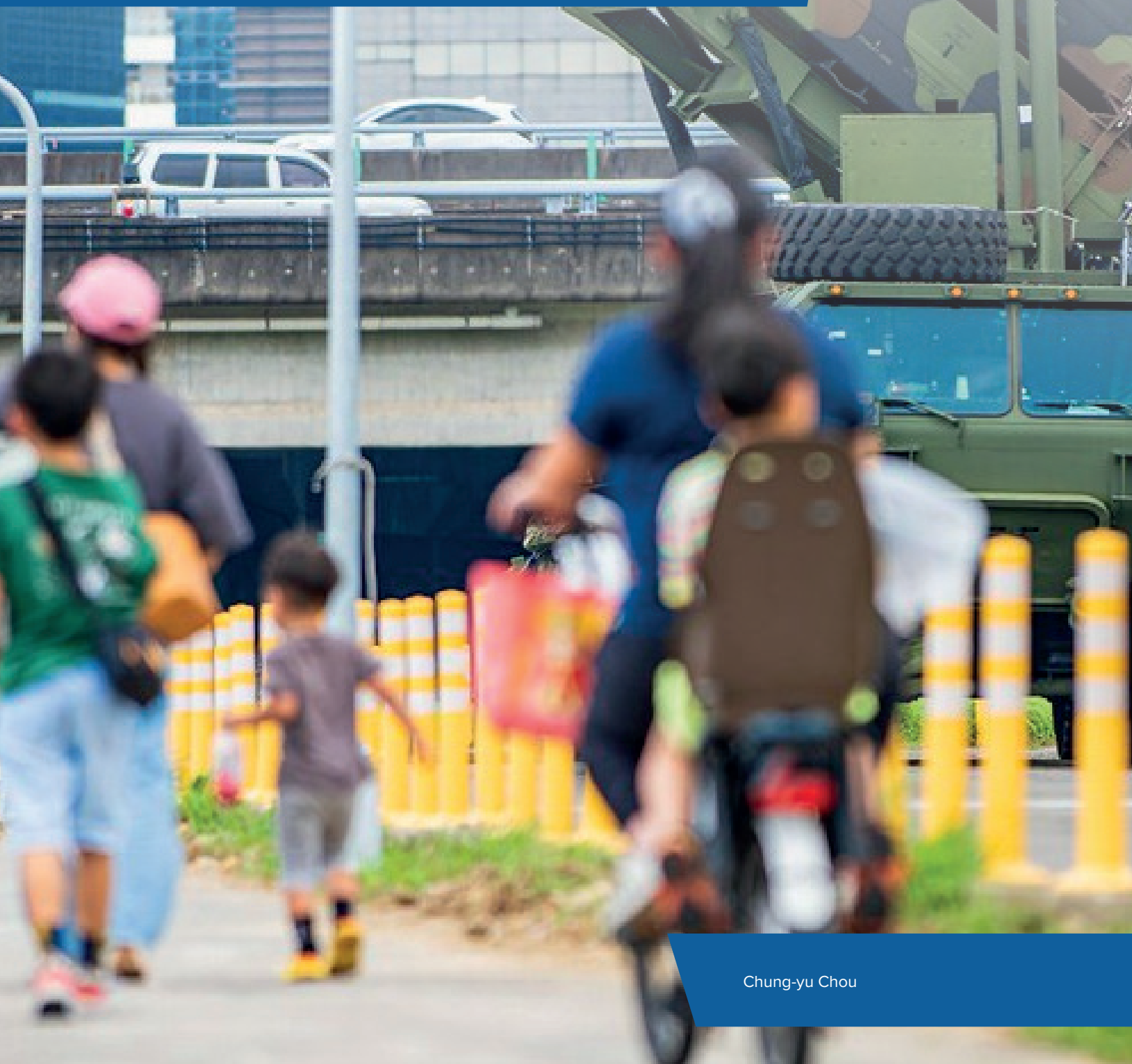


What Taiwan can learn from China's gray-zone actions against the Philippines



Chung-yu Chou

Cover: Air Defense Forces guard Taiwan's skies day and night on Day 5 of HK 41. Photo by Huang Yixiang/Youth Daily News, Ministry of National Defense

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by

Chung-yu Chou



Atlantic Council

SCOWCROFT CENTER
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**THE TIGER
PROJECT**

