

**COMBATING THE PEOPLE’S REPUBLIC
OF CHINA’S ILLEGAL, COERCIVE,
AGGRESSIVE, AND DECEPTIVE BEHAVIOR
IN THE INDO-PACIFIC**

HEARING

BEFORE THE

**SUBCOMMITTEE ON EAST ASIA,
THE PACIFIC, AND INTERNATIONAL
CYBERSECURITY POLICY**

OF THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

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**COMBATING THE PEOPLE'S REPUBLIC OF
CHINA'S ILLEGAL, COERCIVE, AGGRESSIVE,
AND DECEPTIVE BEHAVIOR IN THE INDO-
PACIFIC**

TUESDAY, OCTOBER 7, 2025

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
SUBCOMMITTEE ON EAST ASIA, THE PACIFIC, AND
INTERNATIONAL CYBERSECURITY POLICY,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:30 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Pete Ricketts presiding.

Present: Senators Ricketts [presiding], Cornyn, Coons, Shaheen, Van Hollen, and Duckworth.

**OPENING STATEMENT OF HON. PETE RICKETTS,
U.S. SENATOR FROM NEBRASKA**

Senator RICKETTS. This hearing of the Senate Foreign Relations Subcommittee on East Asia and the Pacific will come to order.

Before we begin I want to go over a few ground rules. There will be zero tolerance for protests or any efforts to communicate with witnesses or anybody up here on the dais.

If you so choose to disrupt this hearing you will be arrested immediately and banned from this committee for 1 year. We invite the public to attend but we also have important business to attend to.

With that said, we welcome everyone here today and thank our witnesses for agreeing to testify. We will begin with an opening statement from Senator Coons and then myself, and then we will hear from our witnesses.

Following the testimony, we will move to a 5-minute round of questions. I would like to start by recognizing the ranking member for his comments.

**STATEMENT OF HON. CHRISTOPHER A. COONS,
U.S. SENATOR FROM DELAWARE**

Senator COONS. Thank you so much, Senator Ricketts. I am grateful for the chance to serve with you on the subcommittee and to partner on this hearing, and thanks to our three talented witnesses for being here to share your expertise.

The most significant area of enduring bipartisan consensus in U.S. foreign policy is the growing threat that the PRC poses to American security and our economy.

That is why Senator Ricketts and I came together to lead this subcommittee on our trip to Taiwan and the Philippines, as chair and ranking. It was one of the very first bipartisan CODELs of this Congress, led by Senator Ricketts.

For years, the national security establishment has correctly identified China as our central national security challenge.

Today's hearing will explore China's gray zone activities which are increasingly offering Beijing an asymmetric advantage and that several administrations have struggled to respond to since they fall below the threshold of armed conflict.

Our witnesses will spell out this wide range of activities used to coerce and bully and assert control over the Pacific. Let me give you just a few striking examples from this year of Beijing's brazen activities.

In Australia, a U.S. treaty ally, for the first time we saw a large Chinese naval task group conduct a full circumnavigation of the continent and live fire exercises with no warning, an enormous show of force intended to intimidate Australia and send a signal to other regional States.

Against Taiwan, record levels of incursion by the PLA into Taiwanese airspace and its economic zones, brazen election interference, cutting undersea cables, and much more.

This spring, China conducted its largest ever military exercise around Taiwan, including simulated blockades and participation from the Chinese navy and coast guard.

In 2023, the PLA conducted more than 1,700 sorties into Taiwan's airspace. That number jumped 80 percent in 2024 to more than 3,000, and this year it has already surpassed that number with 3 months left in the year.

In the Philippines we saw firsthand how the PRC claims islands, reefs, and other features despite international legal rulings against it, and harasses Filipino vessels as a result, and the PLA is actively harassing our own pilots and vessels operating lawfully in international waters and airspace.

What does this all mean and why does it matter? China is trying to change the facts on the ground in the Indo-Pacific just as Putin did with Crimea in 2014. They are hoping they can salami slice their way into asserting control of the region and forcing the United States out.

Perhaps most ominously, they are intending to create so much noise in the area with their steadily increasing operational tempo creating a new normal that we will not be able to tell the difference between an invasion and an actual—between an exercise and an actual invasion of Taiwan.

As INDOPACOM Commander Admiral Paparo has said, China's military exercises are no longer drills—they are rehearsals. The United States is an Indo-Pacific power and we cannot and should not back down.

But how do we tackle this challenge? That we will hear from our witnesses and Chairman Ricketts and I will discuss with you today.

The good news is our allies are stepping up in ways we have not seen before. They are clear-eyed about the threat and determined to serve on the front lines of defense.

They are spending significantly more on defense and security and providing troops, training, access, and materiel critical as we shore up deterrence.

The bad news, as China has ramped up, the Trump administration has also taken steps that erode key sources of our strength.

The Trump administration has been willing to do several things with regards to Taiwan that I view as strengthening—excuse me—weakening our partnership: withholding prescheduled weapons sales and deliveries, canceling high-level defense dialogs, and denying the President of Taiwan transit through the United States.

The administration has defunded Radio Free Asia, Voice of America, dismantled the Global Engagement Center, which risk leaving PRC disinformation unresponded to and uncontested.

The administration has slapped our regional partners with significant tariffs from 10 to 50 percent, making them prioritize economic interests over contributions to their defense and our security partnerships.

They have also withheld critical foreign assistance. One project, for example, is building a communications infrastructure in Asia that is secure and that China does not own.

The administration has now embarked on a dangerous campaign of taking strikes against vessels in international waters off Venezuela, striking with impunity and creating a dubious legal precedent that I view as risking our own sailors in the Indo-Pacific as they do freedom of navigation operations.

If we do not change course, if we continue to dole out concessions to China and look the other way as they change facts on the ground, we may well lose the fight for this century.

So I look forward to hearing from our witnesses about how we should meet the challenge of this moment, how we can leverage the bipartisan consensus and cooperation we have on this key issue, and how we can strengthen our position in the Indo-Pacific.

Thank you, and thank you, Chairman Ricketts.

Senator RICKETTS. Thank you, Ranking Member Coons.

Today's hearing is on an egregious and continuing problem of Communist China's illegal, coercive, aggressive, and deceptive actions, also known as ICAD, in the Indo-Pacific.

You will first notice the deliberate use of ICAD, coined by our Filipino friends, rather than gray zone. This is not just semantics. Gray zone allows Communist China to muddy the waters with regard to its intention and its involvement.

It is perfectly trying to hide what it is trying to do, and gray zone allows them to be able to do that. ICAD dispels this ambiguity and allows for more appropriate responses.

It is time to call out Beijing's behavior for what it actually is. It is illegal, coercive, aggressive, and deceptive.

In April, as Senator Coons mentioned, he and I and Senator Budd saw Beijing's firsthand ICAD conduct on full display on a CODEL that we took to the Philippines and Taiwan.

On a P-8 over-flight of the West Philippine Sea, we witnessed firsthand the sheer scope of Chinese illegal violation of the Philippines' exclusive economic zone.

Communist China uses the full spectrum of ICAD measures to try to turn the West Philippine Sea into a Chinese lake with Beijing's illegitimate and illegal nine-dash line and undermining Philippine people's will to resist.

Xi Jinping has referred to this as the smokeless battlefield that will allow Communist China to win without fighting. Thanks to the tireless work of the Philippines, this hostility has been publicly documented, making it impossible for Communist China to deny or for the world to ignore.

However, despite the reputational cost, Communist China's dangerous aggression continues. In August we saw two Chinese vessels collide as they belligerently tried to ram a Filipino coast guard ship near the Scarborough Shoal.

While this was a reckless and embarrassing event for Xi Jinping, it could have been much worse, particularly if there was a fatal collision with a Filipino vessel. This could have triggered our mutual defense treaty with the Philippines and started a war. Rather than appreciating the severe risks of its aggression, Communist China has instead doubled down.

In addition to continuing to ram ships and shoot water cannons, Communist China has resorted to political lawfare, recently declaring Scarborough Reef as a nature reserve.

Let us be clear, this is within the Philippines' EEZ, not Communist China's.

In Taiwan, the story is not any better, as my colleague just highlighted. Taiwan continues to endure disinformation campaigns, cyber attacks, bans on Taiwanese food exports, undersea cable cutting, violations of airspace and exclusive economic zone, and increasingly larger military exercises simulating quarantines, blockades, and evasion.

Under President Lai, Taiwan is taking critical steps to strengthen its resilience to Communist China's ICAD behavior including increasing national level planning and conducting civil defense exercises.

But Taiwan still remains particularly vulnerable to coercion. This was evident in a tabletop exercise that Senator Coons and I held with Mr. Singleton earlier this year simulating a Chinese pressure campaign targeting Taiwan's energy.

While Taiwanese and U.S. defense planners are right to prepare for a PLA invasion, a more immediate risk might be that Communist China will use its ICAD tactics to destroy Taiwan's ability to push back.

If we are to successfully neutralize Chinese ICAD tactics targeting Taiwan it is clear that more needs to be done to bolster Taiwan's whole society resilience, military preparedness, and level of international support.

Concerningly, Beijing's ICAD playbook is not confined to the West Philippine Sea or the Taiwan Strait but is now being used throughout the region. In February, Chinese warships sailed through the Tasman Sea and circumnavigated Australia's—sorry, circumvented Australia's coastline for more than 3 weeks.

They staged unprecedented live fire drills in a show of force meant to intimidate and stress Australia's ability to respond. Communist China is also increasingly militarizing the Yellow Sea, installing dual-purpose platforms in disputed territory with South Korea.

Similarly, Beijing has stepped up construction of drilling rigs and other platforms along the median line with Japan in the East China Sea while it conducts a record number of coast guard patrols around the Senkaku Islands.

So why does all this matter? To steal from Mr. Powell, as Sun Tzu said, the supreme excellence consists of breaking the enemy's resistance without fighting.

This is right out of Sun Tzu's playbook. To be able to win, the greatest general never fights a battle—he defeats his enemy beforehand.

Ultimately, Communist China would rather act as a python, slowly squeezing countries to resist rather than acting as a cobra and striking quickly.

Communist China's ICAD tactics are central to this effort or, at the very least, they can provoke a kinetic response and give Beijing a pretext for self-defensive military action.

The good news is we have allies and partners who are bravely confronting Beijing's ICAD behavior but they are currently over-matched. The United States must do more to even the scales and strengthen their resilience.

Ranking Member Coons and I are working together to do just that. We introduced the Taiwan Energy Security and Anti-Embargo Act, which would facilitate increased American LNG exports to Taiwan, encourage cooperation with Taiwan on nuclear energy use, and ensure commerce with Taiwan continues in a contingency.

We also introduced the Porcupine Act, which make it easier to quickly send arms that are critical to Taiwan to respond to and deter some of Communist China's ICAD activities.

And finally, we recently introduced a resolution honoring the 75th anniversary of the U.S.-Philippines Mutual Defense Treaty to ensure Communist China knows that the United States will continue to stand by our ally.

But more needs to be done and I look forward to hearing from our witnesses to understand the evolution of Communist China's use of ICAD tactics and what the U.S. and specifically the Congress can do to combat them.

And so we will now turn to our witnesses. We will ask our witnesses to keep your oral testimony to 5 minutes, please, and as a reminder, your written testimony will be submitted to the official record.

Our first witness today is Craig Singleton. Mr. Singleton is a senior director for China and a senior fellow at the nonpartisan Foundation for Defense of Democracies where he focuses on great power competition with Beijing.

A former U.S. diplomat with nearly two decades of service, he has worked extensively on China, North Korea, and the Indo-Pacific security. He also lectures at Stanford University on Chinese grand strategy.

With that, Mr. Singleton, the floor is yours.

STATEMENT OF CRAIG SINGLETON, CHINA PROGRAM DIRECTOR AND SENIOR FELLOW, FOUNDATION FOR DEFENSE OF DEMOCRACIES, WASHINGTON, DC

Mr. SINGLETON. Chairman Ricketts, Ranking Member Coons, and distinguished members of the subcommittee, thank you for inviting me to testify.

I am pleased to offer policy insights from the Foundation for Defense of Democracies, a nonpartisan research institute where I serve as a senior fellow.

Today, China is preparing for a conflict it hopes never to fight by slowly engineering the conditions for Taiwan's subjugation. This is not a distant or hypothetical problem. It is happening now.

Beijing's ICAD playbook is calibrated to be incremental and ambiguous, carefully designed to avoid tripping U.S. red lines while steadily degrading Taiwan's confidence in its future.

In China's calculus, Taiwan must eventually conclude that resistance is futile, that capitulation, not confrontation, is the only rational choice.

Beijing interprets vulnerabilities not only in Taiwan's defenses but also in U.S. and allied responses as validation of its approach.

To date, sustained coercion below the threshold of war has not triggered decisive action. Instead, it has generated debate, delay, and uneven responses rather than unified pushback.

This perception emboldens Beijing which views ambiguity and hesitation among democracies as exploitable gaps in deterrence, gaps that reinforce Beijing's conviction that time favors its strategy.

One challenge is that deterrence as traditionally understood does not map cleanly on the problem China has created.

Deterrence by denial, building enough military power to block an invasion, and deterrence by punishment, threatening retaliatory costs, both falter when the contest unfolds in the gray zone.

Equally critical is resilience, Taiwan's ability to withstand and bounce back from sustained pressure without losing confidence in its future or faith in U.S. support.

Our job is to flip China's logic, proving that Taiwan's society, economy, and partners can outlast coercion, that Taipei can get back up after each shove, and that Beijing gains nothing from dragging out the contest.

But increasingly gray zone coercion is no longer a low-risk strategy. The more ships and planes Beijing surges around Taiwan the higher likelihood there is for an accident, collision, or exchange of fire.

What looks like slow-motion strangulation could just as easily become a sudden shock, a crisis that neither side intended but both must confront.

While Beijing has many avenues of coercion, one vulnerability stands out above all others—energy. Taiwan imports nearly all of its primary energy and about half of its electricity now comes from liquefied natural gas.

Its storage depth is thin, barely 10 days for LNG, meaning even temporary disruptions could cascade quickly into political and social pressure.

To stress test these risks, the Foundation for Defense of Democracies conducted a series of energy quarantine tabletop exercises in Taipei with Taiwanese officials and experts and in Europe and in the U.S. with public and private stakeholders.

The findings were sobering. The exercises revealed how Beijing could exploit Taiwan's dependence by combining limited interdictions at sea, cyber-enabled disruption of energy infrastructure, and political disinformation, squeezing confidence without firing a shot.

The lesson is clear. Energy is not just a technical vulnerability, it is Taiwan's Achilles' heel. So what should we do?

Congress has a critical role in closing the deterrence gap. Three priorities stand out.

First, help harden Taiwan's resilience. That means supporting efforts to diversify energy imports, strengthen cyber defenses around critical infrastructure, and build redundancy into Taiwan's power grid, ports, and defense supply chains.

These are practical steps that make it harder for Beijing to exploit choke points and they buy time in a crisis.

Second, strengthen allied and private sector signaling. Beijing counts on insurers, shippers, and markets to walk away at the first hint of risk, cutting off Taiwan's lifelines through commercial caution rather than open confrontation.

Congress can press the administration to coordinate with allies on maritime insurance backstops and reflagging options so trade with Taiwan continues even under pressure.

Third, make clear that coercion will carry costs. Congress can advance sanctions tools that target Chinese entities complicit in quarantine operations or cyber-enabled disruption.

This does not mean threatening war. It means ensuring Beijing understands that coercion against Taiwan will trigger coordinated countermeasures.

The goal is simple—to ensure Beijing concludes that coercion, whether slow motion strangulation or sudden shock, will fail.

That is how we keep the peace, and that is why this committee's leadership is so essential. On behalf of the Foundation for Defense of Democracies, I thank you again for inviting me to testify today.

[The prepared statement of Mr. Singleton is located at the end of this transcript beginning of page 29.]

Senator RICKETTS. Thank you, Mr. Singleton.

Our second witness is Ray Powell. Mr. Powell is the founder and executive director of SeaLight, a nonprofit maritime transparency initiative launched with the help of the Gordian Knot Center for National Security Innovation at Stanford University, California.

He is also the co-host of the "Why Should We Care About the Indo-Pacific" podcast. Ray has served 35 years in the U.S. Air Force including posts in the Philippines, Japan, Germany, and Qatar, as well as combat tours in Iraq and Afghanistan.

He has also served as the U.S. air attache to Vietnam and the U.S. defense attache to Australia.

Mr. Powell, the floor is yours.

**STATEMENT OF RAYMOND POWELL, EXECUTIVE DIRECTOR,
SEALIGHT FOUNDATION, STANFORD, CA**

Mr. POWELL. Well, Chairman Ricketts, Ranking Member Coons, members, distinguished members, thank you so much on behalf of the SeaLight Foundation for the opportunity to testify today.

The People's Republic of China is this century's most successful expansionist power, one that directly threatens U.S. interests in East Asia.

While Russia's territorial aggressions capture headlines and trigger responses, it is actually China that has quietly achieved far greater imperial successes in the maritime domain through its mastery of gray zone tactics or what we now call illegal, coercive, aggressive, and deceptive, or ICAD, tactics.

Yet, the United States has still not even articulated an effective counter-ICAD strategy. We are decades into losing a gray zone war we, largely, do not recognize we are supposed to be fighting.

