In the fifth essay, Andrea Chloe Wong explores the Scarborough incident from 2012, when the Philippine Navy attempted to punish the PLA Navy for engaging in illegal activities, which would fundamentally alter the relationship between the two countries. The incident resulted in China gaining de facto control over the area, amid severe diplomatic pressure from the United States.
States and the Association of Southeast Asian Nations (ASEAN). What was initially a standoff between a couple of vessels, became a much larger confrontation as China became more assertive while blaming the Philippines for publicizing the incident instead of negotiating through bilateral channels. The study highlights China’s use of gray-zone tactics and economic coercion as well as how Beijing fueled nationalism to guide the crisis toward a resolution favorable to its interests. Chinese gray-zone activities are steadily increasing over time, and Wong argues that they have been enabled because of China’s economic might, advanced technological infrastructure, and superior maritime law-enforcement capabilities. Yet even though in the end China was able to consolidate control over Scarborough Shoal, this came at a steep price in terms of its relationship with the Philippines. Since then, the Philippines has been strengthening its active deterrence capabilities by modernizing its forces, enhancing its maritime capabilities, and working more closely with key countries, including the United States, Japan, and Australia.

India. Chinese aggression is not limited to maritime incidents. Since the founding of the PRC, China and India have had competing claims along their 2,100-mile contested border, known as the Line of Actual Control (LAC). The LAC is divided into western, middle, and eastern sectors, with significant differences in how India and China view the border, especially at its two ends. The two countries even fought a war over the border in 1962, in which the PLA soundly defeated Indian forces, resulting in the loss of the Aksai Chin area in Ladakh. China has occupied almost 15,000 square miles of the disputed territory ever since.

As with some of the other case studies in the report, the situation was relatively stable for decades until the past decade. Amrita Jash analyzes the PLA’s behavior along the LAC from 2013 to 2023, identifying trends, patterns, and tactics in Chinese transgressions. Based on official data, the Indian Express reported in 2020 that the number of transgressions by the PLA increased annually from 428 in 2015 to 663 in 2019. Jash takes note of this alarming increase in the frequency and assertiveness of these actions, especially in the Western sector around Ladakh, and examines new tactics like cartographic aggression and the construction of civilian villages as means to assert claims. Her detailed account of the eastern Ladakh standoff from its inception to the violent clashes, including the Galwan Valley clash, highlights the nature of these encounters. Jash argues that the standoff has led to a hardening of India’s stance, recognizing China as a clear adversary and prioritizing border security and military preparedness. She concludes that the eastern Ladakh standoff has fundamentally altered the dynamics of bilateral relations, underscoring the need for India to reassess its security strategies and diplomatic approaches in the face of evolving challenges along its border with China.

Regional Understanding of China’s Motivations and Tactics

There is a consensus among the authors of this report that China harbors problematic intentions and is using increasingly aggressive and risk-acceptant tactics to accomplish its goals. However, their discussions vary in scope and in the assessment of the tactics most problematic for their respective countries. Jash notes that one of the goals of the PLA’s aggressive behavior is to test the resolve of the targeted country (with the understanding that China will push the most against countries it sees as irresolute). In other cases, China itself demonstrates resolve through coercive

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tactics to dissuade other nations from taking actions contrary to its interests. China doctrinally does not take any responsibility for the deterioration in the strategic environment. All six case studies mention China’s tendency to publicly blame the other country for whatever crisis unfolded. For example, in the Japanese radar incident, Chinese media articulated that it was Japan’s fault for engaging in surveillance activities. Similarly, in the case of the HMAS Toowoomba, Chinese media claimed that the incident took place close to Chinese waters and blamed the Australian government for the decline of bilateral relations.

Yamaguchi notes that China sometimes mobilizes its domestic audience in a time of crisis to show its resolve to the world and to boost the credibility of its threat. For instance, in the Scarborough Shoal standoff, Chinese propaganda amplified nationalist sentiments to ratchet up pressure on the Philippines. Before the April 2023 military drills around Taiwan, the CCP employed state media to broadcast warnings, suggesting to the public that perceived threats to the PRC’s sovereignty, such as significant interactions between U.S. officials and Tsai Ing-wen, warranted retaliatory military exercises as a possible justified response.