War and
Deterrence
in the
Indo-Pacific

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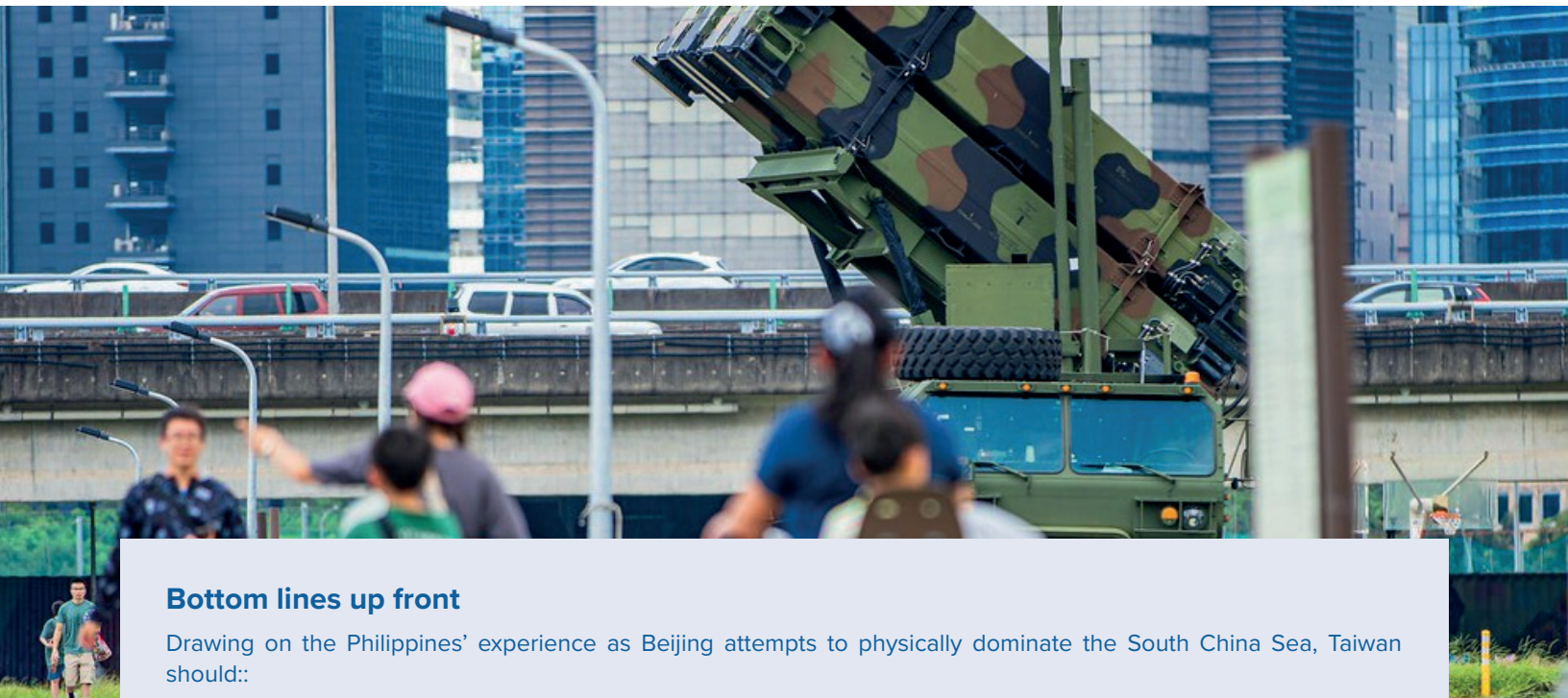
Executive summary

China's gray-zone strategies toward the Philippines in the South China Sea offer Taiwan insights about its own defense challenges. Therefore, this paper analyzes their characteristics, objectives, and implications and draws crucial lessons from these acts short of overt war for Taiwan's own approach to defense. It highlights China's tactical differences between maritime incursions in the Philippines and aerial harassment of Taiwan, underscoring their varied strategic purposes: asserting physical control and creating "irreversible facts" in the South China Sea, versus gradually eroding Taiwan's defense capabilities and political resolve to facilitate potential reunification.

The Philippines' responses—including diplomatic protests, international legal actions, strengthened military alliances, and economic diversification—are assessed, noting their effectiveness and limitations. Key strengths are identified, including the enhanced security guarantees provided by

alliances (notably with the United States through the mutual defense treaty) and regional partnerships, as well as significant weaknesses, including military capability gaps, economic reliance on China, and political inconsistencies.