For over 50 years China has systematically seized effective control of vast ocean areas through patient, incremental expansion.

Its campaign began with direct military action with its 1974 Paracel Islands battle with South Vietnam but has since evolved into sophisticated civil-military tactics that have multiplied its gains across maritime East Asia.

In blockading, occupying, and militarizing key maritime features across the South China Sea, Beijing has demonstrated strategic patience that has consistently outmaneuvered our outdated and inefficient response mechanisms.

China's tactics extend beyond conquering reefs to include intrusive coast guard patrolling that establishes its claims of jurisdiction throughout its neighbors' waters in the South China Sea, around Taiwan and the Senkaku Islands, and in the Yellow Sea.

Beijing also deploys oil platforms and aquaculture rigs to normalize administrative control over new areas through economic activities that also complicate countermeasures.

Beijing expands its maritime empire with astonishing impunity. China's model represents a more successful expansionist threat than Russia's because it has mastered the art of winning without fighting.

To do so, China has not relied solely on gray zone tactics at sea. It combines these tools with a highly sophisticated political warfare machinery that targets democratic weaknesses.

Beijing enlists local adversaries to carry its message of China's inevitability, American retreat, and the futility of resistance so that governments will eventually make business decisions to accommodate Beijing's demands.

The goals are complementary—steady erosion of the will to contest China's ambitions and gradual acceptance of a new normal, one of Chinese regional supremacy.

In the Philippines we can see this clearly. Even as the world's bravest coast guard routinely faces extreme danger at sea from China's paramilitary ships, CCP acolytes organize lavish events ashore through united front-linked organizations assembling business and civic leaders to normalize CCP positions.

It recruits and trains influencers through scholarships and other programs who then provide local voices for Chinese interests for broadcast on international media platforms.

China's gray zone success exploits gaps in our national security bureaucracy designed as it was—designed as that bureaucracy was against historical conventional threats.

Beijing identifies strategic features, establishes presence through ostensibly civilian means, then escalates through its maritime militia and coast guard and backed by military force, all while maintaining the fiction of a peacefully rising China persecuted by local provocations.

Our window to act is not just closing, it is vanishing. Beijing is even now consolidating recent gains and turning toward new objectives.

We urgently need a comprehensive national counter-ICAD strategy that coordinates diplomatic, informational, economic, legal, cyber, and security instruments to meet this challenge.

This strategy must also learn from the Philippines example and creatively integrate assertive transparency as a core tool, proactively collecting and rapidly releasing evidence that systematically exposes China's gray zone aggressions to deny it the cover of opacity and deniability upon which it has built its campaign.

We must repurpose agencies like the U.S. Agency for Global Media to counter political warfare, establish a development assistance program explicitly focused on building resilience against gray zone tactics, and mobilize our defense innovation ecosystem against this threat.

Only a unified and well resourced national effort can prevent China's gray zone successes from becoming irreversible precedents. But to win we must first get our team on the field and organize for this campaign, the one we are already in.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Powell is located at the end of this transcript beginning of page 41.]

Senator RICKETTS. Thank you, Mr. Powell.

Our third witness today is Dr. Ely Ratner. Dr. Ratner is currently a principal at The Marathon Initiative. He served as Assistant Secretary of Defense for Indo-Pacific Security Affairs from 2021 to 2025, and as Deputy National Security Advisor to Vice President Joe Biden from 2015 to 2017.

He has also worked at the State Department and in the U.S. Senate as a professional staff member on the Senate Foreign Relations Committee.

Outside of government, Dr. Ratner has worked for a number of leading think tanks including the Council on Foreign Relations and the RAND Corporation.

Dr. Ratner?

**STATEMENT OF DR. ELY RATNER, PRINCIPAL, THE
MARATHON INITIATIVE, WASHINGTON, DC**

Dr. RATNER. Chairman Ricketts, Ranking Member Coons, distinguished members of the subcommittee and committee, thank you for the opportunity to appear before you today.

Let me begin by commending your strong bipartisan leadership to advance U.S. policy in the Indo-Pacific. This is desperately needed and more important than ever.

As I have testified before, our stakes in the competition with China are enormous and, yet, despite significant progress the United States is still not addressing the challenge with the level of urgency, attention, or resources it demands.

This is also true in the gray zone where U.S. policy is too often risk averse, reactive, and inconsistent. My fellow witnesses today have done a great job describing and assessing China's ICAD behavior so, Mr. Chairman, I will spend the balance of my time on the question of what we should do about it, highlighting a few recommendations from my written testimony for how Congress can help shape a new approach to this critical challenge.

First, we can and should do more to strengthen our allies. It is profoundly in America's interest to have partners who can provide frontline defenses against China's coercion.

When our allies are more capable they can do more on their own, they can contribute more to our collective defense, and in doing so they can help to strengthen deterrence and reduce the costs and risks shouldered by U.S. forces.

This is why the Trump administration, tactics aside, is doing the right thing by urging our partners to spend more on defense.

But many of them cannot do it entirely on their own, whether in the case of the Philippines or the Pacific Islands, and even though we acknowledge that China is our primary challenge, U.S. security assistance still does not reflect that reality including major programs such as U.S. foreign military financing.

Going forward, Congress can lead in correcting this imbalance by ensuring that U.S. support both in scale and focus reflects this prioritization of the China challenge.

Second, this is especially true when it comes to Taiwan where China's gray zone activities are growing more intense by the day. To be frank, I am concerned that the current direction of U.S. policy is reducing U.S. support for Taiwan and undermining America's commitment to peace and stability in the Taiwan Strait.

Congress can lead by advancing an all-of-the-above strategy for Taiwan's defense and resilience that uses the full set of tools available consistent with and reaffirming our commitments under the Taiwan Relations Act.

That should include timely foreign military sales, foreign military financing, Presidential drawdown authority, and support for Taiwan's defense industrial base.

Mr. Chairman, we also have work to do here in Washington to compete more effectively in the gray zone and that starts with crisis preparedness.

The administration needs to be ready with concrete options for specific contingencies such as a blockade of Second Thomas Shoal, a military over flight of Taiwan, or a maritime incursion close to Taiwan's shores.

These could include rapid U.S. military deployments, coordinated responses with our allies, or preauthorized sanctions packages. Congress should use its full authorities, including briefings, hearings, and legislation to ensure that preparation is real and ongoing.

Finally, as you heard from my colleagues today, we have more to do to compete in the information domain. Information operations are central to China's gray zone strategy, used to amplify its strengths, obscure its predatory activities, and shape global narratives to its advantage.

Each year China's Government spends billions of dollars on State propaganda and overseas influence operations and, yet, to our own disadvantage U.S. policy in this space is nearly nonexistent.

Instead, we should be proactively exposing, documenting, and publicizing China's illegal and coercive activities. Doing so can deter malign behavior, dilute the effectiveness of China's actions, and strengthen the resolve of partner governments to resist.

To that end, Congress should lead an effort to build new U.S. institutions equipped and resourced to compete with China in the information domain.

Otherwise, this prevailing gap will remain one of the most significant shortcomings in America's ability to meet the China challenge both in the gray zone and more broadly.

Mr. Chairman, those are just a few of the recommendations from my written testimony. Thank you again for your leadership and I look forward to your questions.

[The prepared statement of Dr. Ratner is located at the end of this transcript beginning of page 54.]

Senator RICKETTS. Great. Thank you very much.

Now we will go into a round of 5-minute questions.

And, Senator Cornyn, I believe you have an intel briefing so I am going to take my first question and offer it to you.

Senator CORNYN. Thank you.

Well, thank you, Mr. Chairman, for your courtesy. I would like to ask, maybe starting with Mr. Singleton and go down the row here, a few years ago when I visited Australia with Senator Warner, who was chairman of the Intelligence Committee, and Angus King and also another member of the Intelligence Committee, I was struck by the fact that talking to Australian parliamentarians that the assumption that I had made that Australia would join in any collective defense of Taiwan that the United States was involved in just as a matter of course.

But because of the politics in their own country, the diaspora of Chinese in Australia, it caused me to question who might join us in that effort.

Mr. Singleton, who can we rely on besides ourselves?

Mr. SINGLETON. It is a great question, and I think what the PRC is doing is actively exploiting all the cleavages amongst the democracies to sow doubt on this question.

I personally believe that in the event of a Taiwan contingency Canberra would step up, but it will, largely, depend on the political calculus in Canberra at the time, the makeup of its government and, of course, the Chinese get a vote and the leverage that they can employ over the Australians and all of our partners, frankly.

I would put the most bang for my buck on the Japanese. I think we have seen real shifts in strategy, rhetoric, and resource allocation in Japan. The election of a new, very hawkish Japanese prime minister is an excellent sign.

But ultimately, at the end of the day, I suspect this will come down to U.S. power and U.S. pressure in the region.

Senator CORNYN. Mr. Powell, do you have a different view?

Dr. Ratner?

Mr. POWELL. I do not. I completely agree with Mr. Singleton.

I was the U.S. attach for Australia to 2020. I used to—when I would brief our incoming delegations I would often remind them that Australia is, despite all of our experience on the military side, is not the 51st State and does not necessarily sign up to everything that we decide to do even though they have been extraordinarily consistent in supporting U.S. operations throughout the decades.

I think that one of the things we often forget is that when we are engaged in our own internal public discourse that the world watches and that they are also, in many cases, democracies and so it is very important that we sort of calibrate our rhetoric so that we bring them in rather than sort of find reasons to sort of cleave them off.

So it is very important, I think, that we sometimes when we are talking out loud remember that the Australian people are listening.

Senator CORNYN. Dr. Ratner, let me withhold that answer from you because the time is limited and I want to get back to all of you on another important topic.

A few years ago as a result of COVID we realized how dependent we are on extended supply chains of critical technology, for example, advanced semiconductors, and it occurred to me and not just me alone but many of us that another pandemic, another war, another natural disaster would be disastrous to the United States in terms of our access to advanced semiconductors that we need for virtually everything, including our weapons.

So I wanted to ask about our dependency on China for processing of critical minerals. Ninety percent of the world's critical minerals are processed in China.

They use that as enormous leverage, and while we did plus up the Office of Strategic Capital and the Development Finance Corporation and the Working Families Tax Cut Act, otherwise known as the One Big Beautiful Bill, how should we use that leverage, leverage those authorities and that funding to counter PRC's dominance when it comes to critical mineral processing?

We will start with you, Mr. Singleton.

Mr. SINGLETON. Sure. I would just add that the late Chinese leader Deng Xiaoping said that the Middle East has oil but China has rare earths and they have shown a willingness to weaponize it in the last year.

I think this gets back to your last question, where are our partners? The Australians are a natural partner here. They are a mining superpower.

The Japanese have capital and they have connections in countries like Malaysia where President Trump is getting ready to go in a few weeks.

We should be signing deals in this space aggressively, thinking about capital pooling but also offload agreements, and I think it just represents a tremendous opportunity for enhancing alliance cohesion in the region.

Senator CORNYN. Let me ask Dr. Ratner, do you have a view?

Dr. RATNER. I would agree with Mr. Singleton and just say that, look, we need to build secure supply chains with our allies and partners, not closing ourselves off from the rest of the world.

Senator CORNYN. My time is up. Thank you, sir.

Senator RICKETTS. Ranking Member Coons?

Oh, do you want to—

Senator COONS. I am inclined to defer to Senator Duckworth if she is prepared to question because we are going to do a number of rounds.

Senator DUCKWORTH. Thank you, Mr. Chairman, and thank you, Ranking Member Coons.

On my frequent travels to the Indo-Pacific, the PRC's coercive and aggressive tactics are never far from the forefront.

Two years ago, I met with the Philippine coast guard just as we were delivering the first Black Hawk helicopter to them that was eagerly anticipated and had been put to use. They had endless examples of videos of the wildly aggressive actions coming from the PRC and those actions have only continued to escalate.

We have seen the PRC weaponize the tourism industry and sow disinformation to try to destabilize their neighbors. This is all part of their playbook and we all recognize it.

Illinois soybean farmers are feeling it today, too, as they are being screwed over amid the Trump tariffs, bearing the brunt of some very real pain right now.

So having co-lead repeated bipartisan delegations to the Shangri-La Dialogue in recent years, I know that there is strong appetite for continued United States commitment to the region, particularly as a Pacific power ourselves, and we all know that in our absence the PRC will fill that vacuum and exploit every loophole that they can find with energy dependencies being another obvious target.

And we can project our power militarily and we must continue to show up for our allies and partners to keep proving that capability. But I feel very strongly that we have to show up on other fronts, too, and I believe there is a bipartisan interest in doing so, especially on the energy front.

Mr. Singleton, you have discussed this already, how Taiwan's energy dependency is an acute and severe vulnerability.

Can you elaborate on your recommendations and specific steps that the United States should take to ensure LNG supply flows remain stable and accessible? And, no, Senator Sullivan did not pay me to say that.

[Laughter.]

Senator DUCKWORTH. What about other sources of energy? Because I have had this conversation with the Taiwans themselves. Thank you.

Mr. SINGLETON. No, absolutely, it is wonderful to see you again, ma'am.

Energy is Taiwan's soft underbelly. There is no doubt about it. They are—Taiwan has one of the most taxed grids of any OECD country.

In the recent TTXs—and this is a fair warning for any think tanker that wants to go against the senator in a think tank or a war game. She had my number as the PRC in move one so that was pretty frightening.

But we realized pretty quickly that the Chinese were going to leverage low-level administrative and lawfare tactics to start to require permission for LNG tankers to cross the strait.

You keyed in immediately on the disinformation component with the cyber element as well, and it was designed to create societal panic, to force hard choices in Taiwan between powering households or powering industry and it cost me as China very, very little.

I think, obviously, we need to be pressuring Taiwan's key suppliers, including Qatar, that if they do try to cutoff Taiwan that they face some pretty serious consequences from the U.S.

Taiwan has to do its part. They need to be thinking about restarting mothballed nuclear facilities. They need to be thinking about purchasing their own LNG tanker fleet. That is something we can help them with.

But we also can help them fast track the purchase of U.S. LNG, which is something they would like to do, as well as invest in infrastructure projects, expanded terminals, emergency storage.

That will all encourage resilience measures that I think would enjoy broad bipartisan support on Capitol Hill.

Senator DUCKWORTH. Thank you. So the United States military presence is not only an essential tool for regional defense but also a fundamental element for proactive engagement and power projection, deterring the PRC from increasingly trying out their luck.

We have a number of critical alliances and partnerships in the region. That we do not have to go it alone has always been one of our distinct advantages over the PRC in the Indo-Pacific.

That commitment has to be a two-way street and our allies have to trust that we will actually show up and be there when the time comes. But that trust has been shaken this year.

Mr. Powell, given your expertise on gray zone tactics, what strategies did the United States adopt to facilitate a coordinated approach with our Indo-Pacific partners in addressing the PRC's territorial claims and broader regional influences?

Mr. POWELL. Senator Duckworth, thank you for the question. One particular one that I have already mentioned in my opening comment and which we have spent a lot of time on is studying very hard what the Philippines has done with assertive transparency.

Now, "assertive transparency" is a term that we developed at SeaLight; the Philippines itself does not use that exact term.

But the systematic exposure, documentation, and release of information about gray zone tactics pulls back the curtain of China's opacity and deniability that they use to conduct their gray zone activities.

In short, I think we should light up the gray zone.

Senator DUCKWORTH. Thank you. And can we replicate these strategies around the world? What can you say about specific regional concerns that we should bear in mind here?

Mr. POWELL. Well, do that is, I think, one reason why it is important to also bring in outside actors. Now, I recognize as an outside actor involved in the transparency space there is a little self-interest here.

But I think one of the reasons that SeaLight exists is because we recognize it is actually very hard for governments to release infor-

mation due to security, political, diplomatic, all kinds of different—just bureaucratic reasons.

So I think there needs to be a combination of aggressively doing things like declassifying information, releasing information from government sources, which have the best information, but also bringing in private actors that actually bypass the government bureaucracies so that you can kind of have all hands on deck.

Senator DUCKWORTH. Thank you.

I have a final question. May I—thank you, Mr. Chairman, for indulging me.

I think, looking forward, there are many steps that the United States should take to mitigate the PRC's illegal and coercive actions in the Indo-Pacific but we also have to ensure that we keep open both diplomatic and financial channels with our partners to help them close their deficiencies.

For instance, again, we talked about enhancing Taiwan's base load energy options. Previous administrations' efforts to mitigate the immediate PRC threat to Taiwan have worked.

Yet, the Trump administration is withdrawing U.S. influence at a time when we actually need to show the PRC we remain with our friends.

Dr. Ratner, what specific steps should the United States take to demonstrate its long-term commitment to the Indo-Pacific and its allies, and what are immediate and key components that need to be addressed and how can we reconcile those needs with this administration's retreat from our longstanding commitments?

Dr. RATNER. Well, thank you, Senator Duckworth.

I mean, clearly, I think we have heard from the chairman and ranking member as well as the witnesses today that we do need what we call a whole-of-government strategy that includes military operations and military support and assistance and being with our allies, as you suggest.

But it is much more than that. We need our State Department rallying the international community in support of our allies.

During the previous administration when the PRC would engage in these kind of activities against the Philippines there would be a chorus of over a dozen countries around the world speaking out about the dangers and the unacceptability of that behavior.

So that is quite important. We need development assistance to be strengthening the resilience of our partners, helping with their economic development.

