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CHINA'S GREY ZONE STRATEGY

Historical Trajectory, Recent Trends and Policy Options

*What can ASEAN and the United States do to protect their own interests, regional stability and the marine environment in the South China Sea? Surveying the historical trajectory of China's grey zone activities, **ANDREW CHUBB** argues strategies should focus on economic inducements, rather than military risk; leveraging the potential resolution of intra-ASEAN disputes in the South China Sea; and working towards a joint fisheries management scheme.*



A US guided-missile destroyer in the South China Sea, where military might alone may be inadequate against China's administrative activity and coercion. *The appearance of Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.*

The Biden administration's February 2022 *Indo-Pacific Strategy* declared the United States' intent to counter coercion against its "allies and partners" in the region. But can the United States deter the kinds of grey zone activities by which the People's Republic of China has advanced its claims in the South China Sea in recent decades? If so,

how? And what can other regional actors, including the Association of Southeast Asian Nations (ASEAN) and its members states, do to protect their own interests, regional stability and the marine environment in the South China Sea? To answer these important practical questions facing the region it is useful to examine the historical trajectory of China's grey zone strategy.

Historical Trajectory: Since 1970

The Maritime Assertiveness Times Series (MATS) data set measures [China, the Philippines and Vietnam's contestation of the South China Sea from 1970 to 2015](#). These unique [data](#) show that intensifying PRC assertiveness has been a near-constant feature in the South China Sea dispute since 1970. In almost half a century since that time, there have only been four years in which the PRC did not identifiably advance its position at its neighbours' expense in some form, using means short of military force.

The data pinpoint a [major change](#) in China's policy that occurred from 2007. That was when it began a protracted administrative build-up, first centred on rapidly increasing numbers of white-hulled patrol vessels, and later the expansion of its artificial islands, coupled with much more frequent coercive behaviour. The timing of this surge — several years before most Western analysis presumes — disconfirms the idea that it was weakened [US credibility](#) after the 2008 Global Financial Crisis, or the [ascendancy](#) of Xi Jinping to the leadership of the Communist Party of China from 2012, that lay behind the PRC's grey zone strategy.

The data also [reveal](#) China's long-term weakness in contesting the South China Sea in the domestic and diplomatic domains — and consequently its heavy long-term reliance on physical on-water activities. The PRC's evident lack of confidence in pursuing its claims through channels of diplomacy may add to the difficulty of deterring its grey zone activity in the physical domain.

The military aspects of the South China Sea contest have become less prominent in the overall dispute over time. Since the 1990s, as especially since the 2003 [ASEAN-China Declaration on Conduct \(DOC\)](#) for the South China Sea, direct seizure of disputed rocks and reefs has given way to unilateral administrative activity and coercion. These are modes of contestation that US military power is generally ill-suited to push back against.

The rising civilian administrative presence in disputed maritime areas has the potential to be even more destructive to the South China Sea's marine environment than the People's Liberation Army's ecocidal island-building campaign of 2013–2015. While hundreds of reefs and atolls remain unoccupied, there has been a generalised uptick in human presence, particularly fishing, with [devastating](#) ecological [consequences](#). With climate change also threatening the region's coral reefs, [environmental accords](#) and [fisheries cooperation](#) are urgent priorities to avoid an ecological collapse that could have dire social consequences.

Since the 1970s, the geographic scope of the PRC's activities has spread from the Paracel Islands, to the central South China Sea and the Spratlys in the 1980s, the Vietnamese continental shelf in the 1990s, and finally the far southern reaches near

Malaysian Borneo and Indonesia's Natuna Islands in the late 2000s. This protracted push towards full control of the waters within the nine-dash line suggests that, contrary to PRC officials' [claims](#), the overall direction of China's grey zone strategy probably has little to do with provocative actions by ASEAN countries (or the United States).

Interestingly, as detailed in Chapter 3 of a newly released [report](#) analysing the MATS data, the data also show the Spratly archipelago as an exception to the general surge in PRC coercion seen in most other parts of the South China Sea. Incidents in the far southern parts of the South China Sea, by contrast, have more often involved coercion. This suggests that serious friction is most likely in areas where China's presence is new or unexpected.

Trends since 2016

While systematic MATS data collection for the post-2016 period has yet to be completed, there appears to have been a general intensification, or at least continuation, of the same trends.

