

Gradational Change of Balance of Power in the Indo-Pacific: Addressing Alliance Coordination in the Gray-Zone, Conventional and Nuclear Domains

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Gradational Change of Balance of Power in Indo-Pacific

The dynamically changing distribution of power, led mainly by the rise of China, constitutes the major challenge in a wide spectrum of security issues in the Indo-Pacific region. Promoting a favorable balance of power in the Indo-Pacific is becoming an increasingly difficult task; success depends on the ability of the United States and its allies to provide deterrence and defense against China's assertive challenges, and also on coordinated diplomacy to manage the status quo. The Biden administration's preference to invigorate and modernize US alliances and partnerships is an essential approach to address these challenges.¹ The success of the alliance and partnership strategy depends on an understanding of the diverse nature of the balance of power in the region that requires a tailored and integrated approach.

The nature of the balance of power change is gradational. The primary challenge lies in long-term US-China strategic rivalry as the most fundamental variable in the region. However, the challenge to the status quo begins with maritime coercion or territorial incursion in China's vicinity that requires a short-term response, primarily by countries directly concerned. Initial responders should include Japan, South Korea, Taiwan and ASEAN member states, given the rapid speed of change in bilateral power relations vis-à-vis China. For many Indo-Pacific states, a limited strategic depth creates front-line exposure to China's military/para-military challenges.

The problem associated with US allies and partners in the Indo-Pacific is that none of the countries can address the China challenge by itself. For example, the air and naval balance in the Taiwan Strait, perceived to be stable in the 1990's, was rapidly overtaken by China's force modernization in the mid-2000's as China deployed hundreds of 4th generation fighters, advanced frigates, and short-range missiles within a short period of time. Until the early 2000's, Japan's Air and Maritime Self-Defense Force (SDF) maintained a qualitative advantage over China's People's Liberation Army (PLA) Air Force and Navy in the bilateral context. However, Japan's National Defense Program Guideline in 2018 (NDPG 2018) addressed, for the first time, the

¹ The White House. *Interim National Security Strategic Guidance*. March 2021. Web. April 15, 2021. <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>


situation when “maritime and air superiority becomes untenable” with an apparent widening gap in capabilities between Japan and China.²

The speed of gradational change can be observed by comparing military expenditure trajectories in the Indo-Pacific region (Figure 1). The defense spending of Japan and China were almost the same figure in 2005. But in 2020, China’s exceeded Japan’s by 5.9 times, and it will further expand to 9.5 times larger by 2030. For India, South Korea, Australia, ASEAN member states, and Taiwan, the military capability gap vis-à-vis China will also be widened.

Figure 1: Indo-Pacific Military Expenditure Projection (2010-2030)

Unit: million USD (current price)

	2005	2010	2015	2020	2025 (est.)	2030 (est.)
U.S.	533,203	738,005	633,829	714,296	855,028	1,007,837
China	45,918	115,712	214,471	290,129	427,147	612,217
India	23,072	46,090	51,295	83,257	109,174	160,868
ASEAN6	15,114	26,699	35,134	45,942	60,663	83,701
S. Korea	22,159	28,175	36,570	42,290	55,588	67,832
Japan	44,300	54,655	42,106	48,717	57,160	64,421
Australia	13,237	23,217	24,046	25,446	35,688	44,335
Taiwan	8,011	9,092	9,803	13,982	20,447	27,907

Source: SIPRI Military Expenditure Database (2019); IMF World Economic Outlook Database (2021)
 % of GDP: U.S. (3.2%) · China(1.9%) · India (2.6%) · ASEAN(1.4%) · Japan(0.9%) · Australia (1.85%)
 % vs. China: 

The gradational shift of the balance of power creates inconvenient dynamics in the US alliance and partnership strategy. The allies and partners in the Indo-Pacific are desperately losing the ability to individually deter and respond to China’s challenge at a time when the United States increasingly requires them to take more responsibility for their own defense. With the erosion of conventional deterrence vis-à-vis China, the allies and partners have requested the United States to add more commitments in response to every spectrum of Chinese coercion, including gray-zone challenges, or situations below the threshold of an armed attack. For the United States, the risk of entrapment in the local nature of regional conflict becomes higher when allies and partners lose strategic autonomy.