We need the information part of this equation more clear to get the message out to the region and we need to think about legal tactics to be pushing back on China as well.

I will add one other thing, Senator Duckworth, in the context of your original question to Mr. Singleton about energy, which is that the PRC has its own energy vulnerabilities and they have been doing a lot to try to patch those up, but they are not there yet.

Their energy consumption is only increasing and they have major vulnerabilities in that regard just like they have major vulnerabilities politically, diplomatically, in the information space, with trade, finance, and economics.

And we need to be much more strategic about how we are not just playing defense and trying to put band-aids on our own allies

and partners but, rather, thinking about how do we layer our strengths with our allies and partners against China's weaknesses and vulnerabilities to create opportunities of advantage to start pushing back on this.

There are a number of places to do that. I do not think we have done that effectively yet and we need to be willing to ask hard questions.

It does not mean regime change. It does not mean we are going to take actions that undermine the livelihood of the Chinese people.

But there are very much clear things we can do to push back on the regime in Beijing that we have not done yet and we ought to change that.

Senator DUCKWORTH. Thank you, Dr. Ratner. Thank you, Mr. Chairman.

Senator RICKETTS. Thank you, Senator Duckworth.

Communist China's ICAD activities are expanding in scope, sophistication, and coordination across the Indo-Pacific. These are not isolated provocations. They are pillars of a systematic strategy to reshape the regional order in Beijing's favor.

We are witnessing a pattern. Maritime intimidation in the East and South China Seas, cyber attacks and disinformation campaigns undermine democratic resilience, economic coercion used to silence criticism, and lawfare employed to legitimize illegal territorial claims.

Each tactic reinforces the next. Together, they create a playbook of political warfare designed to erode sovereignty, fracture alliances, and normalize Chinese control through pressure—short of the pressure of war.

So, Mr. Singleton, given the range of tactics, you mentioned, obviously, energy being Taiwan's, in particular, soft underbelly. But what tactic do you think or what has the Chinese ICAD activities that has been the most effective?

Mr. SINGLETON. I think that what is fascinating about what they are sort of executing is that all of it is very self-reinforcing and I think Mr. Powell hit on this in his testimony.

Enhanced and expanded military operations around Taiwan in particular feed into a political warfare messaging that you see that is intended to sort of wear them down and I think there is a psychological effect to this that over time it becomes clear that time is on China's side, that there is no other choice. It is a fait accompli.

I think it is the use of psychological warfare that is unique and distinct from our model of soft power that we have not actually sort of contextualized and we have not built the tools and resources today to wage war with it.

We did in the past, though. There is muscle memory from the Soviet Union when we went against Soviet active measures. I think we need to sort of dust off that playbook and start to think about how we can play in the sandbox here as well.

I think Ray's point about sunlight is the best disinfectant is a cliché but I think it is particularly important as we talk about Chinese political warfare.

Senator RICKETTS. Mr. Powell, you talked about the need for strategy. Can you explain just broadly, like, what would a strategy

look like? When you say strategy, help us understand specifically what you mean we should be doing.

Mr. POWELL. Chairman Ricketts, thank you.

You know, I think it begins with having somebody whose responsibility it is to organize the campaign, right? So part of our problem is that we have—I mean, I have spent 35 years in the world's greatest military. It is also the world's biggest bureaucracy and it is—but it is primarily built around a hard power problem.

As a 35-year military veteran I can tell you that in many ways this is not a military problem. It is a whole-of-government problem, a whole-of-society problem, and whose job is that?

I mean, is there somebody on the National Security Council who is taking this on and saying, how do we wage a successful campaign against an ICAD enemy?

And one of the things I think the—you know, I know, Chairman, that you have chosen the term ICAD over gray zone. I actually sort of use both interchangeably in part because I think that both are helpful for different reasons.

In the gray zone case, I use it because China knows how to fill in all of those gaps in our bureaucracy. So however it is that we are organized, they will organize a counter campaign utilizing their sort of fusion—their civil-military fusion organization to sort of push into the gaps.

And so we need somebody whose job it is to build the counter ICAD strategy and then to get everybody together. Unfortunately, I do not—I cannot tell you what all the elements of the strategy is.

Obviously, I am very much a fan of the tactic of assertive transparency, but I think it is going to take some extremely deep thinking to figure that out.

Senator RICKETTS. Right.

Dr. Ratner, obviously, you have spent a lot of time in government.

Can you tell us a little bit about when you were in government what did those strategic options to respond to ICAD look like and what are some concrete things that we ought to be thinking about?

Dr. RATNER. Well, Senator Ricketts, it relates to the point in my opening statement about preparedness because one of the things that we did do when I was at the Defense Department with the interagency was in fact to do a huge number of scenario planning, a lot of which was organized by the National Security Council so included economic measures and development measures as well and actually built a whole set of options around potential contingencies and then associated with them U.S. policy options up against escalatory ladders of actions the PRC could take.

So I think that is really important work and that ought to continue, but that was not addressing what we were seeing on a day-to-day basis and I would again reflect back on the comment in my opening Statement that I think, frankly, as a government we have been too risk averse.

We ought not be, you know, pigheaded in terms of our—or overly aggressive in terms of our reactions to get into some escalatory spiral to the PRC.

But I do not think we are in danger of that and what we have been in danger of is self-deterrence and not at all testing what I would describe as the elasticity of decisionmaking in Beijing because they themselves are also quite risk averse against getting into a conflict with the United States.

And as I look back on the last couple of decades that I have had the opportunity to work in the State Department, at the Defense Department, in the White House, up here on the Hill, there are very few instances where when the United States asserted itself with American power with our allies and with conviction and commitment that Beijing then becomes and tries to escalate against that.

That has not happened very much. So what we need to do, whether it is in the Taiwan Strait, whether it is in the South China Sea, is to start pushing back in a way with our power and conviction and allies that, again, test that risk aversion in Beijing as well and I do not think we have done that sufficiently yet.

Senator RICKETTS. Would you agree with Mr. Powell that it maybe starts by putting one person in charge of designing the strategy to combat it?

Dr. RATNER. I think that would help. In the previous administration there certainly were single individuals in the National Security Council that were in charge of doing that around particular issues, whether it was the Taiwan issue set or the South China Sea issue set.

Whether we need someone regionally I think that is a good question. But I think I have seen the process working pretty well when there is a single individual around an issue set, yes.

Senator RICKETTS. Great, thank you.

Senator Coons?

Senator COONS. Thank you, Senator Ricketts, and thank you to all of our witnesses.

So if I could, a part of the challenge of where we are right now is that the National Security Council has been significantly downgraded in terms of its staffing, its scope, its reach.

We are reinvesting significantly in our military, which I think is a positive. We have had some fundamental restructuring in terms of our development program. USAID is gone and a number of its key programs like the Global Media Enterprise are either gone or being restructured.

I will just posit that I think our greatest strength in terms of pushing back on China's illegal and coercive, aggressive, and deceptive behavior is our full spectrum all-of-government all-of-society approach, our economic power, and our alliances.

And you had a conversation earlier with Senator Cornyn about Australia. I led a bipartisan CODEL to the U.S.-Australia Leadership Dialogue in Adelaide in the summer and was really struck at how uniformly the Australians are seized with the challenge of China, have significant reach in the region, in Papua New Guinea, in the Pacific Island nations, in terms of development, defense, diplomacy, and are a great partner.

I would be interested in two things.

Dr. Ratner, I was intrigued by your proposal in a recent Foreign Affairs article about a defense collective pact or a deterrence pact

between the U.S., Australia, Japan, and the Philippines, and I would love it if you would expound on that a little bit more.

And if you would, Mr. Powell and Mr. Singleton, how would you rebuild the capacity for a coordinated, focused engagement around resiliency for Taiwan and alliance coordination around ensuring a free and open Indo-Pacific?

We have got a scattered range of capabilities: the Development Finance Corporation, whose authorization has expired and cannot do new deals. We have got USTR, which is engaged in trade.

We have got USTDA. These are all independent agencies. We have got the Foreign Commercial Service. We used to have in USAID development entities focusing on economic strength. In the State Department there is an economic bureau.

How would you pull all of this together? Would you create a new agency? Would you come up with a coordinated approach, and if so, led by whom?

How do we get the strategy, the focus, and the leadership to deliver on leaning in to our alliances, economic development, and our soft and hard power capabilities which in coordination should be enough to deter China but when disaggregated and discoordinated and discombobulated and defunded, I think are issuing an open invitation to increase coercion by China.

Dr. Ratner, if you would, first, on the collective pact and then the other two. Forgive me for the very long question.

Dr. RATNER. Well, thank you, Senator Coons.

The proposal that I had put forward was for a Pacific defense pact, a collective defense pact between the United States, Australia, Japan, and the Philippines.

The rationale for it is, look, the defining national security question of our time is how we prevent PRC aggression in the Western Pacific in their ambitions to revise the Indo-Pacific order and the international order.

The consequences of that, as you well know, would be terrible for the United States and terrible for the world. If we do that as a team sport with our allies and partners it will, No. 1, be more effective, and, No. 2, come at lower cost and lower risk to U.S. forces.

It is a win-win for the United States. We have great alliances with those three countries. We have good partnerships around the region but those alliances are not connected with each other and the question before us then is how do we make the whole greater than the sum of the parts as it relates to our alliances and how do we create structures so that we can actually operate together, deter together, fight together as necessary?

And the fact of the matter is, whether we like it or not today we are not prepared to fight as a collective with our allies and partners. We do not have the command and control we need.

We do not have the plans we need. We do not have the force posture we need. We are not operating together in the way that we need to.

So we need institutions that bring together these countries to get prepared in that fashion and what I put forward was a proposal to do exactly that.

Senator COONS. Well, thank you.

I was struck at INDOPACOM at the senior level at which Australian military flag officers are integrated into the INDOPACOM, both planning and command and control, and I do think the Japanese have stepped up dramatically in terms of their defense investment and defense posture.

And Korea over the last decade has steadily increased its posture, but I could not agree more it is not coordinated and it does not have interlocking security.

Mr. Powell—if I might, Mr. Chairman.

Mr. POWELL. Senator Coons, thank you.

On your question of coordination, how to build the—essentially, the institution I think we have to start domestically in part because, I mean, right now, the way that we are putting out policy geopolitics is just—it seems to be kind of a minor part of the overall understanding.

So we have things coming out of Treasury and Commerce and all kinds of different parts of the government that seem to be disaggregated from the larger strategic problems.

And so I do think that there needs to be somebody at a very senior level whose job it is to think about these things and how they are working toward victory or at least, you know, competing in this space.

Second, on the question of whether we should build new agencies or repurpose the ones that we have, I think, you know, right now as many things have been defunded or even dismantled the question being, you know, whether we are talking about USAID or USAGM or any of these things, recognizing that there actually was an intent behind those things, however well it was being carried out, and maybe taking this moment to say, well, how do we either build something new or repurpose this thing so that it is fighting this fight that we are in right now.

Because, you know, the idea of, OK, we do not like this tool in the toolbox so we are just going to remove it, well, yes, but what are we going to put back in the toolbox?

Because, you know, maybe the new problem—the old tool did not fit very well so let us make a new tool or even if we can just clean up the old tool and make it work better.

And then, finally, I hate to be a one-note Nancy on this but, you know, I really do think that transparency has—and, again, this idea of assertive transparency has a lot to be said for because it is the thing that helps build democratic resilience.

If you look at the Philippines, where were they before they began their assertive transparency program in early 2023? They were—their primary strategy was built around the problem of counterterrorism. They were basically asleep to what was happening in the West Philippine Sea.

Where are they today? Their people are motivated. They are holding their lawmakers accountable. They have completely remade their strategy so it is focused on archipelagic defense.

They are investing in their coast guard and their navy and their air force, and they are reaching out to a lot of allies and making their own allies and partners.

They are extremely aggressively putting together, and they are doing this because in a democracy you need the support of the peo-

ple and in order to get the support of the people you have to show them why, and that is what they have done.

Mr. SINGLETON. Thank you, Senator, for the question.

I think the first step is we have to articulate our desired end States in the region, which we have not done, and then you have to catalog the players who are involved.

I think when we think both domestically and internationally it is clear that not every partner is going to do the same thing but every partner has to do something.

The first step, of course, is we need to talk more openly with our partners and our allies about the Taiwan challenge in particular but I would also add what is happening in the South China Sea.

Too often these conversations are happening in private. We need to start to talk about them in public and that forces, I think, hard political decisions both here and abroad about what we are actually willing to do to push back on Chinese ICAD behavior.

It is vital that we have at least some centralized decisionmaking in our government about this. In the cold war we had individuals at the National Security Council specifically tasked with combating these sorts of activities. Those people do not exist anymore and have not for some time.

The other thing we have to do, obviously, is resource it where Congress comes into play and then hold the administration, regardless of who is in power, accountable for those decisions and allocations.

But all of that starts with identifying what is our desired end State in the region and, frankly, multiple administrations have not really done that very well.

Senator COONS. Thank you. If I could just briefly.

As the senior Democrat on defense appropriations, we are investing a massive amount in shipbuilding, in networks, in long-range fires, in next-generation fighters, all with an eye toward Indo-Pacific engagement and with China as our pacing threat.

If the new National Security Strategy significantly deprioritizes the Indo-Pacific and the PRC threat, I am concerned about whether or not our allies will take that as a signal that we are significantly disengaging or under investing.

I recognize that border security and ending the scourge of fentanyl and drug trafficking in our country is a priority for national security but I think the fight of this century, the definitional fight for free societies, is with the PRC and the CCP and I hope that we will be able to work together to find bipartisan ways to engage, to invest in Taiwan's resilience, and to buildup the alliances that will make us successful.

Thank you, Senator.

Senator RICKETTS. All right.

So, Mr. Singleton, you were talking about energy a little bit earlier about being the soft underbelly of Taiwan. The island imports 98 percent of its energy. I think it is 42 days of coal it has on hand. I think you said 10—maybe it is 11 days of natural gas.

You mentioned that they should dust off some of their mothballed nuclear facilities. Senator Coons and I had a tabletop exercise that we led with several of our colleagues to go through this with you.

The scenario underscored how quickly an embargo or a blockade could escalate into a crisis and highlight some of these things and that is why we introduced the Taiwan Energy Security and Anti-Embargo Act to help strengthen Taiwan's energy resilience.

Based upon that tabletop exercise that you facilitated in May and then, as you have said, you have done in other places as well, what are some of the key lessons that stand out and some of the concrete steps that we ought to be taking to be able to strengthen Taiwan's energy resilience?

Mr. SINGLETON. No, thank you for the question.

I think my key takeaway was just how easy it was for the PRC to exert a little bit of pressure and achieve the desired end state that it was hoping for, which was societal panic.

Obviously, I think some of the key provisions we need to be thinking about are helping Taiwan with energy diversification. We have lots of LNG here.

You are right, it is 10 days of storage there. We need to be thinking about how we can fast track and sign long-term deals, offload agreements with the Taiwanese. They want to buy our LNG. They want to diversify away from countries like Qatar.

What can we do to sort of fast track that, and then encourage greater integration I think with some of the trusted suppliers including countries like Australia on the coal side.

We can help them with things like strategic stockpiling. We can help them buildup emergency energy reserves, particularly in the coal space. We want to expand and I think Dr. Ratner used a great term, sort of elongate and expand the sort of deterrence rubber band, if you will, here to think beyond 10 days.

How many more days can we build in to build redundancy? Critical infrastructure resilience in Taiwan is a massive problem. We need to think about hardening their energy infrastructure.

That includes LNG terminals and pipelines and power grids and ports, making them sort of—to inoculate them against some of the cyber operations and disruptions that the PRC is orchestrating, and we have to do this with the private sector.

I think one of the key takeaways from both the exercise we did with the committee but also in foreign capitals was how much the insurance risk market plays in here and whether it is thinking about reflagging operations or potential convoy operations to break a quarantine or a blockade, but also to think about war-backed insurance that could be provided in the event of a contingency through U.S. and allied partners to ensure that transit of commercial goods and LNG continues to flow.

Again, there are historical precedents for all of these things, particularly in the 1980's under Ronald Reagan and the Iran-Iraq war. We just have to dust off the history and get that muscle memory back.

Senator RICKETTS. Now, you also mentioned that China has its own vulnerabilities. What are some specific steps that we could do that would remind Communist China that they have got vulnerabilities as well?

Mr. SINGLETON. Let us not forget that the Chinese are almost wholly dependent on their food needs from other countries. These

are countries where the United States has tremendous diplomatic leverage.

Dr. Ratner mentioned energy vulnerabilities. These are pretty severe and intense for the Chinese. But also we have to remember that the Chinese economy is currently in a State of disarray.

We have exceptionally low growth. We have an economic model that is running on fumes and an economic model that is highly vulnerable to sanctions. I think sanction signaling is so important.

I saw that Chairman Risch introduced a bill I think today on that very topic. We need to make clear to the Chinese that specific Chinese State-owned entities and banks could become targets of U.S. financial sanctions in the event that they pursue a quarantine operation and I think that that would seriously challenge China's calculus.

Senator RICKETTS. Senator Sullivan has a bill that would spell out the sanctions that would happen in a Taiwan contingency.

Do you think that putting those down in writing, passing a bill, is something that is helpful in deterring Communist China or is that giving away our playbook?