Interestingly, Chinese leaders did not attempt to mobilize the domestic public in all cases. For instance, in the case study involving Japan, China refrained from domestic mobilization, likely due to previous mobilization efforts after the nationalization of the Senkaku Islands the prior year. Further actions could potentially destabilize control, and considering the short-lived nature of the situation, there was no need for additional pressure. Instead, China defended the use of fire-control radar as a “self-defense measure” against vigilant surveillance by Japanese naval vessels and patrol aircraft. It insisted on the moral legitimacy of this measure by maintaining that the PLA did not act dangerously and rejecting Japan’s claims as unfounded. In the border conflict with India, China’s approach of constructing “prosperous villages,” or border defense villages, near the LAC and renaming places in Arunachal Pradesh reflects a strategic, yet subtle, assertion of sovereignty without overt domestic mobilization.

China’s main goal in these cases was to advance its territorial claims by signaling its willingness and capability to use force. In the case of Taiwan, PLA activities—in particular, the combat readiness patrols and Joint Sword exercises in April 2023—likewise aim to dominate air and sea around Taiwan. Shoebridge’s scope for understanding PLA strategic ambitions is slightly broader than that of the other authors, concluding that China’s goals are to exclude foreign militaries from the region, increase its influence on the South China Sea code of conduct, and train the PLA for wartime.

China also employs gray-zone tactics in its maritime disputes to varying degrees. The term “gray zone” denotes “the use of techniques to achieve a nation’s goals and frustrate those of its rivals by employing instruments of power—often asymmetric and ambiguous in character—that are not direct use of acknowledged regular military forces.”18 Nguyen examines China’s leveraging of gray-zone tactics to promote its claims against Vietnam. He notes that China often uses these tactics to test the seriousness of a state’s commitment to protect its own interests. If the targeted country does not respond decisively, the aggressor will see that as a precedent and continue to increase the severity of the next steps. In other words, China is trying to reduce the ability of the targeted state to deter its aggression. Wong describes how the People’s Armed Forces Maritime Militia is frequently utilized to establish constant presence in the South China Sea by conducting

commercial fishing. Most of its vessels are capable of performing maritime surveillance, initiating reef or island development, and harassing foreign fishing boats. The Chinese government believes that the use of maritime militias with nominally civilian functions lowers the risk of escalation in the event of a confrontation with foreign vessels. Wong argues, however, that the perception that these maritime vessels are less escalatory may have the paradoxical effect of emboldening China to employ them more assertively.

In the case of its dispute with Japan over the Senkaku/Diaoyu islands, China reacted angrily to the Japanese government’s decision to nationalize some of the islands and began patrolling the waters around them with its maritime patrol vessels. Yamaguchi notes that the number of days that Chinese maritime police vessels were observed in the adjacent waters increased from 282 days in 2019 to 333 days in 2020 and 332 days in 2021. Similarly, Chen highlights Taiwan’s strong disapproval and alertness toward the PLA’s gray-zone maneuvers, which include an increase in the scale, frequency, and intensity of the drills and exercises against Taiwan.

Impact on Countries’ Perceptions and Policies

China sees crises as opportunities, and for many of this report’s authors these crises were less spontaneous and more premeditated acts of PLA escalation. For instance, Taiwan’s government criticized the PRC’s actions as deliberate escalation that only increases threats and regional instability. Jash argues that the PLA’s tactics in eastern Ladakh were deliberate transgressions that violated the 1996 agreement between India and China, which mandates that border personnel practice self-restraint and take measures to prevent any escalation of conflict in face-to-face situations arising from disagreements on border alignment or other causes. According to the 2020 *Science of Military Strategy*, the goal for China is to “control and guide” the developments of a crisis “in a direction that is beneficial.”\(^\text{19}\) China, in other words, is attempting to deter other countries from resisting. As Zhang Yuliang argues in the *Science of Campaigns* (2006), China uses “strong military attack as the backing to create powerful deterrence, forcing the enemy to give up the attempt to resist.”\(^\text{20}\) Generals Peng Guangqian and Yao Youzhi state in the 2005 version of the *Science of Military Strategy*, a PLA textbook, that deterrence is thought to play two roles: “one is to dissuade the opponent from doing something through deterrence, the other is to persuade the opponent what ought to be done through deterrence and both demand the opponent to submit to the deterrer’s volition.”\(^\text{21}\)

All the case studies show this Chinese strategic thinking in action. Shoebridge argues that the PLA is attempting to deter governments from sending their militaries to places Beijing does not want them. The increase in activity is designed to “wear others down” so that they concede to Beijing’s demands. In the Scarborough Shoal standoff with the Philippines, China used perceived provocations as an opportunity to change the status quo in its favor—escalating on purpose to exacerbate the situation and secure the initiative. Yamaguchi highlights similar behavior in the case of PLA encounters with Japan. By creating dangerous situations, China tried to convince Japan to concede and restrain its behavior.