Drawing from these insights, the report emphasizes that Taiwan must enhance deterrence by leveraging unofficial partnerships through arms purchases, expanding low-profile military training exchanges internationally, deepening intelligence sharing, and strengthening economic resilience. These actions can create escalatory limits on Chinese aggression, bolster Taiwan's military readiness, and reinforce its international support without triggering open conflict. Ultimately, sustained and proactive engagement in these areas is essential for Taiwan to mitigate China's gray-zone coercion effectively.



Bottom lines up front

Drawing on the Philippines' experience as Beijing attempts to physically dominate the South China Sea, Taiwan should::

- Systematically document and expose airspace violations to rally international support.
- Conserve resources by using a layered response including radio warnings, UAV monitoring, and selective interceptor deployment, instead of scrambling fighter jets for every aerial harassment.
- Lean on arms purchases, low-profile military training exchanges, deeper intelligence sharing, and diverse trade relationships to strengthen international ties.

Introduction

China's strategic approach has long drawn from the ancient wisdom of Sun Tzu's *The Art of War*, notably the principle of "winning without fighting." This concept finds contemporary expression through the People's Republic of China's gray-zone tactics: actions designed to advance strategic goals without crossing the threshold into open conflict.

In the Philippines, China's use of coast guard forces, naval vessels, maritime militias, and other low-intensity methods exemplifies its gray-zone operations. Such activities enable Beijing to assert dominance in disputed maritime areas, securing key strategic and economic interests while minimizing the international backlash associated with direct military aggression.

This report investigates China's gray-zone activities in the Philippines and explores their implications for Taiwan, which faces similar but distinct challenges due to its unique geopolitical status. Understanding the differences and similarities in China's gray-zone strategies toward the Philippines and Taiwan can clarify Beijing's broader regional intentions and help identify effective defensive measures. By examining how the Philippines responds to China's assertiveness, this study aims to derive practical insights that can inform Taiwan's own strategic responses, enhancing its resilience and deterrence against ongoing Chinese pressure.

The spectrum of gray-zone strategy

This research is framed by Dr. Michael J. Mazarr's book, titled *Mastering the Gray Zone: Understanding a Changing Era of Conflict*.¹ In it, he describes the gray zone's four characteristics: pursuing political objectives through integrated campaigns, employing mostly nonmilitary or nonkinetic tools, striving to remain under red-line thresholds to avoid outright conflict, and moving gradually toward objectives. He further proposed a spectrum of gray-zone techniques, which include possible actions ranging from low-level gradualism to moderate-to-high-level actions:

Lower intensity:

- **"Narrative wars"**: Employing propaganda, influence operations, and historical narratives to shape public perception.
- **"Denial of prosperity"**: Using financial restrictions, energy and capital-market manipulation, digital incursions, and trade controls to choke off economic growth.

Moderate intensity:

- **"Civilian interventions"**: Deploying nonmilitary personnel to occupy strategic locations and create on-the-ground realities.

- **"Active infiltration"**: Deploying special operations units alongside intelligence and cyber activities to breach borders, contest control, and conduct disruptive raids.

