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Securing Access to Sustain Presence and Overcome Chinese Influence in the Indo-Pacific

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Monterey, California: Naval Postgraduate School

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NPS NRP Executive Summary

Securing Access to Sustain Presence and Overcome Chinese Influence

Period of Performance: 10/24/2021 – 10/22/2022

Report Date: 10/22/2022 | Project Number: NPS-22-N094-B

Naval Postgraduate School, National Security Affairs (NSA)



NAVAL RESEARCH PROGRAM

NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

SECURING ACCESS TO SUSTAIN PRESENCE AND OVERCOME CHINESE INFLUENCE EXECUTIVE SUMMARY

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Project Summary

The purpose of this study is to assess whether, where, and how the Navy can leverage newly created policy tools to compete with China's efforts to secure access to ports and logistics facilities in the Indo-Pacific region. Traditional tools of security assistance and cooperation were not designed to meet the type of challenge posed by China's Belt and Road Initiative (BRI). However, in 2019, the United States established the Development Finance Corporation (DFC) and joined with Australia and Japan to create the Blue Dot Network. These initiatives promised resources for infrastructure development in lower income countries. Since then, others have been established. However, as new initiatives, their utility for achieving Navy-specific goals has not previously been examined.

This study identified U.S. and multilateral initiatives that are intended to promote infrastructure investments in the Indo-Pacific. It assessed the extent to which each initiative can be used to meet strategic goals through port and port-related investments. It found that most new initiatives lack resources, favor development priorities over strategic ones, and prioritize investment in sectors other than physical infrastructure.

However, the Development Finance Corporation is quite different. By law, it must consider development *and* foreign policy priorities. Its budget is growing rapidly and may reach \$1 billion in FY23. Moreover, it makes investments in critical infrastructure, especially to enhance resilience to climate change in low and lower-middle income countries. Countries along the first and second island chains meet these criteria and seek these investments.

This study recommends that Navy leaders identify ports of strategic concern in this region, convey their priorities to the established interagency process known as the Development Finance Coordination Group; and advocate for investments that support these priorities.

Keywords: *Indo-Pacific, basing, access, ports, climate change, allies and partners, maritime strategy, distributed operations, Pacific Islands, Southeast Asia, Development Finance Corporation, DFC, Belt and Road Initiative, BRI*

Background

The purpose of this study is to assess whether, where, and how the U.S. Navy can leverage newly created policy tools to compete with Chinese economic and diplomatic efforts to secure access to ports and logistics facilities in the Indo-Pacific region. Traditional tools of security assistance and cooperation were not designed to meet the type of challenge posed by China's Belt and Road Initiative. However, in 2019, the United States established the DFC and joined with Australia and Japan to create the Blue Dot Network. These initiatives promised resources and official support for infrastructure development in lower income countries. Since then, others have been established. However, as new initiatives, their utility for achieving Navy-specific goals has not previously been examined.

The need for this study stems from a clash between two developments. One is the increasing reliance of U.S. maritime strategy on operational concepts that require the distribution of Navy and Marine Corps assets and personnel, especially in the Indo-Pacific region. These concepts include expeditionary advanced base operations, littoral operations in a contested environment, and



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distributed maritime operations. Strategic success depends on secure access to a range of ports and logistics facilities throughout this region.

The second is China's persistent effort to win control over ports around the world, especially in the Indo-Pacific. A report published by the Asia Society Policy Institute in 2020 argued that Chinese investments in Asian ports amounted to "weaponizing the Belt and Road Initiative" (Russel and Berger, 2020). In the same year, the Pentagon's annual China Military Power report highlighted the possibility that China may be using the BRI to expand its military access to overseas ports. It asserted that BRI "projects could create potential military advantages" and argued that China is trying to establish a "more robust overseas logistics and basing infrastructure to allow the PLA [People's Liberation Army] to project and sustain military power at greater distances" (Department of Defense, 2020, p. 128).

In response to these concerns, the United States and its allies developed comprehensive financial and diplomatic initiatives to counter Chinese influence. Although the naval services are not directly involved in these initiatives, they have a direct interest in where new investments are made. For that reason, this study examined the principal policies, institutions, and agreements that the U.S. government has adopted since 2018 to counter Chinese influence in ports and port-related infrastructure.

Findings and Conclusions

This study identified U.S. and multilateral initiatives that are intended to promote infrastructure investments in the Indo-Pacific. It assessed the extent to which each initiative can be used to meet strategic goals through port and port-related investments. It found that most new initiatives lack resources, favor development priorities over strategic ones, and prioritize investment in sectors other than physical infrastructure.

However, the DFC is quite different. By law, it must consider development and foreign policy priorities. Its budget is growing rapidly and may reach \$1 billion in FY23. Moreover, it makes investments in critical infrastructure, especially to enhance resilience to climate change in low and lower-middle income countries. Countries along the first and second island chains meet these criteria and seek these investments.

This study found extensive overlap between the Navy's goals in its climate strategy and the DFC's goals. Each seeks to work with international partners to enhance the resilience of critical infrastructure. Crucially, many of the small Pacific Island states have identified climate change as their most pressing threat.

It also found extensive overlap between the Navy's prioritization of the Indo-Pacific and other U.S. government efforts to provide development assistance to low and lower-middle income countries in that region. Two efforts are notable. One is the Pacific Partner Strategy, which aims to bolster political, diplomatic, and economic ties with the small Pacific Island countries. This is supported by a partnership between the United States and key allies (Australia, Canada, Japan, New Zealand, and the United Kingdom) called "Partners in the Blue Pacific." The second is a 10-year program to strengthen Papua New Guinea, which is home to 90 percent of the people in the Pacific Islands and occupies a strategic location north of Australia and east of the Solomon Islands.



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This study recommends that Navy leaders identify ports of strategic concern in this region, convey their priorities to the established interagency process known as the Development Finance Coordination Group, and advocate for investments that support these priorities. Projects that enhance the resilience of ports and port-related infrastructure to the impact of climate, especially in areas known as the first and second island chains, are most likely obtain support in the interagency process.

Recommendations for Further Research

To which ports would access be most valuable for the United States and its partners? Which of these face the most severe risks due to climate change? In these places, what types of infrastructure investment would be most useful for the U.S. Navy and most valuable to the host nation?

In the Pacific Partnership Strategy, the U.S. government has pledged to increase its diplomatic presence in the small Pacific Island countries and strengthen cooperation between those countries and groups such as The Quad (Australia, India, Japan, and the U.S.) and the Association of Southeast Asian Nations. What opportunities will this present for Naval diplomacy to strengthen the alliances and partnerships at the core of the maritime strategy?

The Philippines and Indonesia are large archipelagic states that are strategically located at the southern ends of the first and second island chains. Both countries have numerous ports on which they depend for economic development and national defense, but these are highly vulnerable to climate change. Which of their ports can benefit from U.S.-led investment to make them more resilient?

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Acronyms

BRI Belt and Road Initiative
DFC Development Finance Corporation