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The incidents were often accompanied by heightened rhetoric from leaders in the targeted country. Chen notes that the 2023 ROC National Defense Report warned that an invasion of Taiwan by the PRC could occur regardless of the intentions of Taiwan.22 Taiwan has understandably adopted severely negative rhetoric against Chinese actions and united to denounce PLA military drills and gray-zone maneuvers. Several Vietnamese leaders proposed that Vietnam radically shift its foreign and defense policies to “exit China’s orbit.” Following the radar event between Japan and China in 2013, Tokyo clearly shifted its security focus to China and claimed that China had adopted tendencies to change the status quo by coercion. India has also released negative statements about China, arguing that the state of relations between New Delhi and Beijing would rely heavily on the state of the border. Although Australia called out problematic Chinese behavior between 2018 and 2020 under the Morrison government, the Albanese administration has adopted a significantly different approach. Specifically, it has tended to be quiet on differences with Beijing and instead raise them mainly through behind-the-scenes diplomacy. Last, the Philippines has also demonstrated mixed responses to Chinese aggression. While the Aquino administration was quick to criticize Chinese actions, the Duterte administration favored Chinese economic investment and development aid, often praising the nation. The current Marcos administration continues to further develop an active deterrence strategy by “instituting and improving countermeasures against China.”

Interestingly, there is some debate among the authors about whether publicizing an incident with China is a good idea. Generally speaking, this tactic is seen as likely to provoke Beijing. Wong, for example, argues that one of the reasons for China’s assertive response during the Scarborough Shoal standoff was the Philippines’ abrupt public announcement of the incident, instead of attempting to resolve the dispute through private bilateral negotiations. In recent years, however, the Philippines has opted to expose China’s aggressive actions in the South China Sea to gain international support, especially from other nations that believe in a rules-based order.23 In contrast, Shoebridge points out that the Australian government, especially since the Albanese administration took office in May 2022, typically does not disclose or comment on reports or incidents to maintain “operational security” and manage sensitive situations discreetly. According to him, only those incidents that are exceptionally “brazen or dangerous”—such as the Toowoomba incident—are likely to be disclosed, mainly because they are challenging to conceal. Traditionally, the Japanese government has tended to believe that a low-key approach is the best way to control a situation. But in the case of the radar incident, the Japanese side “publicly disclosed China’s actions after conducting detailed data analysis and verification.” Prime Minister Shinzo Abe was the strongest supporter of publicizing “China’s problematic behavior.”

In the HD-981 standoff, Vietnam used “aggressive transparency” during the crisis, and publicizing developments created a significant amount of anti-China sentiments among the population and government. China vastly underestimated Vietnam’s response to the incident, which was a miscalculation that Vietnam was able to exploit. Nguyen adds that one method to get China to de-escalate would be to convince China that Vietnam would exit out of its orbit and move closer to the West. Therefore, publicizing the event could have convinced China to not push for a more aggressive strategy.

The varied approaches to publicizing incidents with China—ranging from the Philippines’ strategy to gain international support, Australia’s discretion for operational security, and Japan’s careful verification of problematic actions before disclosure to Vietnam’s use of aggressive transparency to generate domestic and international backlash against China—show the different calculus nations undertake in managing their disputes with Beijing. Each nation’s decision-making reflects its strategic priorities—weighing the benefits of international solidarity against the risks of escalating tensions with China or compromising operational security.

Joining Forces: Multilateralism and Relations with the United States

The PLA’s assertiveness has convinced all regional players to enhance their security cooperation with the United States and other regional powers, though to varying degrees. Across all nations studied in this report—Australia, India, Japan, the Philippines, Taiwan, and Vietnam—there is a recognized need for partnership with and support from the United States and other like-minded countries to effectively address security concerns and deter potential threats from China. Taiwan emphasizes the importance of domestic efforts, coupled with international support, especially from the United States, as being pivotal for deterring the PRC. India has bolstered its defense cooperation with Washington and views collaboration with Quad nations as vital for countering China’s influence and strengthening deterrence capabilities. The Philippines relies on security alliances and defense partnerships, particularly with the United States, viewing these relationships as crucial force multipliers. Similarly, Vietnam sees the U.S. commitment to regional security as a key deterrent against potential Chinese aggressiveness. Australia, while emphasizing the need for a robust stance against China, acknowledges that such a posture is contingent on U.S. support, further highlighted by its participation in the AUKUS partnership with the United Kingdom and the United States. Lastly, Japan warns that the strategic balance in East Asia would be significantly disrupted without sustained U.S. involvement, indicating the broader dependence of regional countries on U.S. support and strategic partnerships to fortify their own defense mechanisms and uphold regional stability.