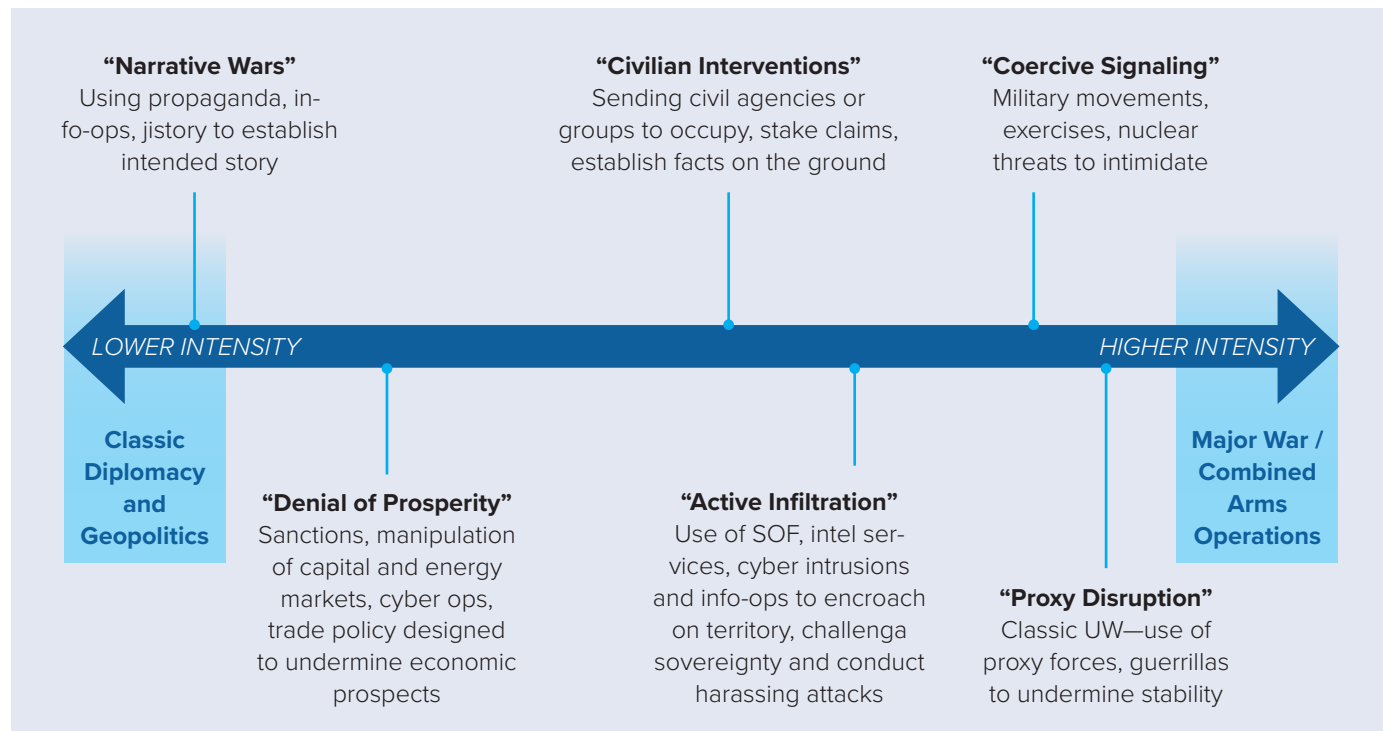
Higher intensity:

- **"Coercive signals"**: Deploying armed units, high-visibility exercises, and leveraging nuclear deterrent threats to coerce compliance.
- **"Proxy disruption"**: Irregular proxy forces and unconventional warfare (UW) to disrupt political and economic stability.

This paper compiles China's gray-zone strategies and examples directed at the Philippines and divides them into the above three intensity categories, which aids in understanding the spectrum of tactics and differentiates among the various methods the People's Republic of China (PRC) uses, from nonconfrontational tactics to more aggressive and coercive actions. Subsequently, this paper analyzes the Philippines' responses in terms of appropriateness, efficient allocation of resources, and risk assessment and management.

1. Michael J. Mazarr, *Mastering the Gray Zone: Understanding a Changing Era of Conflict*, US Army War College Press, 2015, <https://press.armywarcollege.edu/monographs/428>.

Figure 1: Sample strategies with varying intensities



Source: Dr. Mazarr, *Mastering the Gray Zone*, 60.

China's gray-zone activities in the Philippines

Background

The dispute between China and the Philippines in the South China Sea involves historical claims, legal battles, and ongoing geopolitical maneuvers. China's claim is based on the nine-dash line and encompasses 90 percent of the South China Sea. However, this claim overlaps with the exclusive economic zone (EEZ) of the Philippines and other countries around the South China Sea.²

Especially after the 2016 Permanent Court of Arbitration ruling in favor of the Philippine side, China's activities against the Philippines becomes more aggressive, involving a blend of military, paramilitary, and civilian operations.

Purposes of these gray-zone activities

Understanding the purposes and benefits of these gray-zone strategies in the Philippines is vital for analyzing China's strategic interests and managing the complex dynamics of

regional security. That, in turn, can be used to draw insightful comparisons with China's gray-zone activities directed at Taiwan, which can provide a larger understanding of China's behaviors.