² Japan Ministry of Defense. *The National Defense Program Guidelines for FY 2019 and Beyond*. December 18, 2018. Web. April 15, 2021.
https://warp.da.ndl.go.jp/info:ndljp/pid/11591426/www.mod.go.jp/j/approach/agenda/guideline/2019/pdf/20181218_e.pdf

These dynamics require careful management of alliances and partnerships. When the US and its allies are in full agreement on the policy objectives, approaches and responsibilities, the US-allies integrated approach is the optimum way forward. However, when the US and its allies diverge in policy priorities, and on risk and cost sharing, alliance relations will quickly erode from within. This happens especially at times when the US perceives its allies as taking advantage of Washington's commitments to outsource their own efforts. In a reverse context, this also happens when the US underestimates its allies' security anxiety and invokes doubts on the US' defense commitment. China will capitalize on any friction between Washington and its allies as a major strategy to dilute the alliance function.

In order to achieve the alliance and partnership strategy in the Indo-Pacific region, both Washington and its allies need to deepen understanding of their respective common and divergent interests, priorities and capabilities. Rather than evaluating allies by their defense spending, the alliance and partnership strategy needs to be judged by how successfully the US and its allies coordinate strategic interests bilaterally and multilaterally. Washington and its allies need to work together to address gradational change of balance of power across three major domains—gray-zone challenges, conventional balance, and nuclear extended deterrence.

Managing the Gray-Zone Challenges

For most allies and partners in the region, the strategic competition vis-à-vis China lies primarily below the threshold of armed conflict. In Northeast Asia, Japan encounters increasingly constant maritime pressure by Chinese coast guard vessels aiming to change the status quo of territorial sovereignty and the administrative control of Japan over the Senkaku islands in the East China Sea. In Southeast Asia, China claims expansive historical rights in administering the “nine-dash line” with an unprecedented scale of reclamation of artificial islands in the South China Sea, presumably to secure the Chinese PLA's air and naval access. In the Indian Ocean, China stepped up maritime footprints by establishing a large-scale naval logistics facility in Djibouti in 2017, and potential dual-use facilities in Myanmar, Bangladesh and Pakistan. The Chinese presence in Pacific Island countries is also fast-growing.

The primary responders in maritime gray-zone challenges across the region are the law enforcement authorities of each country. The maritime gray-zone is predominantly an issue of administrative control. However, the growing capability of a more heavily armed Chinese Coast Guard increasing in operational tempo and operationally connected with the Chinese PLA Navy, increases the risk of escalation into the “dark gray-zone” or the military domain. The new China Coast Guard Law (2021) underwrites China's determination to secure the maritime jurisdiction by employing all necessary capabilities of the Chinese Coast Guard.

While Japan, ASEAN coastal states and India need to develop their own maritime policing capabilities to deter and manage escalation against Chinese assertive actions, bringing in a built-in alliance functionality to the escalation control dynamics has become more essential. *The Guidelines for Japan-US Defense Cooperation* (2015) is designed to take measures seamlessly, “including situations when an armed attack against Japan is not involved.”³ The US’ commitment to Article 5 of the US-Japan Security Treaty to cover Senkaku Islands, the political benchmark of the US security commitment to Japan, has also been repeatedly confirmed by Washington.⁴ The gray-zone and higher-end armed conflict are conceptually interconnected.

The US Naval strategy document *Advantage at Sea* (2020) emphasized tri-service Integrated All-Domain Naval Power by the US Navy, Marine Corps and Coast Guard.⁵ Upholding maritime governance and countering malign behaviors “below the threshold of war” through assertive and persistent operations are key approaches to addressing gray-zone challenges. The United States’ allies and partners also urgently need to pursue an integrated maritime strategy to bring the joint capabilities of coast guards and navies to operations across the competition continuum.