Following the 2016 [Philippines v. China](#) United Nations Convention on the Law of the Sea (UNCLOS) arbitral ruling, which found PRC maritime jurisdictional claims based on the nine-dash line to be unlawful, China's assertiveness temporarily diminished. For the first time since 2012, Filipino fishermen were able to fish in Scarborough Shoal without interference from the China Coast Guard, and there were no known oil and gas skirmishes between China and Vietnam. Some observers [noted](#) that the PRC, despite denouncing the case, seemed to be bringing some of its practices into greater compliance with the UNCLOS. As Bill Hayton has pointed out, simply [refraining](#) from further coercive actions over oil and gas resources around the edges of the nine-dash line could bring the PRC into compliance with key aspects of the arbitral ruling.

However, any such adjustments on the PRC's part were short-lived. In 2017 and 2018 Beijing reportedly [pressured](#) Hanoi into [halting](#) the drilling of wells on its continental shelf, to which the PRC had no plausible claim under UNCLOS following the arbitration. From 2019 onwards, Beijing [heightened](#) its coercion against [Vietnamese](#) and [Malaysian](#) energy exploration activities on their continental shelves by intensively [surveying](#) in the same areas and conducting close-in surveillance. In late 2019 the PRC also sent dozens of fishing boats [into Indonesia's exclusive economic zone](#) at the southern end of the nine-dash line area, accompanied by coastguard vessels that confronted Indonesian government ships there.

China's construction of massive artificial islands from 2013 to 2015 appears to have enabled an increased number of trawlers in surrounding waters, many of which [apparently belong](#) to its maritime militia. Between 2018 and 2021, hundreds of PRC trawlers were positioned at loosely Philippine-controlled features, such as [Sandy Cay](#) in 2019 and [Whitsun Reef](#) in 2021. The expansion of the artificial islands has enabled the sustained and regularised presence of China Coast Guard ships at Second Thomas Shoal, as well as Luconia Shoals, and other features in the sea's [far southern reaches](#). The on-water pressure against Vietnamese and Malaysian energy explorations has also been sustained by resupply stops at the artificial island outposts. These examples confirm that, as observed in the MATS data, assertiveness at one time tends to facilitate future activity, producing [cumulative layers](#) of state practice.

Policy Implications

These observations have three main areas of implication for policymakers.

Deterrence Focused on Economic Measures, rather than Military Risk

The data on China's behaviour suggest the PRC's assertive policy in the South China Sea has much less to do with "great power competition" than commonly assumed. The observation that PRC assertiveness has been increasing consistently since 1970 suggests that most cases likely stem from slower-moving [systemic drivers](#) ranging from China's rising capabilities, to the development of the Law of the Sea regime. The protracted nature of the PRC's push for control of the South China Sea means US policy faces significant challenges in deterring PRC assertiveness there. None of the PRC's past grey zone moves have crossed any US redlines. This has prompted some US strategists to [advocate](#) deliberately conducting operations that carry an increased risk of military escalation. But doing so would undermine a key strength of the US position in East Asia vis-à-vis China: namely, the belief among regional states that it is a stabilising force.

The United States should strengthen its regional military presence to the extent that regional states welcome this, but its deterrence strategy should not seek to raise the risks of military confrontation. Instead, it should focus on threats of economic punishment, leveraging the PRC party-state's dependence on rising domestic material living standards for domestic legitimacy. The US could, for example, incentivise restraint in the South China Sea by linking the issue of its conduct in the South China Sea to trade negotiations.

The Potential Resolution of Intra-ASEAN Disputes as Leverage

One of the strongest deterrence signals ASEAN could send would be to take steps towards the resolution of the remaining intra-ASEAN disputes in the South China Sea. The MATS illustrate how ASEAN claimants have successfully neutralised these internal disputes since the 1990s. This offers an untapped source of leverage vis-à-vis the PRC. As a first step, ASEAN claimants could facilitate expert discussion of the areas in dispute (perhaps with reference to the 2016 UNCLOS arbitration ruling). A second step could be working-level talks on the subject. A third could be defining a consensus on the precise areas in dispute pending formal resolution. Being intra-ASEAN, such moves would be difficult for Beijing to characterise as anti-China. But Beijing is [sensitive](#) to ASEAN unity on the South China Sea, fearing isolation, so even symbolic gestures in this direction could create significant incentives for PRC moderation.

Joint Fisheries Management Scheme

With scientists [warning](#) that fish stocks could be on the brink of collapse due to the combination of climate change and overfishing, regional-level cooperation on fisheries in the South China Sea is an increasingly [urgent](#) national interest of all parties to the disputes. ASEAN should convene an expert conference to provide estimates of the

area's fish stocks under various climate and economic scenarios, and make [policy recommendations](#) based on the scientific evidence.

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