Mr. SINGLETON. I do not think it gives away our playbook. I think consistency in messaging is essential. It forms one of those—part of the three-legged stool, right?

Consistent messaging, credible capacity, which is, I think, an area where the Biden administration really excelled, and we also have to be thinking about these coordinated countermeasures.

That three-legged stool, I would say, there are opportunities to really harden it and do so through legislation but also very clear signaling to the PRC that this is not costless, and I think today the challenge, of course, is that the Chinese are increasingly becoming overconfident and that could lead to miscalculation.

Senator RICKETTS. If we were able to pass a sanctions bill such as Senator Sullivan has, what about getting our allies on board? You have all stressed the importance of our allies and I agree it is the strategic competitive advantage we have that the PRC will never have.

So how do we work with our allies on something that would be involved in sanctions?

Mr. SINGLETON. I think it takes work. It takes engagement, of course. I am reminded of the excellent work that the Biden administration actually did on unifying export controls on the PRC.

Tarun Chhabra in particular at the NSC was flying around the world convincing all of our friends and allies to exert tool controls on the Chinese to slow down semiconductor manufacturing and tool design and chip design.

We can mirror that same—piggyback on that same model, I think, by convincing partners and allies that we are all going to do this together, that it is a unified sanctions framework, and that there will probably have to be some select carve-outs in certain cases.

Senator RICKETTS. And then encouraging our allies like Japan and Australia to pass similar bills?

Mr. SINGLETON. Whether they pass certain bills or there is just a commitment in kind to follow what we do, I think that signaling alone really seeds doubt into China's decisionmaking calculus and

then they are forced to contend with whether they can continue to sustain a war against Taiwan or continue to fund certain parts of its military modernization.

Senator RICKETTS. Great.

Senator Coons?

Senator COONS. Thank you, Senator Ricketts.

Let me just follow along in that line, Mr. Singleton. I do think that one of the things we need to keep thinking and working and legislating around is how do we make Xi Jinping's morning ritual not today, not this week, not this month, and having a common approach to presignaling about the price that will be imposed on China—China's leadership, China's economy—in exchange for their activities against Taiwan, helps deter.

Senator Risch in particular but a number of other colleagues felt that if we had been more active and clear and aggressive in signaling to Putin the price he would pay for invading Ukraine we might have deterred Putin's invasion of Ukraine or full spectrum large-scale invasion since he initially invaded in 2014.

What is your assessment of what scale and coordination of signaling around price would actually be most effective?

Mr. SINGLETON. It is a great question. I actually think that some of the research that Bonny Lin has done at CSIS on gray zone responses is super helpful here.

The longer that you delay a response to gray zone aggression you have to have a more outsized response to reestablish sort of a deterrent baseline. I think, as I sort of think about the PRC, I agree with Dr. Ratner.

We are talking about a particularly risk-averse regime that is usually inward focused and I think very cognizant in their own discourse about their own limitations and weaknesses.

I think us very cleanly mapping all of their dependencies and all of their vulnerabilities and starting to signal where we have leverage, whether it is in the tech space. I certainly think the economic space is one that has not been sort of addressed cohesively.

Again, it just forces the Chinese to start to account for all of these potential complications that will make something that is already probably the most consequential and difficult invasion known to mankind even less likely.

But then you cannot discount what we are seeing in the gray zone space and the silent subjugation and I think sort of the ramping up of activity there such that they are going—we want to buy time and slow them down.

I think it is probably what we need to internalize as our strategy. Anything that does and accomplish that objective I think should be—get a fair shake.

Senator COONS. Mr. Powell, last month the PRC announced a new national nature preserve at the Scarborough Shoal that would create a protected area around a whole coral reef ecosystem. Philippine officials have called this another PRC land grab.

Could you just briefly walk through the impact of this designation and how it relates to a broader pattern of lawfare tactics designed, again, below the threshold of military aggression to expand PRC control in the South China Sea?

Mr. POWELL. Yes, Senator Coons. That is a great question, and I think as most of us know the PRC campaign for Scarborough Shoal really began in 2012 when it basically took effective control of access to Scarborough Shoal.

And then last year—actually early in the year, what we saw was kind of a remarkable sequence of events. There was an expansion of Chinese paramilitary activity and I classify China coast guard and maritime militia as a paramilitary force in part because I think it is very important for us to realize that we do not have a paramilitary force, which is part of why we do not have a good response to these assets.

So they began to deny Philippine access in a much more aggressive way early last year. They also sent in a scientific expedition to take a look at the condition of the shoal and two things happened.

One is that they immediately banned their giant clam harvesting fleet, which all disappeared around June of last year, indicating that they probably found out that giant clam harvesting, which is extraordinarily destructive, had done great damage to the shoal, and second, they issued a report that said the condition of the shoal is great.

So we then saw they also established straight baselines around the shoal, essentially marking it out as territory, and so this establishment of a nature preserve is sort of an environmental overlay onto that, you know, essentially land grab at this point.

So we can see all of these things working together—the establishment of effective control, the lawfare, the administrative control, all of these things, and the denial of Philippine access.

And in fact, Senator, I will also say that the collision that we observed in August was in part a result of this establishment of effective control because the Philippine ship that got in close to the shoal I think got in a lot closer than China expected, which was what drew in the destroyer which almost caused that mutual defense treaty triggering event that we all fear.

So it is part of a larger campaign, and one last thing, on top of what Mr. Singleton has said about Taiwan and what we have all been talking about.

I am one, because I have been looking at this in the South China Sea so long, I do not actually expect to see a large-scale quarantine or blockade or anything like that.

I would be more afraid of what would start happening if all of a sudden China announced that it was going to enact a new safety regime for LNG ships inbound to Taiwan and begin to, say, turn around one and then maybe another one.

And, again, that would be much more in line with the ICAD kind of campaign that they have been waging.

Senator COONS. I agree with you that, look, we need to plan for and prepare for the possibility of a full-scale invasion of Taiwan.

But doctrine, history, preparedness, risk aversion strongly suggests that they are much more likely to engage in the creeping, steady, aggressive behavior that you were just describing and that allows them to assert sovereignty over a greater and greater area of the region.

Let me—a last question, if I might.

Dr. Ratner, you have talked about how past U.S. policy has been overly reactive to PRC actions. What would a more proactive U.S. Government approach ideally look like, given where we are today and looking forward, given your experience?

Dr. RATNER. Well, I guess I would—as I mentioned in my written testimony, I think there are a couple ways to think about this.

One is at the tactical and operational level and then another is at the strategic level. I think at the tactical level, as we have talked about there are things we can be doing operationally to be doing our own salami slicing back.

There are new emerging defense technologies, autonomy, low-cost, attritable systems that we can be using ourselves and providing to our partners for them to get out on the water and start asserting their claims instead of just defending against PRC incursions.

There are things we can be doing on the development and assistance front to try to get ahead of the very likely forms of political influence operations, cyber intrusions that we know the PRC is conducting.

Again, we talked about the information domain so there are ways to get after this. But I guess what I would say at the—one thing I think we have to remember as we think about this issue set is when we see the PRC doing something out at Second Thomas Shoal or out at Scarborough Shoal, those very specific tactical features and locations are important but they are part of a bigger story, which is China's ambitions to control the South China Sea, to control the East Asian littoral.

What we need to be doing in response and in parallel to China's ICAD activities is not just playing whack-a-mole, though we should be out there defending their tactical moves, but rather thinking about what are the strategic actions we need to be taking to ensure that they cannot, in the end, have that kind of effective control that they want.

So with the Philippines, for instance, yes, we need to be supporting them out at Scarborough Shoal, but we ought to be working on our force posture in the Philippines.

We ought to be expanding the number of locations we are investing in. We ought to be investing a lot more in those locations to develop them. We should be bringing more advanced capabilities into those locations.

We should be operating more and more with our allies and partners, the Australians and the Japanese, who both have reciprocal access agreements now with the Philippines. They can be operating and supporting these EDCA sites as well. They can be contributing development assistance that are connecting roads to our military sites.

So when we pick up our heads a few years from now, yes, maybe China has more coast guard vessels around Second Thomas Shoal or Scarborough Reef but, hey, look, the United States has a collective defense pact with our partners.

It has got a robust rotational military presence in the Philippines. It has got advanced counter ship capabilities now in the Philippines and we are operating with our allies and partners like never before.

I think that is a strategic victory for the United States. That is what we ought to be aiming for.

Senator COONS. Thank you. Thank you to all the witnesses and, thank you, Senator Ricketts, for our trip.

We literally got to see Scarborough Shoal, Second Thomas Shoal, that whole West Philippine Sea region on our trip together earlier this year.

It was enormously illuminating, and thank you for this hearing.

Senator RICKETTS. I am now going to exercise my privilege as chair to ask one last question.

Just briefly, I want to followup with Mr. Powell. Based on that same topic with regard to the Philippines, Senator Coons and I introduced the resolution celebrating the 74th anniversary of our defense treaty with the Philippines.

But what are some—I will give you an opportunity to just talk about some—what are some of the concrete steps we can do to be able to help shore up that relationship with the Philippines and help build their confidence and resilience against these—you know, these behaviors from China that are aggressive, coercive, illegal, and deceptive?

Mr. POWELL. Mr. Chairman, thank you so much for that question.

The Philippines, of course, is extremely dear to my heart. Not only have I been married to the Philippines for 35 years, I also have, you know, spent a lot of time in the Philippines working with the Philippine Government and others there.

So I think one of the things—you know, back to the fact that the Philippines is a democracy and remembering that letting not just the Philippine Government but the Philippine people know that America is behind them is really important.

So I commend you for the resolution. I think those kinds of Statements are extraordinarily important in the overall campaign to reinforce the U.S. commitment to the Philippines.

I cannot tell you how many times I was asked about the mutual defense treaty since early 2023 every time there was a ramming or a water cannoning or all kinds of things.

So there is a lot of concern there that they might be abandoned, and as a democracy it is important to note that there is a great deal of political warfare in the Philippines, that there are groups and—I mean, there was recently a large, lavish reception at a swanky hotel in Manila in which basically a Philippine council for the reunification of Taiwan assembled the Chinese Ambassador and a host of Philippine groups to promote Philippine-Chinese friendship, some of which receive money directly from China, some of which are supported by united front organizations, many very powerful business and other kinds of civic leaders.

So they are in the game very much. So anything that helps strengthen the U.S. message that the U.S. has committed because, you know, China knows about elections.

It knows that prior to this administration in the Philippines there was an administration that was much friendlier to it and there could be in the future, and they want to pave the way for that future because they believe that a lot more of the fruit will fall from the tree if they have a friendly administration.

So one specific recommendation that might even make Dr. Ratner, who used to be in the Pentagon and would have received briefings from his people on this idea, squirm a little bit, but I have actually recommended that people should go and visit the civilian population at Thitu Island in the Spratly archipelago.

I have studied the South China Sea for decades and I can tell you that we have as the United States avoided that because we have not wanted to sort of throw in our lot with any one claim on the fear that we would have to sort of try to then be forced to adjudicate all claims.

But there is a civilian population at Thitu Island. There is a runway. You can easily get there by aircraft, and it would be a tremendous show of support for a population that wakes up every morning and sees dozens of coast guard and maritime militia ships not just on the horizon but right there just a couple nautical miles away from their shores reminding them that China believes they own that island and is coming for it eventually.

So because China is pressing that claim I believe it would be very helpful for the United States not only to conduct medical civic action programs out there, bring out some military doctors and engineers, work alongside our Philippine friends and, frankly, U.S. senators should go out there and visit and remind them that we stand shoulder to shoulder in a very, very real way.

So thank you again, sir.

Dr. RATNER. Senator, could I respond to that very quickly?

Senator RICKETTS. Yes, absolutely.

Dr. RATNER. Mr. Powell invoked my name. He will be happy to see in my written testimony that the last concrete recommendation that I have is that the United States actually revisit its position of not taking a position on the sovereignty disputes in the South China Sea because our neutrality has been existing in the context of complete PRC violation of international law.

We ought to do it carefully but I think there are models like the way that we approach the Senkaku Islands where we recognize Japanese administration without taking a position on sovereignty.

We could do something similar in the South China Sea that would open up exactly the kind of cooperation that Mr. Powell is talking about.

So we ought to think about how can we support our allies and partners in the defense of their own contested features and we would need a change in our overall position on the sovereignty disputes to do that. So that is something we ought to take a careful look at.

Senator RICKETTS. Great. Thank you very much.

Well, I want to thank all of our witnesses today for a really great conversation we had about what further we need to do to oppose the Communist China's ICAD activities in the Indo-Pacific. Really, really valuable.

I appreciate everybody's contribution and all your service to our great nation.

And with that, the hearing is over.

[Whereupon, at 3:51 p.m., the hearing was adjourned.]

Prepared Statements Submitted by the Witnesses

PREPARED STATEMENT OF CRAIG SINGLETON

*China Program Director and Senior Fellow,
Foundation for Defense of Democracies*

TESTIMONY: FOUNDATION FOR DEFENSE OF DEMOCRACIES

Senate Foreign Relations Committee
Subcommittee on East Asia

Combating PRC Illegal, Coercive, Aggressive, and Deceptive Behavior in the Indo-Pacific

CRAIG SINGLETON

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Washington, DC
October 7, 2025

Introduction

Taiwan sits at the epicenter of today's great-power competition. Beijing is waging a slow-motion campaign to coerce and condition the island into submission, betting that time and sustained pressure will achieve what force alone cannot safely guarantee. This is not a hypothetical contest; it is unfolding daily across the Strait, in the air, at sea, in cyberspace, in global markets, and through energy supply chains. The danger is not only a future invasion, but the steady erosion of Taiwan's confidence and resilience. Unless the United States and its allies adapt their toolkit to this reality, deterrence will continue to erode — potentially risking overconfidence in Beijing's strategy and heightening the danger of miscalculation.

To understand why this threat is growing, it is important to recognize that China's gray zone campaign is calibrated to be incremental, ambiguous, and reversible — carefully designed to avoid tripping U.S. redlines while steadily degrading Taiwan's sense of security. Median line incursions, maritime harassment, cyber-enabled economic warfare, and diplomatic isolation all form part of a playbook that seeks to undermine confidence in Taiwan's government, fracture Taiwanese faith in U.S. support, and convince the world that reunification with the mainland is inevitable. Put plainly, these are not random provocations; they are deliberate moves in a long-term strategy aimed at creating the perception that time and trends favor Beijing.

The challenge for the United States and its allies is that classic models of deterrence — by denial or punishment — map poorly onto this problem. Missiles and ships alone cannot blunt economic pressure, cyberattacks, or disinformation campaigns. What matters instead is resilience: Taiwan's ability to withstand coercion, recover quickly, and demonstrate that it cannot be destabilized by prolonged pressure. That is the essence of the deterrence gap we face today. My testimony outlines that gap, explains how Beijing seeks to exploit it, and offers concrete steps Congress can take to close it — particularly in the domains of energy security, infrastructure resilience, sanctions signaling, and diplomatic coordination.

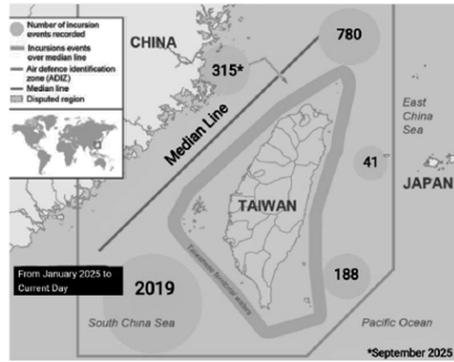
I. The Current State of Play — China's Persistent Pressure Campaign is Already in Motion

Beijing's pressure campaign against Taiwan is best understood as *slow-motion coercion with the ever-present risk of a sudden break*. On a near-daily basis, Chinese aircraft cross the Taiwan Strait median line, People's Liberation Army Navy (PLAN) vessels encircle the island, and cyber probes test the resilience of Taiwan's infrastructure. The cumulative effect of these actions is to redefine the status quo through persistent pressure and gradually exhaust Taipei's defenses.

China's leaders almost certainly prefer this steady erosion of Taiwan's political will and resilience over an outright invasion, believing that time and persistence work to Beijing's benefit. Yet as the tempo and intensity of these gray-zone operations increase, so too does the danger of unintended escalation — an accident between aircraft, a collision at sea, or an unplanned exchange of fire — that could spiral beyond Beijing's intent. Thus, while China likely seeks a protracted siege of Taiwan's confidence, the possibility of an acute flashpoint cannot be dismissed.

The political objectives guiding this coercion are explicit in Chinese doctrine. Chinese Communist Party (CCP) Chairman Xi Jinping has repeatedly declared that “the Taiwan question is at the very core of China’s core interests” and that “complete reunification of the motherland must be realized (必须实现祖国完全统一).”¹ Wang Huning, the CCP Politburo Standing Committee member charged with China’s “United Front” strategy and Taiwan affairs, has emphasized a campaign of “constraintment” — using political, psychological, and legal warfare to sap Taiwan’s sense of inevitability and resilience.²

Under Beijing’s comprehensive national security framework, Taiwan’s political cohesion and public confidence are not collateral targets in China’s strategy; they are the targets.³ China’s campaign is self-reinforcing: persistent gray-zone coercion undermines resilience, while the steady growth of the People’s Liberation Army (PLA) is meant to cast a long shadow over Taiwan’s future. In Beijing’s calculus, Taiwan must eventually conclude that resistance is futile, that capitulation, not confrontation, is the only rational choice.