- **Strategic and resource control:** China uses gray-zone tactics to assert territorial claims and gain access to critical natural resources in the South China Sea, enhancing its strategic dominance over vital shipping lanes and resource-rich areas.
- **Political and diplomatic leverage:** These actions allow China to test international responses, particularly US commitments to its allies, while maintaining a facade of diplomacy, thus managing regional influence and international relations without crossing into overt warfare.
- **Domestic and international posturing:** By consistently demonstrating control and strength, China aims to

2. “What is the South China Sea Dispute?,” BBC News, July 7, 2023, <https://www.bbc.com/news/world-asia-pacific-13748349>.

normalize its presence in contested areas and bolster nationalistic support at home, reinforcing the Chinese Communist Party's legitimacy and strategic objectives.

Benefits of the activities

China is benefiting from these gray-zone activities as follows:

- **Incremental territorial gains:** China uses these tactics to make gradual, unobtrusive gains in disputed maritime areas, avoiding the threshold of war while effectively changing the status quo in its favor.
- **Resource control:** These strategies enable China to access and exploit valuable natural resources such as fish stocks, oil, and gas reserves without open conflict, enhancing its economic and strategic dominance in the region.
- **Diplomatic leverage:** Gray-zone activities allow China to exert pressure on the Philippines and test the resolve of international actors like the United States, gauging the extent of their commitment to defending the current international order and their allies.
- **Normalization of presence:** Repeated operations help normalize China's presence in contested areas, gradually cementing its de facto control and potentially shifting international perceptions to tacit acceptance of its claims.

Timeline of China's territorial activities in the South China Sea

China's activities have escalated significantly since 1992, when China passed the Law on the Territorial Sea and the Contiguous Zone of the People's Republic of China, asserting its territorial claims over the majority of the South China Sea, including the Paracel and Spratly islands.³

1995: China-built structures were first discovered on Mischief Reef, which lies within the Philippines' EEZ, which clearly violated Philippine maritime sovereignty and territorial integrity, leading to heightened tensions.

2012: A maritime standoff between China and the Philippines ended with China taking de facto control of Scarborough Shoal, significantly straining bilateral relations.

2013: The Philippines filed a case against China in 2013 at the Permanent Court of Arbitration in The Hague, challenging China's claims and activities in the South China Sea.

2014: Chinese ships attempted to block Philippine resupply missions to its grounded navy ship at the Second Thomas Shoal, which underscored China's increasing use of maritime militia and coast guard forces to assert its claims.

2016: An international tribunal tapped by the court in The Hague ruled in favor of the Philippines, stating that China's nine-dash line had no legal basis. China rejected the ruling (as discussed below).

2021: China enacted a law allowing its coast guard to use force against foreign vessels in waters claimed by China.⁴

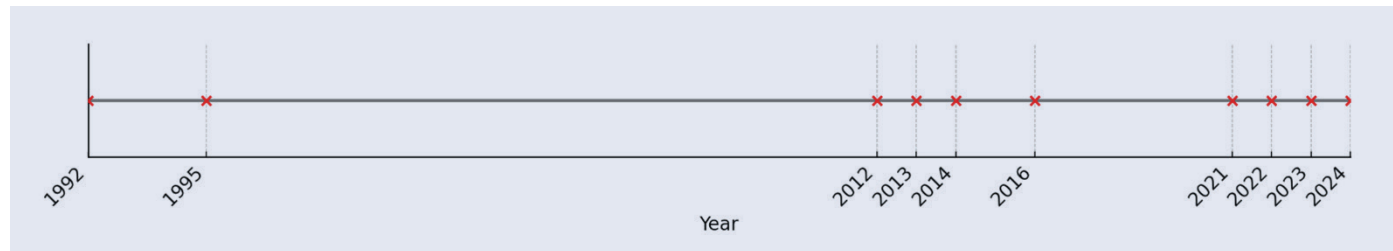
2022: A Philippine government vessel attempting to resupply a ship at the Second Thomas Shoal was blocked by a Chinese coast guard vessel.

2023: Tensions escalated as China's coast guard used a military-grade laser against a Philippine coast guard patrol vessel in February, a China's coast guard ship collided with a Philippine resupply boat in June, and a Chinese ship fired water cannons at a Philippine wooden civilian-style resupply boat near Second Thomas Shoal in August.⁵

2024: On June 17, during a Philippine resupply mission at the Second Thomas Shoal, Chinese coast guard personnel boarded and inspected a Philippine supply boat; in a "violent confrontation," a Filipino sailor lost a thumb. That is the first recorded instance of China's coast guard boarding and inspecting Philippine vessels.⁶