For instance, in the case of the Philippines’ dispute with China, Wong argues that U.S. ambivalence during the standoff encouraged a firm Chinese position. As tensions escalated, the Philippines sought clarity on the conditions under which the 1951 Mutual Defense Treaty would trigger U.S. military intervention. But the United States had cautiously maintained its “strategic ambiguity,” without clarifying whether the mutual defense treaty covered the Philippines’ territorial claims in the South China Sea. China interpreted such ambiguity as a sign of U.S. “neutrality.” Since then, the United States has been clearer in its commitment to the defense of the Philippines. After two collisions between Philippine and Chinese vessels in the contested waters during a Philippine resupply mission to Second Thomas Shoal in October 2023, President Joe Biden warned China that the United States would defend the Philippines against any attack in the disputed South China Sea. In April 2023, President Ferdinand Marcos Jr. granted the United States rotational access to four more military facilities, besides the five existing sites in the country under the Enhanced Defense Cooperation Agreement signed in 2014. The access to more sites in strategic locations near the South China Sea enables the Philippines to offset China’s

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maritime power projections. The United States plans to allocate more than $100 million toward infrastructure investments at the new and existing sites.25

The United States also has treaty commitments to Japan and Australia. Japan and the United States introduced the Alliance Coordination Mechanism, which enables both states to conduct constant information sharing and situation assessment from peacetime to contingencies in order to facilitate faster, more flexible, seamless, and whole-of-government responses to contingencies from military conflict to gray zone. Australia has patrolled and conducted exercises in Southeast Asia and the East China Sea with regional partners, including the United States, and has proceeded with the AUKUS military technology partnership. India has enhanced strategic partnerships, particularly with the United States and other Quad members, to counterbalance China’s influence.

Most regional players in this study also tried to strengthen partnerships with other countries to enhance their leverage against Beijing. In addition to enhancing its strategic partnership with the United States, India has strengthened its defense ties with the two other Quad members (Japan and Australia) as well as regional partners such as Vietnam, Singapore, and the Philippines. For instance, in 2020, India upgraded its ties with Australia to a “comprehensive strategic partnership” and signed nine arrangements that include “mutual logistics support” for their militaries. While Vietnam maintains a nonalignment policy, it sought support from other ASEAN nations in its dispute with China, most notably Indonesia and Malaysia, which called out Chinese aggression on Hanoi’s behalf. Top Vietnamese leaders have also met with Australian, Philippine, and Japanese leaders on the issue and have sought support from these countries in improving Vietnam’s maritime patrol capabilities. The Philippines is cultivating security relations with Japan and Australia, which are also integral partners in the U.S. alliance network.

Additionally, the Australian military has been patrolling and exercising in Southeast Asia and the East China Sea, working together with regional partners, including the United States, the Japan Self-Defense Forces, and the militaries of other ASEAN countries, including the Philippines, Vietnam, Malaysia, Singapore, and Indonesia. Japan adopted the free and open Indo-Pacific concept, which aims to facilitate multilateral cooperation for principles such as the rule of law, freedom of navigation, and free trade.

**Self-Defense: Building Up Military Capabilities and Pushing Back**

Almost all regional players have concluded, based on their encounters with the PLA, that strengthening their own military capabilities will discourage such behavior in the future. Taiwan announced in August 2022 a 14% increase in defense spending, reaching a record $19.4 billion.26 Taipei is looking to the United States to bolster its resilience, notably by augmenting reserves of short- and medium-range munitions like surface-to-air and anti-ship missiles, alongside sea mines, and fortifying its communication infrastructure for sustained external connectivity after an initial assault. The Tsai administration also extended conscription, initiated reserve force reforms, and emphasized asymmetric warfare capabilities, including the local production of submarines, drones, and mines. In addition, Taiwan is establishing a response center, elevating the

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level of combat readiness, and implementing measures for combat readiness response. President-elect William Lai has pledged to hasten the shift toward an asymmetric fighting force and bolster national defense.