Source: Ministry of National Defense of Taiwan; Janes Information Service

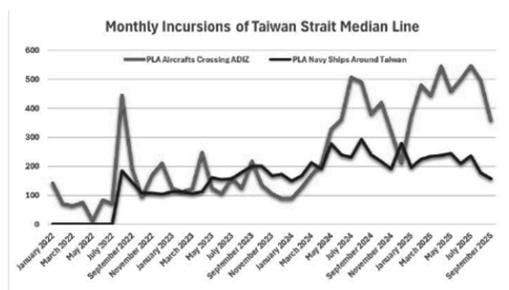
China’s gray-zone toolkit against Taiwan is broad, sophisticated, and increasingly synchronized across domains. In the air and at sea, the PLA has moved from episodic shows of force to near-daily operations designed to blur thresholds. In 2023, Chinese aircraft crossed the Taiwan Strait

¹ Xi Jinping, “Report to the 20th National Congress of the Communist Party of China,” delivered Oct. 16, 2022; text published by Xinhua/State Council (PRC).

² “Wang Huning’s First Year Supervising the United Front System, Taiwan Policy and Discourse,” *Global Taiwan Institute*, January 17, 2024. (<https://globaltaiwan.org/2024/01/wang-hunings-first-year-supervising-the-united-front-system-taiwan-policy-and-discourse/>); “Memorandum: United Front 101,” *Select Committee on the Chinese Communist Party, U.S. House of Representatives*, September 2023. (<https://selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/uf101-memo-final-pdf-version.pdf>); Ian Easton, “CCP Political Warfare Directed Against Taiwan: Overview and Analysis,” *Global Taiwan Institute*, May 2024. (https://globaltaiwan.org/wp-content/uploads/2024/05/OR_CCP-Political-Warfare.pdf)

³ “‘Comprehensive National Security’ Unleashed: How Xi’s Approach Shapes China’s Policies at Home and Abroad,” *MERICs China Monitor*, September 15, 2022. (https://meric.org/sites/default/files/2022-09/Merics%20China%20Monitor%2075%20National%20Security_final.pdf)

median line on more than 300 days, compared to just a handful before 2020. Over the past four months, the average number of air incursions per month has never fallen below 400, reaching a record high for the past three years, according to a review of daily bulletins from Taiwan's Ministry of National Defense. These operations are paired with sustained People's Armed Forces Maritime Militia (PAFMM) activity — ostensibly civilian but commanded by the PLA — to harass Taiwanese vessels and enforce ostensible administrative control over contested waters.⁴



Source: Ministry of National Defense of Taiwan; Janes Information Service

Economically, Beijing has weaponized trade bans on Taiwanese exports, ranging from pineapples to petrochemicals, while leaving open the prospect of more consequential measures against Taiwan's high-tech sector.⁵ Cyber intrusions and disinformation campaigns round out the picture, exploiting both Taiwan's open society and its reliance on digital infrastructure. Many of these tools are deniable and reversible, but together they are designed to sap Taiwan's resilience without triggering a direct U.S. military response.

Yet the very intensity of these operations raises the risk of escalation that Beijing may not intend. Close intercepts of Taiwanese and U.S. aircraft, or aggressive maneuvers by Chinese vessels, heighten the prospect of an accident that could spiral into crisis. Chinese strategists acknowledge this danger but treat it as acceptable friction. In a 2021 article in *Qiushi*, the CCP's theoretical journal, senior officials argued that "safeguarding sovereignty requires daring to struggle, and struggle will inevitably bring risks," in effect arguing that risk is the price of pressure.⁶ The logic is straightforward: a higher operational tempo erodes Taiwan's capacity to resist while also signaling to external actors that Beijing's resolve cannot be doubted.

⁴ Zachary Fillingham, "Backgrounder: The People's Armed Forces Maritime Militia (PAFMM)," *Geopolitical Monitor*, September 11, 2024. (<https://www.geopoliticalmonitor.com/backgrounder-the-peoples-armed-forces-maritime-militia-pafmm>)

⁵ Shannon Tiezzi, "China Slaps Export Bans on Taiwanese Goods – Again," *The Diplomat*, December 16, 2022. (<https://thediplomat.com/2022/12/china-slaps-export-bans-on-taiwanese-goods-again/>); "Chinese Economic Coercion and Taiwan's Counter Measures," *WTO Center*, June 5, 2024. (<https://web.wto.org.tw/Page/17435/399068>)

⁶ Qiushi Editorial, "增强中国人的志气、骨气、底气" ["Strengthen the Ambition, Backbone, and Confidence of Being Chinese"], *Qiushi*, July 15, 2021. (https://www.qstheory.cn/qsthyjs/2021-07/05/c_1127623192.htm)

However, Beijing's gray-zone coercion should not be mistaken for an end state. Instead, it is a bridge strategy: an interim campaign designed to erode Taiwan's will and condition the region until the PLA achieves the capabilities necessary to credibly threaten a fait accompli invasion. Xi has directed the PLA to be ready by 2027 to "fight and win" in a Taiwan contingency, a benchmark echoed in U.S. Department of Defense assessments.⁷ Presently, gray-zone pressure is meant to achieve three reinforcing goals: sap Taiwan's political confidence, normalize PLA presence in the Strait, and desensitize the international community to coercion that falls short of open conflict. The strategy relies on the assumption that Taiwan will eventually give up — not because Beijing lands troops on its shores today, but because the shadow of China's growing military power looms ever larger over tomorrow.

The implications of China's strategy are profound. What may appear as low-level harassment is, in fact, existential when viewed through the lens of Taiwan's long-term security. Sustained gray-zone pressure undermines deterrence by convincing Beijing that coercion works and by sowing doubt in Taipei and Washington about the costs of resistance. At the same time, the operational density of PLA air and naval activity magnifies the risk of a flashpoint — an accident or miscalculation that spirals beyond Beijing's intent.

U.S. strategy must therefore account for both the drawn-out pressure of gray-zone coercion and the risk of sudden crisis. Strengthening Taiwan's resilience, paired with clear and consistent signaling from Washington and its allies, is essential to narrowing the deterrence gap that Beijing seeks to exploit.

II. The PRC Gray-Zone Playbook — Power, Pressure, and Energy Dependence

China prefers a campaign of calibrated coercion because it offers Beijing far more control and certainly less risk than an all-out invasion. Gray-zone operations — defined as deliberate pressure that remains below the threshold of open war — are cheaper, deniable, and reversible; they let Beijing impose pain while preserving strategic optionality. The PLA's growing capabilities give China the shadow of force, but the PLA itself is largely untested in large-scale maritime or air combat and an invasion would be politically and operationally perilous.

For Beijing, then, the rational choice is to press where coercion buys influence and avoids existential risk: a steady program of harassment, economic pressure, cyber pre-positioning, and legalistic maneuvers designed to erode will rather than trigger all-out conflict. That logic is now a central feature of PRC strategic thinking about Taiwan.

Crucially, Taiwan — not Washington — is the primary object of these campaigns. Beijing's gray-zone toolkit is designed to shape Taiwanese politics and psychology: to degrade public confidence in Taipei's leaders, magnify doubts about U.S. backing, and create a sense that

⁷ "Taiwan Defense Issues for Congress," *Congressional Research Service*, May 10, 2024, quoting CIA Director William J. Burns: Xi instructed the PLA "to be ready by 2027 to conduct a successful invasion." (<https://www.congress.gov/crs-product/R48044>); U.S. Department of Defense, "Military and Security Developments Involving the People's Republic of China: 2024 Annual Report to Congress," December 14, 2024, page 20. (<https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/Military-and-Security-Developments-Involving-the-Peoples-Republic-of-China-2024.PDF>)

reunification is inevitable. Senior CCP officials have repeatedly stressed that political work, United Front tactics, and other non-kinetic levers are central to this effort. In short, gray-zone coercion is Beijing's preferred instrument because it targets Taiwan's political center of gravity while appearing to leave escalation on the table — a posture that is simultaneously lower-risk and deeply corrosive.

While Taiwan itself is the primary object of China's coercive campaign, Beijing also aims secondarily to shape the calculations of the United States and its allies — to induce hesitation, muddle thresholds, and create the political space for sustained pressure. Gray-zone tactics are designed to leave doubt in their wake: is this an enforcement action, a legal measure, or an act of coercion? That ambiguity compels slower, more cautious allied responses and raises the political cost of rapid escalation. U.S. crisis simulations and wargames repeatedly show that persistent, ambiguous coercion increases the chance of paralysis or calibrated responses rather than decisive collective action, which is precisely the effect Beijing seeks.

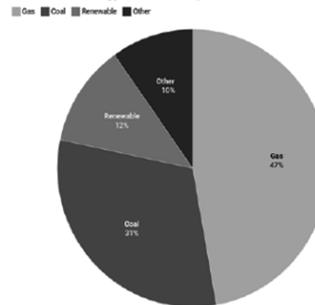
Among the many levers available to Beijing, Taiwan's energy system represents the most acute and exploitable vulnerability. Unlike disinformation or trade bans, which erode confidence gradually, low-level disruptions to energy flows could produce immediate and visible stress across society. Taiwan imports roughly 98 percent of its primary energy. The largest share of this energy is liquefied natural gas (LNG), now fueling approximately half of its electricity generation.⁸ Its storage depth is thin — around 10 days for LNG and fewer than 40 for coal — meaning that even temporary interruptions could cascade quickly into political and social pressure.⁹

Taiwanese Energy Infrastructure



Source: Global Energy Monitor, TaiPower, Global Taiwan Institute, NETO, Taiwanese Ministry of Economic Affairs • Created with Datawrapper

Sources of Energy for Electricity Generation, 2024



Source: Taiwan Power Company • Get the data • Created with Datawrapper

⁸ U.S. Energy Information Administration, "Taiwan – Total primary energy consumption," *ELA International*, (<https://www.eia.gov/international/overview/country/TWN>)

⁹ "Taiwan vulnerable to LNG supply risks in the event of a maritime blockade," *S&P Global Commodity Insights*, May 30, 2024. (<https://www.spglobal.com/commodity-insights/en/news-research/latest-news/lng/053024-taiwan-vulnerable-to-lng-supply-risks-in-the-event-of-a-maritime-blockade>)

But Beijing does not need to cut the lights in Taipei permanently to achieve coercive effect; it only needs to manufacture uncertainty about whether Taiwan can sustain essential services during a crisis. That combination of dependence, limited buffers, and political salience makes energy Beijing's most credible gray-zone pressure point and a natural case study for understanding how its broader coercion playbook operates.

Beijing's gray zone playbook is engineered to exploit the physics of global LNG markets and the frictions of maritime commerce. Practically, the coercion toolkit has three linked levers: (1) maritime friction — harassment by militia craft and administrative safety interdictions¹⁰ that increase the perception of operational risk; (2) insurer and shipper pressure — regulatory intimations, port denials, or targeted inspections that raise premiums or induce carriers to refuse Taiwan routes; and (3) supplier diplomacy and commercial persuasion — quiet diplomatic pressure and commercial incentives to persuade increasingly wary producers or trading houses to delay, reroute, or deprioritize cargoes bound for Taipei.

Because LNG trade relies on long, capital-intensive supply chains and a small pool of large carriers and insurers, relatively modest political pressure could create outsized operational effects: a single major reinsurer's exit or an elevated war-risk premium can make a commercial voyage uneconomical overnight. A recent tabletop exercise conducted by the Foundation for Defense of Democracies (FDD) underscored this vulnerability, showing how calibrated approaches to suppliers and back-channel messaging to other stakeholders produced precisely the market stress Beijing desires — not by sinking ships, but by reshaping private incentives so that market actors do the coercion for them.

Cyber-enabled economic warfare is the essential enabler that makes these economic moves stick. Beijing does not need to cripple Taiwan's grid to coerce; it only needs to create uncertainty about the grid's dependability and the state's ability to manage crisis. Persistent cyber reconnaissance and carefully timed low-grade intrusions into energy industrial control systems (e.g. sensors, SCADA front ends, logistics management) produce two effects: technical fragility and political alarm. Paired with a disciplined disinformation campaign that amplifies supply-chain anecdotes, inflates reported outages, or questions government competence, the result is social panic, hoarding behavior, and pressure on political leaders to seek quick fixes.

In the FDD tabletop exercise, cyber pre-positioning was never designed to create permanent damage but to enable credible denial-of-service windows and to feed narratives that accelerated private sector withdrawal (insurers, shippers, terminal operators). That combination — cyberspace to create soft outages, information operations to narrate the failure, and commercial actions to solidify the outcome — is the holy trinity of modern gray-zone energy coercion.

¹⁰ For example, Beijing could cite "safety inspections" or require special transit permissions for LNG tankers and other vessels bound for Taiwan. While framed as routine administrative measures, these actions would effectively delay shipments and create bottlenecks, allowing China to impose costs without overt military escalation.

III. The Deterrence Gap

The challenge in Taiwan is that deterrence, as traditionally understood, does not map cleanly onto the problem Beijing has created. Classic deterrence by denial — building enough hard military power to block an invasion — or deterrence by punishment — threatening retaliatory costs — both falter when the contest unfolds in the gray zone. China’s coercive campaign relies on ambiguity, deniability, and reversibility; these are domains where missiles and ships offer little leverage.

What matters instead is resilience: the ability of Taiwan to withstand and bounce back from sustained coercive pressure without losing confidence in its future or faith in U.S. support. Time becomes the critical variable. Beijing seeks to demonstrate that time favors China — that Taiwan cannot endure sustained pressure without capitulating. The United States and its allies must flip that logic, proving that Taiwan’s society, economy, and partners can outlast coercion, that Taipei can stand back up after each shove, and that Beijing gains nothing from dragging out the contest. In short, the current deterrence gap lies not only in hardware but in the seams of resilience where Beijing believes gray-zone coercion can prevail.

Taiwan’s resilience challenges are structural as well as strategic. The island depends heavily on just-in-time systems across critical sectors, from food and pharmaceuticals to industrial inputs. Roughly two-thirds of grain imports, for example, arrive from a small handful of suppliers, while Taiwan imports more than 70 percent of its medical supplies and active pharmaceutical ingredients from overseas.¹¹ Semiconductor production — the backbone of the global digital economy — relies on precision materials, chemicals, and machine parts shipped from the United States, Japan, and Europe. These lifelines are efficient in peacetime but brittle under stress, with few redundancies or stockpiles.

At home, Taiwan’s highly competitive political environment and deeply polarized media ecosystem further magnify these weaknesses, offering Beijing multiple entry points to exploit societal fissures through disinformation and economic leverage. The result is that coercion, even when temporary or partial, could generate outsized political and social effects. This structural fragility, more than any single chokepoint, is what Beijing counts on: that sustained pressure will fracture Taiwan’s politics from within.

The deterrence gap is not limited to Taiwan’s internal resilience. It also stems from inconsistent signals from Washington and allied capitals. In recent years, the United States has expanded security assistance, strengthened export controls, and elevated high-level messaging, but these steps have often been episodic and oftentimes reactive. More recent mixed signals have compounded the problem: reports of delays in U.S. weapons deliveries, postponing plans by Taiwan’s defense minister to visit Washington, and even the cancellation of Taiwanese President William Lai’s planned transit through New York have all raised questions about U.S. resolve. At the same time, allies in Europe and the Indo-Pacific express some solidarity with Taiwan yet remain cautious about concrete commitments, particularly in economic and commercial domains.

¹¹ “Taiwan Dependent on Imported Medicines: Lawmakers,” *Taipei Times*, April 6, 2025. (<https://www.taipetimes.com/News/taiwan/archives/2025/04/06/2003834708>)

Beijing interprets these and other gaps as validation of its gray-zone approach: sustained coercion below the threshold of war generates debate, delay, and uneven responses rather than unified pushback. This perception emboldens Chinese strategists, who see ambiguity and hesitation among democracies as exploitable seams in deterrence. Without clearer and more consistent signaling — demonstrating that coercion of Taiwan will reliably trigger coordinated costs — Beijing will continue to conclude that persistence pays.

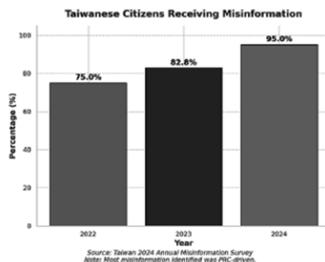
Another deterrence gap lies in the economic and commercial domain, where Beijing exploits the fact that global insurers and shippers treat Taiwan as marginal to their balance sheets. For most firms, the island represents a small fraction of overall business, making the default calculation one of avoidance rather than confrontation. China calibrates its measures accordingly: the goal is not to drive global shipping rates through the roof or create a crisis that boomerangs on its own export-driven economy. Rather, the objective is to normalize disruption as a Taiwan-specific risk — temporary, reversible, and insulated from wider trade.

This quiet conditioning nudges insurers to raise premiums or exclude Taiwan routes, and shippers to reroute capacity, all without triggering broader market alarm or political backlash. The gap is that neither Taiwan nor its partners has mechanisms to offset these private-sector incentives or to anchor confidence that commerce with Taiwan will continue during a crisis. Until that seam is closed, Beijing will believe it can marginalize Taiwan in the global economy without paying a price itself.