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3. Law on the Territorial Sea and the Contiguous Zone of the People's Republic of China, The Standing Committee of the National People's Congress, February 25, 1992, https://www.un.org/depts/los/LEGISLATIONANDTREATIES/PDFFILES/CHN_1992_Law.pdf.
 4. Wataru Okada, "China's Coast Guard Law Challenges Rule-Based Order," *The Diplomat*, April 28, 2021, <https://thediplomat.com/2021/04/chinas-coast-guard-law-challenges-rule-based-order/>.
 5. Joel Guinto, "South China Sea: Philippines Says China Used 'Military-grade' Laser Against Boat," *BBC News*, February 13, 2023, <https://www.bbc.com/news/world-asia-64621414>; The Maritime Executive, "China Coast Guard Vessel Collides With Philippine Supply Boat," June 16, 2024, <https://maritime-executive.com/article/china-coast-guard-vessel-collides-with-philippine-supply-boat>; and Dzirhan Mahadzir, "China Coast Guard Blast Philippine Military Resupply with Water Cannons," *USNI News*, August 7, 2023, <https://news.usni.org/2023/08/07/video-china-coast-guard-blast-philippine-military-resupply-with-water-cannons?utm>.
 6. Rebecca Ratcliffe, "Philippines Accuses Chinese Coastguards of Piracy After Violent Confrontation," *The Guardian*, June 19, 2024, <https://www.theguardian.com/world/article/2024/jun/19/philippines-china-clash-south-sea-navy-injuries-coast-guard-second-thomas-shoal-severe-thumb>.

Figure 2: Timeline of China's territorial activities in the South China Sea



Threat levels: Philippine context

Categorizing China's gray-zone operations in the Philippines can help decision-makers to assess threat levels and understand China's strategic intentions. Based on the features of lower-, moderate-, and higher-intensity Chinese gray-zone activities targeting the Philippines, I collect and categorize them as follows.

Lower-intensity actions

- **Reject jurisdiction:** Shortly after the 2016 Permanent Court of Arbitration decision, China's foreign ministry issued a statement declaring the decision "null and void" and lacking binding force.⁷ Since then, China has publicly dismissed the 2016 Permanent Court of Arbitration decision as unfavorable many times.⁸
- **Use propaganda to establish its narrative:** China also uses state media, such as Xinhua News Agency, People's Daily, and China Central Television (CCTV), to propagate its actions in the South China Sea as legitimate. For example, China's foreign ministry released a white paper titled "China Adheres to the Position of Settling through Negotiation the Relevant Disputes between China and the Philippines in the South China Sea," outlining China's historical claims and response to the arbitration decision.⁹ Through

state media, China also spreads the idea of the "South China Sea as historical Chinese territory," or says "China cannot lose even one inch of the territory left behind by our ancestors."

- **Issue diplomatic statements to depict China as a peace-loving nation:** Chinese leaders, including the president and foreign minister, frequently make public statements emphasizing China's commitment to peaceful development and its intention to rise peacefully without threatening other nations. In the United Nations General Assembly in 2015, President Xi Jinping's speech assured the international community of China's peaceful development path.¹⁰
- **Ban agricultural products:** During the Scarborough Shoal standoff in 2012, China imposed restrictions on banana imports from the Philippines, citing phytosanitary concerns. This had a significant impact on Filipino banana exporters, causing substantial economic losses.¹¹
- **Employ travel advisories:** In May 2012, at the height of the Scarborough Shoal standoff, China issued a negative travel advisory that appeared to impact the Philippines tourism sector by around 20 percent. After the travel warning, the number of Chinese visitors ranged from a low of 12,283 in June to a high of 18,888

7. "Full Text of Statement of China's Foreign Ministry on Award of South China Sea Arbitration Initiated by Philippines," Xinhua, July 12, 2016, http://www.xinhuanet.com/english/2016-07/12/c_135507744.htm.

8. Lin Jian, "Regular Press Conference," Ministry of Foreign Affairs Spokesperson, People's Republic of China, July 12, 2024, https://www.mfa.gov.cn/mfa_eng/xw/fyrbt/lxjzh/202407/t20240730_11463258.html.

9. Tian Shaohui, "China Adheres to the Position of Settling through Negotiation the Relevant Disputes Between China and the Philippines in the South China Sea," Xinhua, July 13, 2016, http://www.xinhuanet.com/english/china/2016-07/13/c_135509153_4.htm.