For India, its standoff with the PLA has “underscored the importance of hard power, deterrence, and force projection,” according to Jash. This has encouraged the country to improve border infrastructure to ensure faster mobilization and better logistical support for its troops; undertake rapid military modernization that includes the acquisition of advanced weapon systems to effectively counter China’s military expansion; and strengthen deterrence by acquiring the ability to rapidly deploy and maintain a sizable military force along its northern borders. For the fiscal year (FY) 2024–25, India’s defense budget will increase by 18.35% over the budget for 2022–23 and 4.72% over the budget for 2023–24. Additionally, in the new financial budget, the Indian government announced that it would allocate an additional 65 billion rupees ($783.41 million) beyond the scheduled budget for the Border Roads Organisation in 2024 “in the light of the continued threat perception faced at the Indo-China border.” In October 2023, India also launched Border Intelligence Posts along the LAC to monitor China’s military movements, including the buildup of troops and weaponry, frequent border violations, and attempts to change the territorial status quo.

Australia has been committed to maintaining its defense presence and activities in Southeast Asia and the South Pacific and working with both South Korea and Japan in Northeast Asia, even as it seeks to avoid antagonizing Chinese authorities. Australia’s air and maritime presence has also worked to support its partners’ sovereignty against the growing challenges from China. Although the Albanese government has said little about the security relationship with China since its election in 2022, it has continued with the AUKUS military technology partnership that works to shift the balance of power away from China in the Indo-Pacific. Shoebridge warns, however, that this balance will become untenable as the PLA’s aggressive behavior when encountering Australian Defence Force personnel “continues and perhaps worsens.”

With regard to Chinese maritime threats, Wong observes that the Philippines has changed its focus from mere “defense” to active “deterrence.” It is developing a minimum credible defense posture through modernizing its military, albeit slowly. Wong notes that it has earmarked $793 million for 2024 defense spending to acquire military assets, the most significant of which is the purchase of its first submarine fleet. She argues that these assets are “intended to develop maritime domain awareness, naval interdiction capabilities, and even the ability to inflict damage when necessary.”

Changes in defense posture have perhaps been the most drastic in Japan. Yamaguchi points out that, “although internal balancing against China had begun during the Democratic Party of Japan administration prior to the 2013 incident, the policy was put forth in a gradual manner.” In 2013, the Abe administration revised the National Defense Program Guidelines to support the allocation of greater air and naval assets to the southwestern region and the establishment of the National Security Council. Recently, Prime Minister Fumio Kishida’s government has approved a defense budget of 7.95 trillion yen (approximately $56 billion) for FY 2024, marking a significant

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increase of 16.5% from the 2023 budget of 6.8 trillion yen ($47.7 billion). This upward trend in defense spending is projected to continue, with the budget expected to rise to 8.9 trillion yen ($62.5 billion) by FY 2027. The FY 2024 budget includes an allocation of 1.247 trillion yen ($8.78 billion) for integrated air and missile defense capabilities. Further, the Japanese government’s 2022 National Security Strategy also includes plans to strengthen missile defense systems and acquire counteroffensive and advanced long-range weaponry such as U.S.-made Tomahawk cruise missiles and joint air-to-surface standoff missiles.

Cooperation: Room for Crisis Management?

While there was a general consensus among authors about the need for countries to strengthen their own military capabilities and improve cooperation with other regional powers, in particular the United States, each regional player has a different position on the effectiveness of diplomacy and cooperation when dealing with China. Jash notes that India has signed various agreements aimed at maintaining peace and preventing escalation, but with limited success. Under the mechanism of the Special Representative Talks on the India-China Boundary Question, for example, “22 rounds of talks...have failed to find a settlement.” The talks have only been able to establish “political parameters and guiding principles,” and the objective of establishing a framework for a comprehensive settlement of the boundary remains elusive. On the other hand, the 21 rounds of commander-level talks held since 2020 have “led to disengagements and the creation of ‘buffer zones’ in five areas.”