Taiwan also faces deterrence gaps in cyberspace and the information domain. Critical infrastructure remains unevenly hardened, with industrial control systems still exposed to exploitation despite years of investment. Civil-military coordination is improving but remains fragmented, particularly in contingency planning for rapid restoration after a disruption. On the informational side, Taiwan's vibrant democracy and competitive media landscape are strengths, yet they also magnify the effects of disinformation and rumor during periods of stress. Beijing understands this dynamic and leverages it to sow doubt about the competence of Taiwan's leaders and the reliability of U.S. support.

The result is that even minor cyber intrusions or carefully seeded narratives can produce disproportionate political pressure, amplifying public anxiety and eroding trust in government. For example, research shows that even modest disinformation campaigns, when amplified by bots or embedded in local media, can shift public sentiment in Taiwan, undermining trust in government and magnifying policy anxiety.¹² Thus, the deterrence gap here is not technical capacity alone, but the lack of robust, society-wide resilience to cyber-enabled economic warfare and political warfare — the very tools Beijing believes can achieve strategic gains without firing a shot.

¹² Derek Grossman, "How Would China Weaponize Disinformation Against Taiwan?," *RAND Corporation*, April 9, 2024. (<https://www.rand.org/pubs/commentary/2024/04/how-would-china-weaponize-disinformation-against-taiwan.html>). Michael Cole, "The Battle for Reality: Chinese Disinformation in Taiwan," *Geopolitical Monitor*, April 9, 2021. (<https://www.geopoliticalmonitor.com/the-battle-for-reality-chinese-disinformation-in-taiwan/>)



IV. Recommendations

The goal of U.S. policy must be to close the deterrence gap by denying Beijing any confidence that coercion against Taiwan can succeed. This requires more than military deterrence alone. It demands policies that harden Taiwan's resilience, strengthen its ability to absorb pressure, and ensure that commerce and essential services continue even in the face of sustained gray-zone campaigns. At the same time, the United States must send unambiguous signals — to Beijing, to Taipei, and to the private sector — that coercion will fail and that attempts to marginalize Taiwan will be met with coordinated countermeasures.

Taiwan must also urgently do its part. Increasing defense spending, accelerating hardening of critical infrastructure, and greater investment in energy and cyber resilience are essential to demonstrate resolve and reduce exploitable seams. Allies and partners also have an important role to play, whether by providing alternative energy contracts, offering cyber and technical assistance, or contributing to maritime insurance and logistical backstops. Not every partner will contribute in the same way, but the collectiveness of action is what matters. A diverse coalition of measures, visibly coordinated and sustained, is what will cause Beijing to think twice — raising the costs of coercion, sowing doubt about its effectiveness, and buying time for deterrence to hold.

Recommendation 1: Diversify Taiwan's Energy Supply and Leverage U.S. LNG

Taiwan's dependence on imported LNG is its most acute strategic vulnerability, and Beijing knows it. Approximately half of Taiwan's electricity is now generated from LNG, with storage reserves measured in days, not months.¹³ This creates a coercive seam that China can exploit through supplier pressure, insurer withdrawals, or targeted harassment at sea. The United States should help close this gap by supporting Taiwan's diversification of supply and ensuring that LNG deliveries remain viable in a crisis. That means promoting long-term contracts with U.S. LNG exporters, accelerating U.S. regulatory approvals, and expanding diplomatic efforts with producers in the Middle East and Australia to guarantee current and contingency-dependent flows. Taiwan, for its part, should consider investing in a fleet of LNG carriers while continuing to expand its storage capacity and increase redundancy in its receiving infrastructure. These

¹³ "History of Net Power Generated and Purchased by Energy Type," *Taipower Website*, accessed October 1, 2025. (<https://www.taipower.com.tw/2764/2826/2828/25340/normalPost>)

measures are not just about market efficiency; they are about strategic resilience. Diversified contracts, deeper reserves, and credible backstops send a clear signal to Beijing: energy coercion will not deliver political concessions.

Recommendation 2: Harden Critical Infrastructure and Build Cyber Resilience

Taiwan's power grid, LNG terminals, and industrial control systems remain highly exposed to disruption. China does not need to destroy these assets outright; it can achieve a coercive effect through *cyber-enabled economic warfare* — temporary outages, cascading logistics failures, and amplified disinformation that undermine public confidence. The United States should expand technical cooperation with Taiwan to harden critical nodes, segment industrial control systems, and develop rapid recovery protocols for both energy and communications networks. This effort should extend beyond government agencies to include utilities, ports, and private operators, ensuring continuity of operations even under sustained coercion. Joint U.S.-Taiwan exercises focused on grid restoration and crisis communications would further strengthen deterrence by demonstrating that outages can be managed and reversed quickly. By raising the costs of disruption and shortening recovery times, Washington and Taipei can deny Beijing confidence that cyber or infrastructure attacks will fracture Taiwan's resolve.

Recommendation 3: Reconsider Nuclear Power for Baseload Resilience

Taiwan's long-term energy security will remain fragile if it relies overwhelmingly on imported fossil fuels without sufficient baseload alternatives. Phasing out nuclear generation has reduced reserve margins and heightened dependence on LNG imports that are highly vulnerable to disruption. While politically sensitive in Taiwan, advanced nuclear options — including the life extension of existing units and exploration of Generation III+ reactors or small modular reactors (SMRs) — deserve renewed consideration. U.S. support can come in the form of technical cooperation, regulatory exchanges, and partnerships with trusted suppliers to ensure safety and nonproliferation standards are met. Nuclear energy is not a short-term fix, but over the longer term it can provide a stabilizing foundation that limits Beijing's leverage over Taiwan's fuel imports. Incorporating a credible baseload option into Taiwan's energy mix strengthens resilience and signals that Taipei and its partners are serious about closing this coercive seam.

Recommendation 4: Maritime Insurance Backstops, Reflagging Options, and Convoy Signaling

Beijing's strategy hinges on nudging private actors to sideline Taiwan; Washington and partners should flip those incentives. One option could be to establish a regional shipping information center to provide captains with timely, trustworthy information in the event of a crisis, maintaining shipping flows and preventing a stalling action that would further isolate Taiwan. Moreover, the United States and its allies and partners should push for Taiwan's acceptance in the International Maritime Organization, allowing Taipei direct access to push back against dangerous Chinese activity. In a contingency, stakeholders should be prepared to reflag select voyages under U.S. or allied flags (or approved open registries) to clarify protection and liability, paired with port access and priority pilotage agreements at diversion hubs. Finally, Washington should signal convoy willingness — not to normalize escorts, but to demonstrate that attempts to coerce insurers and carriers could trigger the opposite effect. Pre-announced triggers, clear

information channels, and visible allied participation change the commercial calculus: commerce with Taiwan continues, and coercion fails to clear its cost-benefit bar.

Recommendation 5: Pre-Announced Sanctions to Deter Gray-Zone Coercion

China's gray-zone strategy relies on the assumption that coercion short of war will not trigger meaningful economic costs. To close this gap, the United States and its allies should establish **pre-announced sanctions frameworks** that make clear the price of interference with Taiwan's energy lifelines or sustained coercive campaigns. These measures could target state-owned enterprises, shipping firms, insurers, and financial intermediaries that facilitate pressure on Taiwan, and should be designed to activate automatically if specific thresholds are crossed. By publishing conditional sanctions in advance, Washington reduces Beijing's room for miscalculation, raises the cost of coercion, and strengthens deterrence without waiting for a crisis to escalate.

Recommendation 6: Diplomatic Engagement With Key Energy Suppliers

China's ability to pressure Taiwan through energy coercion is constrained by the decisions of third-party suppliers. Qatar, in particular, is a linchpin in Taiwan's LNG supply chain and a pivotal actor in any embargo scenario. Beijing will struggle to sustain a coercive quarantine if Doha continues fulfilling long-term contracts and resists PRC demands to cut or reroute supply. U.S. diplomacy should make this expectation explicit — quietly but firmly — by integrating Taiwan-related assurances into broader energy and security dialogues with Qatar and other major suppliers. Multilateral coordination with Japan, Australia, and European allies can reinforce this message, creating a unified front that limits Beijing's leverage over producers. By engaging suppliers early, the United States reduces the odds that coercion succeeds and demonstrates that Taiwan's energy security is not just Taipei's problem but a matter of shared strategic concern.

V. Conclusion

China's gray-zone campaign against Taiwan is not a hypothetical risk; it is a daily, deliberate strategy designed to erode confidence, sap resilience, and shift the balance of power over time. Traditional military deterrence alone cannot close this gap. What is required is a broader toolkit — energy resilience, cyber, and infrastructure hardening, commercial backstops, sanctions signaling, and diplomatic coordination — that collectively raises the costs of coercion while strengthening Taiwan's ability to withstand pressure. The measures outlined here are not abstract; they are concrete steps the United States and its partners can take now to deny Beijing confidence in its strategy. The goal is simple: ensure that time favors Taiwan, not China, and make clear that coercion will fail to deliver political concessions. By doing so, Congress can help preserve stability in the Indo-Pacific and prevent a slow-motion crisis from hardening into a fait accompli.

PREPARED STATEMENT OF RAYMOND M. POWELL
Executive Director, Sealight Foundation



**WRITTEN TESTIMONY OF
RAYMOND M. POWELL
FOUNDER AND EXECUTIVE DIRECTOR, SEALIGHT FOUNDATION**

**BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE SUBCOMMITTEE ON
EAST ASIA, THE PACIFIC, AND INTERNATIONAL CYBERSECURITY POLICY**

**HEARING: "COMBATTING PRC ILLEGAL, COERCIVE, AGGRESSIVE, AND
DECEPTIVE BEHAVIOR IN THE INDO-PACIFIC"**

OCTOBER 7, 2025

Retired U.S. Air Force Colonel Raymond M. Powell is the Founder and Executive Director of SeaLight¹, a non-profit maritime transparency initiative launched with the help of the Gordian Knot Center for National Security Innovation at Stanford University, California. He is also the co-host of the "Why Should We Care About the Indo-Pacific?" podcast². Ray served 35 years in the U.S. Air Force, including posts in the Philippines, Japan, Germany, and Qatar, as well as combat tours in Iraq and Afghanistan. He served as the U.S. Air Attaché to Vietnam and the U.S. Defense Attaché to Australia.

¹ SeaLight Foundation, <https://www.sealight.live/>

² "Why Should We Care About the Indo-Pacific?" podcast, <https://linktr.ee/indopacpodcast>

EXECUTIVE SUMMARY

Chairman Ricketts, Ranking Member Coons, and distinguished members of the Subcommittee, thank you for the opportunity to testify on what I believe to be America's most comprehensive, pressing and underappreciated security challenge of our time: the People's Republic of China's emergence as this century's most sophisticated and successful expansionist power—one that directly threatens U.S. interests in East Asia.

Despite Beijing's protests to the contrary, I do characterize today's China as an expansionist power. While Russia's blunt-force territorial aggressions naturally capture headlines and trigger robust international responses, China has quietly achieved far greater imperial successes—primarily in the maritime domain. It has done so through its mastery of gray zone—or illegal, coercive, aggressive and deceptive (ICAD)³—and political warfare strategies that operate beneath thresholds of international response.

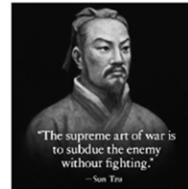
Yet despite these stunning PRC successes, the United States has to date neither articulated nor implemented anything resembling an effective counter-ICAD strategy. In essence, we are already decades into losing a gray zone war—one we largely don't even recognize we are supposed to be fighting.

Over the past five decades, China has systematically seized and consolidated effective control over vast ocean areas through a patient campaign of incremental expansion punctuated by bold moves on opportune occasions. This campaign began with direct military action—the 1974 Battle of the Paracel Islands, followed later by the 1988 Johnson South Reef skirmish—but has since evolved to employ a broad suite of innovative civilian, paramilitary and military tactics that have multiplied China's gains across maritime East Asia, and especially in the West Philippine Sea.

These tactics range from occupying Mischief Reef (1994); to first seizing and then creating an exclusion zone around Scarborough Shoal (2012-present); to building seven artificial island bases (2013-16); to isolating the Philippines' outpost at Second Thomas Shoal (2014-present); to threatening the civilian population of Thitu Island (2018-present); to swarming vessels at Whitsun and Iroquois Reefs (2021-present); and most recently to blockading the Philippine Coast Guard's presence at Sabina Shoal and forcing its retreat (2024).

China's tactics extend beyond the conquest of individual reefs and shoals to encompass systematic intrusive patrolling in its neighbors' waters throughout the South China Sea, around Taiwan and the Senkaku Islands, and in the Yellow Sea. Beijing also deploys oil and gas platforms in waters around Pratas Island and aquaculture installations in the Yellow Sea Provisional Measures Zone, normalizing administrative control through economic activities that complicate countermeasures.

Unlike Moscow's costly conventional military actions, which have brought strategic contraction, comprehensive sanctions and determined resistance, Beijing is expanding its maritime empire with remarkable impunity. It is China, not Russia, that represents the more successful expansionist threat precisely because it has mastered the art of 'winning without fighting.'



³ This acronym has recently been advanced as a replacement for "gray zone". I find value in both terms in different contexts and will use both in my testimony.

For this Beijing has not relied solely on ICAD tactics, but has combined this suite of tools with an extremely sophisticated and comprehensive political warfare machinery that weaponizes information against the weaknesses in democratic systems. Beijing has enlisted advocates to carry its message of China's inevitability and the futility of resistance, so that governments eventually make 'business decisions' to accommodate Beijing's demands.

The goals of gray zone and political warfare are complementary: the steady erosion of our collective will to contest China's ever-expanding ambitions, and our gradual acceptance of a new normal—one of Chinese regional supremacy.

I. CONQUEST WITHOUT CONSEQUENCE: CHINA'S FIVE-DECADE EXPANSIONIST CAMPAIGN

China's systematic seizure of maritime features and consolidation of maritime control demonstrates a level of strategic patience and tactical sophistication that has consistently outmaneuvered U.S. and international response mechanisms, largely because those mechanisms were largely designed long ago against historical, conventional threats.

We now have sufficient evidence to understand the CCP's ICAD and political warfare tactics: Beijing identifies strategic maritime features or regions; establishes initial presence through ostensibly civilian means (fishing vessels, oil and gas platforms, aquaculture installations, etc.); then escalates through maritime militia and coast guard deployments backed by military force.

Beijing accomplishes all this while maintaining the twin fictions of its 'peaceful' rise and defensive responses to foreign 'provocation.' It promotes these narratives through an equally sophisticated political and legal warfare campaign, which advances the story of China's predetermined victory alongside America's inevitable withdrawal from the region.



PRC state propaganda consistently depicts a sinister U.S. hand⁴

The message to regional leaders is simple: *China will be supreme, so you would be wise to welcome your new imperial overlords so that all will be well for you in this inescapable new order.*

⁴ "Aligning with Washington on South China Sea policy too risky for Manila." Global Times, November 28, 2023. <https://www.globaltimes.cn/page/202311/1302647.shtml>

A. FOUNDATIONAL PRECEDENTS

China's maritime expansion began with direct military action that established crucial precedents. The January 1974 Battle of the Paracel Islands saw Chinese naval forces decisively defeat South Vietnamese forces, seizing complete control over the strategically vital archipelago. Despite this clear act of territorial conquest, the international response was muted—no sanctions, no military assistance to the victim, no sustained diplomatic pressure.

Beijing chose its moment well—there was little interest in coming to the aid of an abandoned and rapidly collapsing South Vietnamese regime.

This established a dangerous template: maritime territorial seizure would face minimal international consequences compared to land-based conquest. The lesson was reinforced in March 1988 at Johnson South Reef in the Spratly Archipelago, where Chinese forces gunned down over 60 Vietnamese sailors while gaining a foothold on the southwest end of Union Banks. Once again, Beijing picked an opportune moment—with the Soviet Union in retreat and Hanoi still diplomatically isolated from Washington, Vietnam had no friends of consequence on the world stage. The international response was a collective shrug, allowing China to consolidate its bloody gains without meaningful cost.

The Johnson South Reef massacre marked the last instance of military-led conquest, but it provided a preview of the opportunism and calibrated use of violence that would characterize China's gray zone campaign moving forward.

B. TACTICAL EVOLUTION

China refined its approach moving forward, developing increasingly sophisticated methods that exploit legal ambiguities and international response gaps. Its 1994 conquest of Mischief Reef—which took advantage of America's 1992 withdrawal from its Philippine military bases and post-Cold War 'peace dividend' signaling—marked an evolution from direct military confrontation to quieter aggressions.

This initial occupation of Mischief Reef—located in the heart of the Philippines' exclusive economic zone—was characterized as the construction of mere 'fishermen's shelters' for humanitarian purposes. As with previous aggressions, the muted international response to this obvious fiction emboldened China to expand its gray zone campaign.

The establishment of Mischief Reef as a Chinese-occupied feature provided the legal veneer China needed to circumvent the constraints of its 2002 agreement with the Association of Southeast Asian Nations (ASEAN)—the Declaration of Conduct of the Parties to the South China Sea (DOC)—intended to maintain the tense status quo in the Spratly Archipelago, where overlapping claims and reef-grabs threatened to explode into open conflict.