Key US allies and partners in the region—including Japan, the Philippines, Australia and India, who all share the same concerns about China’s maritime presence—need to cooperate on a concept for resilient maritime operations, to include strengthening the role of the coast guard and credible escalation control by outlining the role of the navy and US commitments. Generating a common strategy in the gray-zone by coordinating roles, missions and capabilities is essential signaling towards China, demonstrating the determination to safeguard the maritime order in the Indo-Pacific.⁶

The risk in alliance management lies in Washington’s frustration over allies’ burden sharing and free riding. If Washington urges allies to take solely all responsibility in the gray-zone by decoupling the gray-zone from US commitments, China will expand their gray-zone pressure as much as possible, taking full advantage of the gradational power shift. Therefore, active coupling of gray-zone doctrine, operations and signaling shared among the US and allies need to be enhanced.

³ Japan Ministry of Foreign Affairs. *The Guidelines for Japan-U.S. Defense Cooperation*. April 27, 2015. Web. April 15, 2021. <https://www.mofa.go.jp/files/000078188.pdf>

⁴ The White House Briefing Room. “Readout of President Joseph R. Biden, Jr. Call with Prime Minister Yoshihide Suga of Japan.” January 27, 2021. Web. April 15, 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/27/readout-of-president-joseph-r-biden-jr-call-with-prime-minister-yoshihide-suga-of-japan/>

⁵ The US Department of Defense. *Advantage at Sea: Prevailing with Integrated All-Domain Naval Power*. December 2020. Web. April 15, 2021. <https://media.defense.gov/2020/Dec/16/2002553074/-1/-/1/o/TRISERVICESTRATEGY.PDF>

⁶ Morris, Lyle J., Michael J. Mazarr, Jeffrey W. Hornung, Stephanie Pezard, Anika Binnendijk, and Marta Kepe. “Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression Below the Threshold of Major War.” *RAND Corporation*. 2019. Web. April 15, 2021. https://www.rand.org/content/dam/rand/pubs/research_reports/RR2900/RR2942/RAND_RR2942.pdf

Updating the Conventional Balance of Power

The most significant geopolitical challenge in the Indo-Pacific region today is China's ever-expanding Anti-Access and Area-Denial (A2/AD) and power projection capabilities. The gradational change of balance of power negates the air and naval superiority of Indo-Pacific neighbors in the short term; but in the medium term, China imposes an enormous cost for US forward-deployed forces to achieve operational access inside the theater. Beijing's strategic calculus on the US ability to project force versus China's denial capability would constitute a major parameter in defining action towards the Taiwan Strait, Korean Peninsula, East China Sea and South China Sea.

Every doctrinal evolution of the US military strategy in Indo-Pacific has to focus on how the US joint forces and allies would prevail in an increasingly contested air, land, sea, space and cyberspace. The US *National Defense Strategy* (NDS 2018) recognizes that the US competitive military advantage is eroding, thus the US force has no preordained right to victory on the battlefield.⁷ The NDS emphasized the importance of investing in achieving a "more lethal, resilient and rapidly innovating Joint Force, combined with a robust constellation of allies and partners." The US Department of Defense aims to accelerate the modernization of key capabilities in the nuclear, conventional, space and cyber domains as well as to evolve operational concepts of US joint forces. The Indo-Pacific Deterrence Initiative (PDI 2020) ensured Washington's bipartisan financial commitment to upgrade US force posture and logistics in the Indo-Pacific region.⁸

In this vein, it is imperative that the US and its allies reformulate the joint military strategy to deter and respond in the contested strategic environment. The overdue existing guidelines of defense cooperation with Japan, Korea, the Philippines and Australia need to be realigned with how the US and its allies can jointly address strategic competition with China. This requires revising the guidelines by overhauling alliance force postures, procurements and command control; redefining roles, missions and capabilities; and developing joint doctrines and practices to achieve a highly integrated alliance capability.

These efforts need to develop simultaneously. For allies, major political leadership is essential to decisively adopting and focusing on *an active denial strategy* aimed at denying China the benefits of military aggression.⁹ There is no room for letting inertia in resource allocation accrue to an obsolete force structure. Taking into account the geographical advantage of confining Chinese forces inside the first island chain, the allies should develop capabilities to deny China's

⁷ The US Department of Defense. *Summary of the National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge*. January 19, 2018. Web. April 15, 2021. <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>

⁸ The US House of Representatives, *H.R. 6613 (116th): Indo-Pacific Deterrence Initiative*. April 23, 2020. Web. April 16, 2021. <https://www.govtrack.us/congress/bills/116/hr6613/text>