Vietnam has relied on diplomacy in 40% of the cases since the 1970s, and on confrontation only 20% of the time, according to Nguyen. But this was much more prevalent over a decade ago. Although the two countries have restored bilateral relations, they have yet to become normal again. China has continued to harass Vietnam in disputed waters, but Vietnam has demonstrated its resolve to aggressively respond to any attempts by China to cross red lines. However, Hanoi has also commonly deferred to Chinese conditions for de-escalation. During the HD-981 crisis, for example, Vietnam’s leaders adopted a conciliatory diplomatic approach to de-escalate the crisis, according to Nguyen. When Hanoi’s request for the activation of the hotline between senior leaders was declined, Vietnam offered to send a special envoy and then pressed a visit by its secretary general. Vietnamese officials claim they were rebuffed on each occasion, and China failed to respond to communication made through established mechanisms to resolve the crisis. The same pattern has occurred between the Philippines and China. The countries’ leaders agreed to establish a crisis management hotline in December 2022, but China has been unreachable during times of crisis. Wong adds that China requires trust to faithfully use a crisis hotline, which the Philippines had not yet gained. India and China also negotiated a crisis management approach in 2012, but it has largely been unsuccessful as tensions have only increased since 2012. According to Yamaguchi, Tokyo has tried to directly engage with Beijing as well by pursuing summit diplomacy and better crisis management approaches. In 2013, for example, the Abe administration continued
to emphasize that “the window for dialogue was open and demonstrate its willingness to engage in dialogue with the Xi administration.”

Diplomacy and crisis management are not viable options for Taiwan, given the political nature of the issue. Indeed, China has also been using diplomatic means to isolate Taiwan and put pressure on the island. Moreover, serious dialogue between Taiwan and the Chinese government has stalled, as Chen explains, partly due to Tsai’s reluctance to endorse the cross-strait relationship enhancement plan of her predecessor, Ma Ying-jeou. Taiwan remains “open to dialogue with China, advocating for peace, equality, democracy, and dialogue,” but the Chinese government has shown no willingness to engage.

**Conclusion: What Deters the PLA?**

All six case studies in this report include specific policy implications and options for the countries to consider in their efforts to deter China. The need for a consistent and clear policy approach is evident across the countries, particularly for the Philippines. The fluctuating approaches of the Philippines due to changes in political leadership serve as a cautionary tale of how policy inconsistencies can undermine strategic objectives. Wong discusses several courses of action that would primarily enhance the Philippines’ active deterrence strategy to respond to Chinese aggression, reduce tensions, and prevent miscalculations at sea. Furthermore, the Philippines could upgrade its maritime capabilities and expand security cooperation with other countries to deter China. Strengthening of deterrence through advancement in capabilities is a common theme across all the essays. For instance, Jash discusses options for India to strengthen its deterrence capabilities through further military modernization and harden its deterrence posture by adopting a firm stance on border disputes, increasing domestic manufacturing, and building robust international partnerships.

However, military deterrence must be balanced with diplomatic engagement. For instance, Yamaguchi argues that Japan must focus on promoting deterrence and stabilization but also continue to emphasize summit diplomacy, which has the potential to de-escalate tensions and stabilize relations without compromising on security. He also argues that Japan could publicize Chinese actions only if they are seriously dangerous so that China cannot claim moral superiority. Shoebridge finds that current Australian policy is not doing enough to deter China and argues that Australia must focus on collective efforts within various regions to unite against China. More generally, like-minded countries could promote military cooperation and unified political messaging to mitigate the risk of escalation.

The management of long-term strategic competition, as highlighted by Vietnam’s handling of the HD-981 incident, shows the delicate balance between addressing immediate crises and preserving long-term strategic interests. Nguyen observes that for future Vietnam-China relations, it is crucial for Vietnam to establish its resolve against China, a principle that holds true for all countries. The important role of the United States and other international partners to ensure security in the region is also highlighted. In particular, the United States could play a pivotal role in the region’s security by adding to Hanoi’s confidence in its attempt to establish resolve. Likewise, Jash emphasizes that, along with improving operational preparedness, India could counterbalance Beijing’s influence by maintaining stable and positive relations with its neighbors and other countries. Chen adds that Taiwan might increase its deterrence against China
by continuing to enhance its asymmetric warfare capabilities and domestic production of defense resources. The United States and other democratic nations could support such efforts by Taiwan and other countries to deter China by increasing their military presence in the Indo-Pacific and focusing on robust diplomatic and economic efforts. Ultimately, the path forward for maintaining peace and stability in the Indo-Pacific region requires a cohesive strategy that prioritizes long-term security interests, demonstrating the essential role of international cooperation and the strategic interplay between military readiness and diplomatic efforts in navigating China’s aggression.