The fact that China was able to claim compliance with the 2002 DOC while later transforming Mischief Reef (together with Fiery Cross and Subi Reefs) into massive artificial islands with military-grade runways, harbors and anti-ship missiles demonstrates how China views international agreements on its own terms, counting on its rivals' collective impulse toward de-escalation to overlook the sins of a feared adversary.

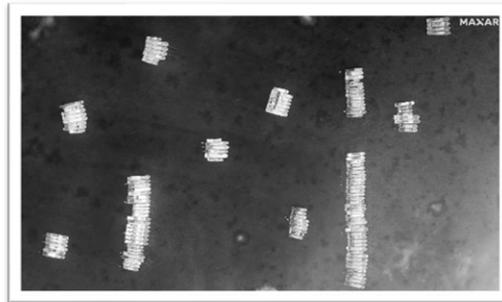
As a result, Mischief Reef would become the chief forward operating base that now anchors China's quarantine of the Philippine outpost at Second Thomas Shoal, its area denial operations around Sabina Shoal and its militia-led occupation of Iroquois Reef.

To the north, the 2012 seizure of Scarborough Shoal demonstrated China's ability to dominate its smaller neighbors through overwhelming sustained paramilitary and civilian presence. Since that year's tense standoff with Philippine forces—in which U.S. diplomatic errors facilitated the confiscation—China has deployed increasing numbers of coast guard and militia vessels to deny access to Philippine government and traditional fishing vessels alike, while its own industrial giant clam harvesting operations systematically devastated the reef's ecosystem.⁵

In early 2024, China took its next steps toward total conquest, enforcing a 25-30 nautical mile exclusion zone around the shoal, while also issuing a 'scientific' report giving the shoal a clean bill of environmental health (though it simultaneously withdrew its giant clam harvesters, a telling indicator of the likely grim reality).⁶ China subsequently announced straight baselines around the reef to bolster its "indisputable sovereignty" narrative—one it has deployed with increasing brazenness across its vast maritime claims.

The breaching of China's newly established exclusion zone by a 44-meter Philippine Coast Guard patrol vessel in August 2025 likely prompted the alarming intervention by a PLA Navy destroyer, which aggressively pursued the Philippine vessel before colliding with a China Coast Guard vessel within just a few meters of the Philippine ship's stern. While tragic for the Chinese sailors who perished in this mishap, this reckless maneuver brought the region dangerously close to a catastrophic incident that may have defied Beijing's usual calibration and triggered invocation of the 'armed attack' provisions of the 1951 U.S.-Philippine Mutual Defense Treaty.

Two of China's most recent seizures—Whitsun Reef in 2021 and Sabina Shoal in 2024—demonstrate the continued refinement of these tactics. At Whitsun Reef, hundreds of Spratly Backbone Fishing Vessels sit silently at anchor to constitute an effective occupation force. These maritime militia vessels don't fish but receive generous government subsidies to lash themselves together to establish enduring presence through sheer mass.



PRC maritime militia swarm "rafted" together at Whitsun Reef in 2021

⁵ Powell, Ray. "Beijing is Lying About the Condition of Scarborough Shoal". SeaLight, May 5, 2025. <https://www.sealight.live/posts/beijing-is-lying-about-the-condition-of-scarborough-shoal>

⁶ Powell, Ray. "China's Expanding Control over Scarborough Shoal". SeaLight, May 5, 2025. <https://www.sealight.live/posts/china-s-expanding-control-over-scarborough-shoal>

At Sabina Shoal, China's coast guard and militia ships swarmed, blocked, and rammed vital resupply efforts to the Philippines Coast Guard's *BRP Teresa Magbanua* as it anchored peacefully in the shoal, forcing it to withdraw after five months once the medical condition of its crew had deteriorated to a critical point.

Today we have sufficient data to discern clear patterns in China's expansionist tactics: assertions of jurisdiction within claimed waters through intrusive coast guard patrols and hydrographic surveys; initial deployment of ostensibly civilian assets; escalation through paramilitary (maritime militia and coast guard) presence; consolidation through infrastructure development; and normalization through administrative measures.

The cumulative effect has been to bring an astonishing expanse of the South China Sea under effective Chinese control. Large portions of the West Philippine Sea have fallen under a kind of maritime occupation, achieved through methods designed to evade U.S. censure beyond the usual 'ironclad alliance' rhetoric that has long outlived its standalone effectiveness.⁷

II. JURISDICTIONAL CONTROL: NORMALIZING CHINESE HEGEMONY

China's expansionist success extends beyond the seizure of individual features and their surrounding waters, to encompass systematic assertion of sovereignty over vast maritime areas through what SeaLight has termed 'intrusive patrolling.'⁸ This constant deployment of China Coast Guard and militia vessels into exclusive economic zones allocated to its neighbors is technically legal under the U.N. Convention on the Law of the Sea, but its aggressive and coercive purpose is to normalize Chinese law enforcement presence as an assertion of jurisdictional authority.

These vessels—which can measure up to an incredible 165 meters and 12,000 tons (by comparison, U.S. Coast Guard National Security Cutters measure a modest 128 meters and 4,500 tons)—often patrol within 25-50 nautical miles of neighbors' coastlines. So routine have these near-daily intrusions become that most pass without notice, which is exactly how 'normalization' works.



The massive, 12,000-ton China Coast Guard 5901, commonly referred to as "The Monster"

A. SOUTH CHINA SEA

In the South China Sea, China Coast Guard vessels maintain near-permanent presence in the exclusive economic zones of Vietnam, Malaysia, and the Philippines, with regular forays into Indonesia's waters as

⁷ Powell, Ray. "China's Imperialist, Maritime Occupation of the West Philippine Sea." SeaLight, November 23, 2024. <https://www.sealight.live/posts/china-s-imperialist-maritime-occupation-of-the-west-philippine-sea>

⁸ Friis, Gaute. "The Gray Zone Tactics Playbook: Intrusive Patrolling." SeaLight, November 22, 2023. <https://www.sealight.live/posts/gray-zone-tactics-playbook-intrusive-patrolling>

well. These patrols serve multiple functions: intelligence gathering, resource denial, presence assertion, and intimidation of local fishing fleets and offshore oil and gas operations.

The heaviest intrusive patrolling occurs around Scarborough Shoal, Second Thomas Shoal, and Sabina Shoal, where Chinese vessels maintain what amounts to selective blockade conditions, with controlled exceptions made for resupply boats to the Philippine garrison aboard the grounded *BRP Sierra Madre* at Second Thomas Shoal under the fragile agreement reached after the dramatic June 2024 close-quarters clash that saw bladed weapons drawn and a Philippine sailor seriously injured.

This blockade represents a form of territorial control achieved without formal annexation—China expands effective administrative authority over access to Philippine waters under its self-proclaimed ‘historic rights’ claim. Though China signed the very U.N. Convention on the Law of the Sea (UNCLOS) which clearly allocated sovereign rights to those waters to its neighbors and was intended to forestall exactly this kind of excessive claim, China’s legal reasoning simply dismisses its applicability to any such waters as it chooses for itself.

B. TAIWAN, JAPAN AND SOUTH KOREA

China has also expanded intrusive patrolling to other theaters, most notably around Taiwan, where China Coast Guard and naval vessels now conduct routine patrols ever closer to Taiwan’s mainland and outlying islands. Combined with a steady dose of political warfare tactics, these activities are calibrated to convince Taiwan’s government to acquiesce to Beijing’s demands—perhaps not now, but eventually.

Simultaneously, China has placed 12 oil and gas rigs within the lawful exclusive economic zone around Pratas Island, further establishing its disregard for Taiwan’s maritime rights.⁹ That the Lai administration remained quiet about these installations until they were exposed by independent maritime researchers demonstrates both the coercive pressure they exert on government officials and the importance of independent maritime transparency efforts in exposing gray zone aggression.

In using these tactics, China demonstrates its understanding of democratic governance weaknesses. Even if a current government proves obstinate, Beijing will simply continue applying pressure in the belief that a future government can ultimately be convinced toward a more compliant posture.

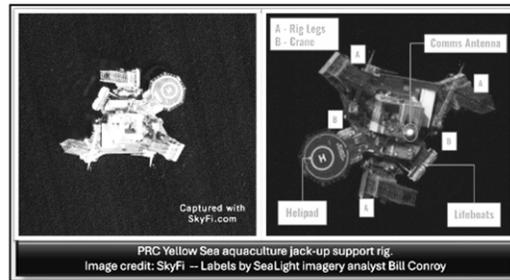
The fruit will fall when it is ripe.

Around the uninhabited Senkaku Islands, SeaLight tracks a constant China Coast Guard presence—generally four ships—as a constant challenge to Japan’s administrative control. These patrols serve to demonstrate China’s commitment to its claim while testing Japanese resolve, capacity and alliance commitments. The normalization of these patrols sets conditions for future escalation while making any Japanese response appear aggressive rather than defensive.

In the Yellow Sea Provisional Measures Zone—established in a 2001 agreement with South Korea—China has unilaterally deployed aquaculture installations that serve dual functions: legitimate economic activity and quasi-permanent presence that asserts China’s right to bypass the agreement’s provisions. In

⁹ Erickson, Andrew S., Jason Wang, Pei-Jhen Wu and Marvin Bernardo. “Rigging the Game: PRC Oil Structures Encroach on Taiwan’s Pratas Island.” The Jamestown Foundation’s China Brief, Volume 25, Issue 16. September 2, 2025. <https://jamestown.org/program/rigging-the-game-prc-oil-structures-encroach-on-taiwans-pratas-island/>

classic gray zone fashion, China takes advantage of new civilian technology to circumvent institutions designed to restrain it.¹⁰



China's massive "aquaculture support" rig in the Yellow Sea

This aggression further reflects China's view of international agreements and legal structures as potentially useful tools to exploit—not as binding constraints—for its gray-zone expansion.

III. THE SECOND FRONT: POLITICAL WARFARE

Beijing's political warfare machinery leverages local business and civic leaders and organizations across the region—especially those with mainland Chinese family and ethnic ties—to legitimize the CCP's gray-zone objectives. These efforts are foundational to the its expansionist aims, wherein influence operations ashore make coercive maritime actions less costly and more effective by shaping local perceptions and undermining resistance.

Let's look at two examples from the Philippines, where the Marcos administration's recent boldness in pushing back against PRC aggression has been met with a shocking escalation of gray zone and influence operations alike.

A. EXAMPLE 1: ASSEMBLING THE INDIGENEOUS ADVOCATES

A revealing recent illustration of the boldness of Beijing's political warfare strategy was an August 15th event held in Manila, the "80th Anniversary of the Victory of the World Anti-Fascist War and the War of Resistance Against Japanese Aggression", part of a coordinated global effort to exaggerate the CCP's role in the Allies' WWII victory over Japan. The event was organized by the Philippine Association for the Promotion of Peaceful Reunification of China—an entity known to be tightly linked to United Front Work Department's global efforts.¹¹

¹⁰ Kajee, Jun and Ray Powell. "Fish Farms or Footholds? China, South Korea and an OSINT Success Story: How China's Aquaculture Rigs are Testing Maritime Boundaries in the Yellow Sea." SeaLight. April 17, 2025. <https://www.sealight.live/posts/fish-farms-or-footholds>

¹¹ Dotson, John. "The United Front Work Department in Action Abroad: A Profile of the Council for the Promotion of the Peaceful Reunification of China." The Jamestown Foundation's China Brief, Volume 18, Issue 2. February 13, 2018. <https://jamestown.org/program/united-front-work-department-action-abroad-profile-council-promotion-peaceful-reunification-china/>

Held in the lavishly appointed Rizal Hotel and attended by over 50 Chinese-Filipino business and civic organizations, the event drew more than 300 influential guests. The celebration featured speeches by the PRC ambassador and local Chinese-Filipino (or ‘Chinoy’) leaders, with all messaging, signage and materials presented solely in Mandarin and deeply aligned with CCP propaganda. Notably, the event’s contents were then broadcast uncritically over ‘Chinoy TV’ and spread via social media, amplifying key Beijing narratives directly to its target demographic.



At the 15 August gala, PRC Ambassador Huang Xilian’s speech emphasized the responsibility of the assembled “overseas Chinese” leaders and organizations in promoting Beijing’s objectives (Screenshot from Chinoy TV)

This approach normalizes Beijing’s accepted positions among community elites while using prestige events and business linkages as a form of narrative capture. Such meetings, highly visible and well-funded, legitimize CCP strategic aims and create an echo chamber in which opposition voices are marginalized and Beijing’s regional ambitions appear widely accepted.

B. EXAMPLE: TRAINING THE CCP’S INTERNATIONAL VOICES

Parallel to these public events and messaging, the CCP also invests in recruiting, training, credentialing and promoting Philippine academics, influencers and commentators able to give ‘local voice’ to Chinese interests on international and state media platforms. These individuals, after exposure to PRC-sponsored scholarships, trainings or junkets, are positioned as authentic, authoritative Filipino perspectives to advocate CCP talking points.

Two of the notable Philippine voices trained in Chinese universities are:

- Anna Maligdog-Uy, a pro-Beijing academic and active social media influencer currently studying Economics at Peking University on scholarship under its Institute of South-South Cooperation and Development. She writes a weekly column in the Manila Times and appears in interviews on a variety of online Philippine forums while also providing regular content to PRC state media and think tanks for international consumption.
- Rommel Banlaoi, a prominent Philippine academic, security analyst and government official who received a PhD in International Relations from Jinan University in China. Banlaoi has held leadership positions several Philippine organizations that advocate for closer relations with Beijing. He regularly appears in Chinese, Philippine and international media to support PRC narratives.

This recruitment is institutionalized, with formal agreements and training programs embedding PRC-aligned messages in academic, media and state circles. The CCP refers to this influence technique as ‘borrowing a mouth to speak’, recognizing that local messengers lend greater legitimacy and wider reach to Party propaganda.

These examples just scratch the surface of how Beijing executes the political warfare element of its gray zone expansionism, feeding acquiescence ashore while increasing control at sea.

IV. POLICY RECOMMENDATIONS

A. MANDATE A NATIONAL COUNTER-ICAD STRATEGY

The Subcommittee should direct the administration to develop and implement a comprehensive national strategy specifically designed to counter ICAD activities. This strategy must be either integrated into the broader National Security Strategy or established as a stand-alone document, guiding both policy development and resource allocation to address the evolving gray zone and political warfare threats posed by the PRC.

The United States cannot prevail in a gray zone environment that it has not clearly recognized or organized itself to confront. Breaking up counter-ICAD efforts among disconnected agencies, such as Indo-Pacific Command, the State Department, and intelligence organizations, is insufficient. Instead, a unified national counter-ICAD strategy should coordinate all relevant diplomatic, informational, economic, legal, cyber, and security instruments, ensuring that U.S. authorities and resources are focused across the interagency to address this challenge.

A national counter-ICAD strategy should include adoption of assertive transparency as a core tool.¹² Building on the Philippines’ transparency program, this would involve proactively collecting and rapidly releasing high-quality evidence—including imagery, video, metadata, and investigative reporting—that systematically exposes China’s gray zone aggressions. The goals would be to build resilience against ICAD activities within democratic societies and impose clear costs on aggressors. By systematically making gray zone aggression visible and undeniable, the U.S. can deny Beijing the cover of opacity and ambiguity upon which it’s built its expansionist campaign.

The strategy should thus establish mechanisms for coordination among government agencies to gather and share evidence. However, funding should also be allocated for independent transparency efforts outside government channels to ensure timely, credible disclosures that avoid the many endemic roadblocks that inevitably inhibit and delay government information release.

Lastly, counter-ICAD theory and practice should be embedded in professional education courses for current and future U.S. officials and policymakers, as well as those we provide to our allies and partners. It should be integrated into the curriculum at institutions such as military academies and war colleges, the State Department’s Foreign Service Institute, and regional security centers like the Asia-Pacific Center for

¹² Powell, Raymond M. and Benjamin Goirigolzarri, *Game Changer: The Philippines’ Assertive Transparency Campaign: How the Philippines Rewrote the Counter Gray Zone Playbook in 2023*, January 12, 2024. Stratbasw ADR Institute. <https://adrinstitute.org/2024/01/12/adri-special-study-game-changer-the-philippines-assertive-transparency-campaign-against-china-how-the-philippines-rewrote-the-counter-gray-zone-playbook/>

Security Studies, ensuring that current and future leaders are prepared to understand the ICAD battlespace and implement countermeasures.



The assertive transparency framework

B. REPURPOSE AND FULLY RESOURCE THE U.S. AGENCY FOR GLOBAL MEDIA TO COUNTER CHINA'S POLITICAL WARFARE CAMPAIGN

The Subcommittee should introduce legislation to repurpose and resource the U.S. Agency for Global Media (USAGM) to become the nation's dedicated counter-ICAD tool against China's gray zone and political warfare campaigns. This legislation should mandate a pivot beyond traditional broadcasting to a multi-domain information warfare capability tailored to counter China's 'three warfares' doctrine—public opinion, psychological and legal warfare—and its \$10 billion-per-year global propaganda push.

The legislation should authorize the transformation of USAGM into a nimble, globally networked platform that penetrates Chinese information controls and preempts influence operations. Aligned with the ICAD framework that defines Chinese aggression as illegal, coercive, aggressive and deceptive, the repurposed USAGM must fund rigorous investigative journalism into United Front networks, especially in the Indo-Pacific where Beijing wields business associations, cultural organizations and academic ties to influence elites.