⁹ Heginbotham, Eric, and Richard Samuels. "Active Denial: Redesigning Japan's Response to China's Military Challenge." *International Security*, Vol.42, No.4 (May 2018) pp.128-69. Web. April 15, 2021. https://dspace.mit.edu/bitstream/handle/1721.1/118651/jsec_a_00313.pdf?sequence=1&isAllowed=y

operational advantage and its force projection abroad.¹⁰ An agile combat-ready force employment, highly lethal strike capabilities including stand-off strikes, resilient defense infrastructures, joint force structure and command all need to be prioritized. Especially for Japan, the key is establishing the maritime capability—a powerful fleet and underwater assets—to defend against Chinese amphibious operations and create denial capability against Chinese naval force projection. Achieving these strategic goals requires the political determination of allies to secure a sufficient defense budget.

The US joint forces and allies in the Indo-Pacific region also need to achieve higher interoperability, enhance joint planning and develop integrated warfighting capabilities. This interoperability needs to be deepened and constantly updated. The joint operation in the alliance needs constant upgrading, adapting to new battle concepts that integrate multi-domain missions and employing new technologies. This also requires alliance collaboration on cross-domain defense technologies in order for the alliance to adapt jointly to future warfighting capabilities. The US-Japan alliance should also consider establishing a joint headquarters function between two militaries. The joint headquarters can constantly plan, assess, manage and review the high-end combat mission in the alliance. The function of a joint headquarters would be to enhance the effectiveness of joint operations, as well as bolster shared responsibility in alliance decision making.

When Washington indicated that “all options are on the table” during the heightened tension over North Korea in 2017, Tokyo reaffirmed full political support.¹¹ This transaction was politically naïve given Tokyo’s insufficient preparation for a military escalation scenario and the potential consequences derived from US military intervention. US allies need high-level access to US intelligence, contingency planning, and decision making. It should be the alliance, not solely Washington, that conducts decisions to go to war.

Tailoring Nuclear Extended Deterrence

North Korea’s continuous development of its nuclear and missile programs, the modernization of China’s nuclear capabilities, Russia’s assertive nuclear doctrine and its deployment of new delivery systems have generated an unprecedented range of regional risks in the nuclear domain. The gradational change of balance of power in Northeast Asia requires a tailored nuclear strategy given that the conventional force balance vis-à-vis China has rapidly deteriorated.

¹⁰ Krepinevich Jr., Andrew F. “How to Deter China: The Case for Archipelagic Defense.” *Foreign Affairs*, Vol.94, No.2 (March/April 2015 pp.78-86. Web. April 15, 2021. <https://www.foreignaffairs.com/articles/china/2015-02-16/how-deter-china>

¹¹ For example, see Japan Ministry of Defense, “Japan-US Summit Meeting” (April 18, 2018). “As the US maintains the policy of “all options are on the table,” Prime Minister Abe reaffirmed his support for this President Trump’s principled position.” Available at: https://www.mofa.go.jp/na/na1/us/page3e_000845.html

The US *Nuclear Posture Review* (NPR 2018) recognized the rapid deterioration of the threat environment and concluded that US nuclear capabilities made an essential contribution to the deterrence of nuclear and non-nuclear aggression.¹² Among the US allies, Tokyo finds critically important that the 2018 NPR applied a tailored and flexible approach to effectively support deterrence across a spectrum of adversaries.¹³ Key NPR decisions, including maintaining the strategic nuclear triad, developing non-strategic nuclear capabilities and modernizing nuclear command and control, contribute significantly to the extended deterrence and provide assurances to allies.

There has been increasing concern that adversaries could exploit the deterrence gap in the escalation control capability of the US and its allies. Since the withdrawal of the submarine-launched Tomahawk Land Attack Missile-Nuclear (TLAM-N) in the early 1990's, Tokyo has aspired to have a regionally tailored US nuclear posture that would be visible, flexibly deployed and customized to counter various adversaries in Northeast Asia.¹⁴ The remaining alternative of relying on long-range strategic bombers (B2) deployment has been robust; however, it faces the challenge of flying over China's expanding A2/AD airspace. In this regard, the 2018 NPR decision to develop the next generation bomber B-21 Raider, the Long-Range Stand-OFF (LRSO) cruise missile, the F-35 to replace the dual capable aircraft (DCA), and the low-yield SLBM/SLM warheads are all crucial contributions to regional deterrence and the assurance of allies.