10. "Xi Jinping Attends General Debate of 70th Session of the UN General Assembly and Delivers Important Speech, Underlying to Inherit and Advocate Purposes and Principles of the UN Charter, Establish New Type of International Relations with Win-Win Cooperation as Core and Build Community of Shared Mankind Destiny," Report, Ministry of Foreign Affairs, People's Republic of China, September 29, 2015, https://www.mfa.gov.cn/mfa_eng/zy/jj/2015zt/xjpdmgjxgsfwbcxlhgcl70znxlfh/202406/t20240606_11381579.html.

11. Kesha West, "Banana Crisis Blamed on Philippines-China Dispute," ABC News, June 28, 2012, <https://www.abc.net.au/news/2012-06-29/an-banana-exporters-caught-in-philippines-china-dispute/4100422>.

in October, down from an average of 20,261 per month in the January–December 2011 period.¹²

- **Accuse the Philippines of provoking trouble with US backing:** This is a common theme in Beijing’s diplomatic rhetoric and is part of the broader narrative China uses to frame regional maritime disputes.¹³
- **Use lawfare:** On December 3, 2024, China submitted a copy of the geographic coordinates and nautical charts for sea territory surrounding Scarborough Shoal with the United Nations. This action appears to be a direct response to the Philippines’ recent legislation aimed at reaffirming its maritime territories and resource rights in the South China Sea.¹⁴

Medium-intensity actions

- **Construct and militarize artificial islands:** China has constructed and militarized artificial islands in the Spratly Islands and other parts of the South China Sea, which serve as bases for military and coast guard operations, enhancing China’s monitoring and control of the region.¹⁵ One of the most prominent examples is the transformation of Fiery Cross Reef in the Spratly Islands.¹⁶ These artificial islands also extend China’s ability to project power in the South China Sea, where previously the nation was constrained both by the distance from the Chinese mainland and the Chinese military’s relatively limited aerial refueling capabilities.¹⁷ Fiery Cross Reef is about 1,370 kilometers (850 miles) from the nearest Chinese airbase in Hainan, which exceeds the combat radius of most Chinese fighter jets (typically 1,000 to

1,500 kilometers round-trip without refueling). China also possesses a limited number of aerial refueling aircraft, about thirty tankers as of early 2022 like the HY-6 and newer Y-20U.¹⁸ It might be insufficient to support large-scale or sustained operations across the region.¹⁹

- **Interfere with resource exploration:** A notable example of China’s interference with Philippine oil and gas exploration activities was at Reed Bank in 2020. Due to rising tensions with China, the Philippines imposed a moratorium on oil and gas exploration in the Reed Bank in 2014 and resumed oil and gas exploration in 2020. However, since then, a mix of Chinese maritime militia, coast guard, and fishing vessels were reported to have increased their presence in the area.²⁰
- **Make coast guard ships a persistent presence:** Through these ships, China aims to create a physical presence to assert sovereignty and to deter, surveil, and monitor other countries in the disputed waters. Besides, coast guard vessels can be less provocative than military ships, complicate the responses of other countries, and reduce the likelihood of direct military confrontation.
- **Use maritime militias:** These militias offer several upsides for China, including plausible deniability, support for coast guard and navy ships, economic disruption, flexibility, and responsiveness. Because these vessels are ostensibly civilian, they can be rapidly deployed and withdrawn, and their activities can avoid international backlash as well.

12. Author calculation using “Tourism Demand Statistics,” Department of Tourism-Philippines, Visitor Arrivals to the Philippines, 2012, http://www.tourism.gov.ph/Tourism_demand/Arrivals2012.pdf.

13. Reuters, “China Says Philippines has ‘Provoked Trouble’ in South China Sea with US Backing,” December 14, 2024, <https://www.reuters.com/world/asia-pacific/china-says-philippines-has-provoked-trouble-south-china-sea-with-us-backing-2024-12-13/?utm>.

14. Zhang Han, “China Releases Baselines of Territorial Sea Adjacent to Huangyan Dao, ‘Countermeasure to Philippines’ Introduction of Two Laws Infringing on China’s Territorial Integrity”: Analyst,” Global Times, November 10, 2024, <https://www.globaltimes.cn/page/202411/1322769.shtml>.

15. Mira Rapp-Hooper, “Before and After: The South China Sea Transformed,” Asia Maritime Transparency Initiative, CSIS, February 18, 2025, <https://amti.csis.org/before-and-after-the-south-china-sea-transformed/?utm>.