Leveraging its 49-language reach and credibility with over 300 million viewers, the legislation should direct USAGM to expose covert influence schemes, deliver targeted counter-narratives, and sustain a persistent information-defense posture. By transforming USAGM's current crisis into the institutional opening to create a purpose-built counter-political warfare agency, it can focus its energy on clearly demonstrating the deception, malign objectives, and predatory methods built into the CCP's expansionist international program.

C. ESTABLISH A SUCCESSOR TO USAID CENTERED ON COUNTER-ICAD

The Subcommittee should endorse the creation of a new development agency with a mandate explicitly focused on advancing U.S. national security interests by countering ICAD activities in strategically important countries and regions. This agency should adopt a mission to empower partner nations to defend their sovereignty, reinforce democratic institutions and build transparent, resilient economies, all with the explicit goal of reducing vulnerabilities to gray zone aggression and political warfare by America's adversaries.

To achieve this mission, the agency's functions should be redesigned to:

- Support partner governments and civil society in building institutions—especially in the rule of law, anti-corruption and regulatory transparency—that are resistant to foreign political interference and elite capture.
- Prioritize assistance projects that help allies and partners counter predatory lending, debt traps, and malign investment practices, ensuring that infrastructure and development remain free from coercive leverage by adversarial states.
- Offer technical and financial support for independent investigative media and open-source analysis to expose covert influence operations, covert financing and non-transparent economic activities linked to foreign actors' gray zone tactics.
- Work closely with our national security agencies to align development initiatives with U.S. strategy in the Indo-Pacific and other high-risk regions, ensuring that development programs directly reinforce broader counter-ICAD objectives.
- Facilitate rapid deployment of targeted aid and crisis response where ICAD tactics threaten partner nation stability, maintaining adaptive programming that evolves in response to emerging threats.

In contrast to traditional development models, this reimagined agency would explicitly integrate national security imperatives into every aspect of its work, marrying American democratic values with a pragmatic focus on resisting adversarial expansion and influence. Its aim would be to foster stronger, more resilient partners whose independence and stability directly reinforce U.S. interests in the global competition with malign state actors using gray zone and political warfare.

D. MOBILIZE OUR DEFENSE INNOVATION ECOSYSTEM FOR THE ICAD CHALLENGE

The Subcommittee should ensure that America's national security and defense innovation communities are fully engaged in addressing China's ICAD and political warfare activities. Traditional government responses have proven too slow and inflexible, while Beijing leverages rapidly evolving whole-of-society campaigns across the information, economic and digital domains.

To strengthen our ability to respond, the United States should draw on the strengths of its academic innovation ecosystem. Notable examples include the Gordian Knot Center for National Security Innovation at Stanford, the Krach Institute for Tech Diplomacy at Purdue, and the national Hacking for Defense program, each of which brings together students, faculty, technologists, policy experts and practitioners to tackle real-world national security challenges. These institutions foster diverse teams who collaboratively develop new technology solutions, policy tools and operational concepts that address urgent security needs—such as countering disinformation, exposing covert foreign networks, and safeguarding critical infrastructure—apart from traditional government limitations.

Congress should provide targeted support and funding to spur pilot projects, research collaboration and rapid technology prototyping within and across these university-led efforts, encouraging innovative solutions from both established and emerging partners. Regular coordination and partnership opportunities should be organized to allow government and university-based teams to jointly identify

priorities, evaluate promising ideas, and transition the most successful concepts directly into operational use.

Finally, resources and agile authorities for effective government incubators like the Defense Innovation Unit should be significantly enhanced to ensure that effective new counter-ICAD tools developed in the academic innovation sector can be speedily upscaled and deployed to keep ahead of evolving threats.

E. VISIT THE PHILIPPINE CIVILIAN COMMUNITY ON THITU ISLAND

When traveling in East Asia, Senators should formally request that the Philippine government add a visit to its Thitu (Pag-Asa) Island to their official itineraries. As with Taiwan visits, this symbolic stop would demonstrate support for the Spratly Islands' only civilian population, reinforce the U.S. commitment to defense of its ally in the West Philippine Sea, and make visible America's treaty obligations in the face of increasing PRC aggression.

Ideally these trips would also serve as humanitarian outreach opportunities for a geographically isolated community that wakes up every morning on the front lines, facing swarms of Chinese coast guard and militia ships that are visible from their front doors. The images of senior U.S. legislators offering aid and comfort while China's flotilla of enforcers looms threateningly nearby would itself be a powerful counter-ICAD action.

V. CONCLUSION: TO WIN, WE MUST FIRST GET ON THE FIELD

China's gradual, disciplined campaign of maritime expansion—ranging from direct confrontations in 1974 and 1988 to today's pervasive gray-zone tactics and intrusive patrols—has secured far more territory at far lower political cost than any conventional aggression. Its combination of coercion, deception, and political warfare has outpaced our existing frameworks for deterrence and response.

A cohesive U.S. counter-ICAD strategy must integrate assertive transparency, revamped information operations, purpose-built development assistance, and rapid innovation to match China's whole-of-society approach. By systematically exposing coercive actions, strengthening partner resilience, and mobilizing America's defense and innovation communities, we can restore deterrence and uphold the rules-based order.

The window to act is closing. Only a unified, well-resourced effort combining diplomatic, informational, economic, legal, cyber, and security instruments can prevent China's gray-zone successes from becoming irreversible precedents. The time for decisive, coordinated action is now.

PREPARED STATEMENT OF ELY RATNER
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Standing Up in the Grey Zone: Recommendations for Congress

Ely Ratner

Statement for the Record
Senate Foreign Relations Committee,
Subcommittee on East Asia, the Pacific, & International Cybersecurity Policy

Assessment

Three basic assumptions should guide a reappraisal of U.S. policy and strategy toward China's illegal, coercive, aggressive and deceptive activities across the Indo-Pacific.

- **The Stakes are Massive**
Tactical shifts aside, Beijing's geopolitical aspirations for "the great rejuvenation of the Chinese nation" remain unchanged. China seeks to seize Taiwan, control the South China Sea, weaken U.S. alliances, and ultimately dominate the region. If successful, the result would be a China-led order that relegates the United States to the rank of a diminished continental power: less prosperous, less secure, and unable to fully access or lead the world's most important markets and technologies.

Too often, strategists have dismissed gray zone behavior as a nuisance that does not directly bear on core U.S. interests or the high politics of great-power war. Instead, China's gray zone activities should be understood as a core element of its long-term strategy to displace the United States, designed to make incremental changes to the status quo, wear down regional countries, dilute America's partnerships, and ultimately achieve Beijing's revisionist ambitions below the threshold of armed conflict. Ignoring or downplaying these activities would be a profound strategic error.
- **The Gray Zone Problem Will Only Worsen**
The 2018 National Defense Strategy (NDS) was a significant turning point shifting the primary focus of the U.S. military away from counterterrorism toward great power competition. This reflected an acknowledgement that the attention and resources devoted to U.S. wars in Iraq and Afghanistan had led to a dangerous

erosion of deterrence in the Indo-Pacific. In recent years, with the support of Congress, the United States has taken a series of actions to re-establish deterrence of major aggression: official identification of China as the “pacing challenge” for the Pentagon; defense budgets that included major investments in relevant capabilities; the development of new operational concepts; the most significant upgrades to U.S. regional force posture in a generation; and historic and unprecedented deepening of U.S. military alliances and partnerships throughout the region.

Taken together, these actions increased the potential risks and costs of aggression for the PRC, thereby frustrating Beijing’s goal of being able to exact a short, sharp invasion of Taiwan at acceptable cost. This is why senior officials in the previous administration said repeatedly that “deterrence is real and deterrence is strong,” and that “invasion of Taiwan was neither imminent nor inevitable.”

Although this re-establishment of deterrence stands as an important achievement, a secondary consequence is that China will increasingly turn to strategies below the level of armed conflict (as well as preparations for protracted conflict). Unable to exact a rapid, low-cost invasion, Beijing will double-down on efforts that butt up against but do not cross into armed conflict.

- **The United States Needs a New Approach**

Despite improved attention and policies in certain areas, U.S. strategy has suffered from key deficiencies in responding to China’s illegal, coercive, aggressive and deceptive activities in the Indo-Pacific. Chief among these is endemic U.S. risk aversion that has allowed China to control the pace and direction of strategic dynamics throughout the East Asian littoral. Instead, U.S. policy should leverage China’s own risk aversion to test the elasticity of decision-making in Beijing. The United States should not be self-deterred from standing up in the grey zone.

Moreover, U.S. policy has been overly reactive, too often merely responding to PRC actions without a proactive gray zone strategy to blunt and reverse China’s advances. Finally, U.S. policymakers need a clearer sense of objectives, which should include deterring certain PRC actions, gaining strategic advantage in key areas, and signaling U.S. commitment to leaders in Beijing and allied capitals alike. Too often, these objectives have been conflated or not sufficiently articulated to inform a comprehensive and coherent U.S. strategy.

Recommendations for Congress

With these principles in mind, I’d offer the following recommendations for how Congress can better enable the United States to compete in the grey zone.

1. **Empower U.S. Allies and Partners**

Among the most important contributions the United States can make to addressing China’s gray zone activities is providing allies and partners with the capabilities

they need to operate on the frontlines of China's coercive behavior. More capable partners can both be more effective acting independently (thereby reducing requirements on U.S. forces) and can be more effective in contributing to coalition operations.

Maritime domain awareness is especially important for regional countries to monitor and repel PRC activities. Currently, most regional countries lack the ability to identify and track malign PRC activity, which significantly undermines their ability to respond. In particular, the emergence of low-cost autonomous systems can reduce the technical and financial requirements for regional partners.

Congress has a critical role to play in authorizing and appropriating Foreign Military Financing (FMF) to maritime Asian partners to support the acquisition of these emerging technologies, alongside other platforms to respond to PRC pressure. Given the urgency of the China challenge, Congress should rebalance the global allocation of FMF more toward the Indo-Pacific, ensuring that these funds are targeted at key frontline states. U.S. military planners can also assist with helping allies and partners develop new concepts of operations that complicate China's ability to achieve its tactical and strategic aims in the grey zone. For instance, U.S. planners can help the likes of Taiwan and the Philippines design operational plans to defend their interests and in response to PLA incursions into sensitive areas.

2. Rally Partners and Integrate U.S. Alliances

China aims to maximize its coercive pressure by individually isolating regional countries. The inverse of Beijing's strategic ambition is that China has most often recalibrated its approach when confronted by collective action on the part of the United States alongside like-minded allies and partners. China's leaders rightly recognize that different combinations of the United States and its partners can garner sufficient collective power to stymie Beijing's revisionist aims.

That is why the Pentagon in recent years placed significant priority on building coalition-based initiatives that brought together different constellations of partners, whether AUKUS, the U.S.-Japan-ROK trilateral, the Indo-Pacific Quad (Australia, Japan, India, and the United States) or the "Squad" of Australia, India, the Philippines, and the United States. Further deepening these configurations should be a top priority in U.S. efforts to combat PRC gray zone activity.

Congress should hold hearings to better understand how the Administration is working with allies to design collective diplomatic, economic, and military responses to PRC coercion. In addition, Congress should use its funding and oversight powers to ensure that INDOPACOM and the Department of Defense are advancing, to the greatest extent possible, efforts to integrate U.S. alliances in areas such as intelligence and surveillance, force posture, command and control, and planning. Doing so will further lay the foundations for combined operations.

3. **Exert Congressional Authority over U.S. Policy toward Taiwan**

The Trump administration has taken a series of steps on Taiwan policy that are dangerous, destabilizing, and strategically myopic. These actions include withholding U.S. security assistance to Taiwan and denying opportunities for senior Taiwan officials to travel to the United States, among others. Taken together, these moves threaten to weaken Taiwan's defenses and resilience, while undermining confidence in the U.S. commitment to peace and stability in the Taiwan Strait. The near-term effects of these actions will almost assuredly be forays by Beijing to test U.S. resolve in the grey zone. The resulting instability or strategic concessions could be severely damaging to vital U.S. interests.

Given that the Executive Branch is sending mixed signals at best, Congress should step into the void with resources and policy statements that reaffirm U.S. commitment to the Taiwan Relations Act. If properly trained and equipped, Taiwan can play a vital role in its own defense, and in doing so will strengthen deterrence and reduce the risk to U.S. forces. This should be viewed as an important investment in core U.S. interests, not an act of charity to Taiwan. As such, Congress should appropriate funds and conduct oversight to advocate for an "all of the above" approach to Taiwan's defense and resilience: foreign military sales, foreign military financing, Presidential Drawdown Authority, Taiwan Security Cooperation Initiative, co-development/co-production, and support to Taiwan's indigenous defense industrial base. Congress should also reaffirm the traditional tenets of U.S. policy toward Taiwan and oppose actions by the Administration that compromise or weaken the U.S. position toward Taiwan for purposes of gaining tactical concessions from Beijing on trade or otherwise. Actions by Congress to evolve U.S. policy with a new Taiwan Relations Act or a declaration of "strategic clarity" are likely to do more harm than good.

4. **Ensure U.S. Government Crisis Preparedness**

U.S. policy has been overly reactive to China's gray zone activity. Instead, there is much the United States can do in advance to improve its strategic position. This includes outlining clear and credible deterrent threats against specific PRC actions. Consideration should also be given to how U.S. actions can responsibly increase the potential costs and risks for the PRC of particular activities, such as PLA exercises that surround Taiwan.

From a practical policymaking perspective, the Administration should be running an intensive interagency effort to outline specific responses it would be prepared and willing to take in response to specific PRC provocations, such as a blockade of Second Thomas Shoal, a military overflight of Taiwan, and a maritime incursion close to Taiwan's shores.

There are two conceptual categories of potential policy responses, both of which deserve consideration. First are tactical responses to how the United States should respond to specific PRC actions—in other words, what options are available to block or frustrate the PRC from being able to execute the specific action it is undertaking. This could include the deployment of the U.S. military or Coast Guard to help escort ally vessels that are experiencing PRC harassment.

Second, the United States should develop “strategic response options” that may not disrupt the PRC’s specific grey zone activity in the moment, but rather aim to move the PRC further away from its strategic goals, such as dominating the South China Sea or dividing U.S. alliances. A good example of this line of effort includes the ways in which the United States strengthened its force posture with new operating locations and more advanced capabilities in the Philippines in wake of dangerous and illegal PRC activities in the South China Sea.

Congress should request a classified briefing from senior State and Defense Department officials to receive an update on the status of scenario planning efforts to ensure the Administration is developing and executing tactical and strategic responses to PRC malign activities. If necessary, Congress should legislatively require the Administration to conduct this type of detailed planning.

5. **Compete in the Information Domain**

Information operations play a critical role China’s gray zone strategy, both in terms of amplifying its relative strengths and obscuring its malign behavior. In fact, separate from any tactical gains, political and psychological warfare (sometimes described as “cognitive domain operations”) are often the PRC’s primary objectives.

To our own disadvantage, U.S. policy in the information domain has yet to receive the urgency, attention, or resources it deserves. The United States should be actively engaged in investigating, unearthing, and exposing China’s illegal, coercive, aggressive and deceptive activities. This both deters and dilutes the effectiveness of China’s actions, while also strengthening the will and political imperative for target governments to respond.

To date, the United States has lacked the strategy and institutions required to prosecute effective information campaigns. Most recently, the Administration has dismantled some of the few vehicles that did exist, including the Global Engagement Center and Radio Free Asia. Congress should lead an effort to build new U.S. institutions that are resourced and equipped to compete with China in the information domain. This new approach should make full use of emerging technologies to promote U.S. messaging while combating PRC propaganda and disinformation. This prevailing gap is one of the most significant shortcomings in America’s ability to rise to the China challenge in the grey zone.

6. Broaden the Policy Toolkit

The United States needs a whole-of-government approach to China’s grey zone activities that go well beyond the military instrument. To that end, there are several areas where Congress can support the development of a broader array of tools. One important opportunity would be to expand the capacity and role of the U.S. Coast Guard in the Indo-Pacific. Even while maintaining its focus on the U.S. homeland, the Coast Guard has exactly the right training and capabilities to assist and partner with regional countries in parrying China’s coercive activities. This could also be done at a fraction of the cost of larger naval platforms that are less relevant to the day-to-day contest in maritime Asia. Congress should undertake a major review of the diplomatic, operational, and budgetary requirements to maintain a larger U.S. Coast Guard presence in the South China Sea and Pacific Islands.

Congress should also consider what diplomatic and legal steps the United States can take to prevent China from employing grey zone tactics to control the East Asia littoral. One proposal that deserves greater attention would be to update U.S. policy toward sovereignty claims in the South China Sea. Current U.S. policy – of not taking a position on contested sovereignty claims in the South China Sea – is increasingly incoherent in the context of Beijing rejecting international law and continuing to advance its expansive and illegal claims. Instead, Washington could consider a “Senkaku model” of recognizing ally and partner administration of certain features, without taking a formal position on the sovereignty claims. This would have to be done deftly, but changes along these lines would better enable the United States to support and partner with other claimants in the South China Sea, helping them to fortify and protect their claims.

Finally, Congress should ensure that the Treasury and Commerce Departments have all the authorities necessary to use economic tools in response to PRC provocations. This should be done publicly for purposes of deterrence, including with potential automatic responses against high-value economic targets if China were to take certain actions.

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