The Biden administration's nuclear policy must take into account the 2018 NPR judgment in light of allied apprehension. Washington took an initial step by extending the New Strategic Arms Reduction Treaty (START) with Russia for five years without conditions. Biden administration officials underscored that the extension would buy time to pursue follow-on talks on new arms control arrangements. That process will inevitably include China's growing nuclear capability into the equation of global arms control. Given the complexity and limited leverage the US and its allies have with Russia and China to reach new deals in nuclear arms control, it is more likely that Moscow and Beijing will diversify delivery systems in next five years. And despite the Trump-Kim Singapore joint statement in 2018, North Korea declared that it would expand its nuclear programs with the aim of "preemptive and retaliatory" strikes.¹⁵

¹² The US Department of Defense. *Nuclear Posture Review*. February 2018. Web. April 15, 2021. <https://media.defense.gov/2018/Feb/02/2001872886/-1/-1/1/2018-NUCLEAR-POSTURE-REVIEW-FINAL-REPORT.PDF>

¹³ Japan Ministry of Foreign Affairs. "The Release of the US Nuclear Posture Review (NPR): Statement by Foreign Minister Taro Kono." February 3, 2018. Web. April 15, 2021. https://www.mofa.go.jp/press/release/press4e_001893.html

¹⁴ See relevant argument at: Murano, Masashi. "What the New US Nuclear Posture Mean for Northeast Asia", *The Diplomat*. August 29, 2018. Web. April 15, 2021. <https://thediplomat.com/2018/08/what-the-new-us-nuclear-posture-means-for-northeast-asia/>

¹⁵ "On Report Made by Supreme Leader Kim Jong Un at 8th Congress of WPK." *Korean Central News Agency*. January 9 2021. Web. April 15, 2021. <https://kcnawatch.org/newstream/1610155111-665078257/on-report-made-by-supreme-leader-kim-jong-un-at-8th-congress-of-wpk/>;

Also see: Bennet, Bruce, et.al. "Countering the Risk of North Korean Nuclear Weapons." *The Perspective*, RAND Corporation April 2021. Web. April 15, 2021. <https://www.rand.org/pubs/perspectives/PEA1015-1.html>;
Allard, Leonie, Mathieu Duchatel and Francois Godement. "Pre-empting Defeat: In Search of North Korea's Nuclear Doctrine." *European Council of Foreign Relations*. November 22, 2017. Web. April 15, 2021. https://ecfr.eu/publication/pre_empting_defeat_in_search_of_north_koreas_nuclear_doctrine/

At this juncture, especially when the gradational power shift is taking place, Washington's adoption of the progressive Non-First Use (NFU) or of a Sole Purpose nuclear declaratory policy—for the purpose of deemphasizing the role of nuclear weapons and accelerating nuclear arms control—is a strategic misstep.¹⁶ The current US declaratory policy that employs nuclear weapons in “extreme circumstances” uses strategic ambiguity to signal to adversaries that the US nuclear response would apply to nuclear and non-nuclear strategic attacks. The credibility of the US extended deterrence to allies rests on the capability and political will to defend the interests of US allies. When the gradational power shift erodes deterrence in the conventional domain, the nuclear extended deterrence should remain salient.

Conclusion

This article highlighted the diverse anxieties of US allies and partners towards the change of balance of power in the Indo-Pacific region as a core component of strategic concern. Without sophisticated understanding of these dynamics, the US alliance and partnership strategy may easily fall apart. In addressing all three domains—gray-zone challenges, conventional balance and nuclear extended deterrence—it is crucial that the US and its allies in the Indo-Pacific region deepen strategic coordination.



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¹⁶ See relevant argument at: Chambers, William A., et.al. “No-First Use of Nuclear Weapons: A Policy Assessment”. *Institute for Defense Analysis*. January 2021. Web. April 15, 2021. <https://www.ida.org/-/media/feature/publications/n/no/no-first-use-of-nuclear-weapons-a-policy-assessment/p-20513.ashx>