16. Asia Maritime Transparency Initiative, “Fiery Cross Reef,” CSIS, accessed August 14, 2025, https://amti.csis.org/fiery-cross-reef/?utm_source#AnalysisofOutpost-heading.

17. Michael S. Chase and Benjamin Purser, “China’s Airfield Construction at Fiery Cross Reef in Context: Catch-Up or Coercion?,” RAND, August 11, 2015, <https://www.rand.org/pubs/commentary/2015/08/chinas-airfield-construction-at-fiery-cross-reef-in.html>.

18. David Roza, “Worried About China’s Air Force? Here’s Everything You Need to Know,” Task & Purpose, December 16, 2022, <https://taskandpurpose.com/news/china-peoples-liberation-army-air-force/?utm>; and “PLA’s Aerial Refuelling Tanker Fleet,” *China Defence Today*, January 7, 2017, <https://sinodefence.wordpress.com/2017/01/07/pla-aerial-refuelling-tanker-fleet/?utm>.

19. Kris Osborn, “Tanker Trouble: Why China Can’t Project Global Firepower,” The National Interest, August 7, 2022, <https://nationalinterest.org/blog/buzz/tanker-trouble-why-china-cant-project-global-firepower-204051?utm>.

20. Asia Maritime Transparency Initiative, “There and Back Again: Chinese Militia at Iroquois Reef and Union Banks,” CSIS, October 22, 2021, <https://amti.csis.org/there-and-back-again-chinese-militia-at-iroquois-reef-and-union-banks/?utm>.

High-intensity actions

- **Show defiance through live-fire drills:** In July 2016, shortly after the international arbitration ruling favoring the Philippines and invalidating China's expansive maritime claims, the People's Liberation Army conducted live-fire drills in the South China Sea, signaling defiance and reinforcing its rejection of the tribunal's decision.²¹
- **Make direct contact—including collision:** In a Reed Bank incident in June 2019, a Chinese vessel physically collided with and sank a Philippine fishing boat (FB Gem-Ver), leaving twenty-two Filipino fishermen stranded at sea until they were rescued by a Vietnamese vessel.²²
- **Conduct a blockade:** Chinese coast guard vessels used water cannons and physically blocked Philippine supply vessels at Second Thomas Shoal in November 2021, taking aggressive kinetic action, significantly affecting diplomatic and military relations.²³
- **Use lasers to impair crew members:** In February 2023, a China coast guard vessel aimed a military-grade laser at a Philippine coast guard ship near Second Thomas Shoal, temporarily blinding crew members and drawing strong condemnation from the Philippines and its allies.²⁴
- **Ram and board boats:** A collision at Second Thomas Shoal on June 17, 2024, involved a violent confrontation as China coast guard vessels rammed and boarded Philippine Navy boats during a resupply mission. In the clash, a Filipino sailor lost his thumb due to the collision. The incident marked one of the most aggressive

encounters in the South China Sea in recent years, drawing international condemnation and highlighting the escalating risk of kinetic conflict.²⁵

Philippine counteractions

In response to China's gray-zone activities in the South China Sea, the Philippines has pursued diplomatic, legal, and military measures including:

- **Employ diplomatic protests:** Since 2016, the Philippines have lodged 231 diplomatic protests of China's behaviors in the South China Sea.²⁶
- **Make assertive statements:** Philippine leaders have issued assertive public statements. The president, Ferdinand Marcos Jr., denounced China's illegal, coercive, and aggressive actions in the South China Sea at the Shangri-La Dialogue in Singapore, on May 31, 2024, condemning China's gray-zone activities.²⁷
- **Take legal steps:** To better demarcate Philippine territory in the South China Sea, Marcos signed into law two pieces of legislation on November 8, 2024: the Philippine Maritime Zones Act and the Philippine Archipelagic Sea Lanes Act.²⁸ The former demarcates key parts of the Philippine archipelago's territory and outlying waters, where it has full sovereignty and sovereign rights under international law and the 1982 UN Convention on the Law of the Sea, and the latter allows the Philippines to designate sea lanes and air routes in the archipelago where foreign ships and aircraft could transit under its regulation and in compliance with international law.

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 28. Ruth Abbey Gita-Carlos, "Marcos Inks Laws on PH Maritime Zones, Archipelagic Sea Lanes," Philippine News Agency, November 8, 2024, <https://www.pna.gov.ph/articles/1237378#:~:text=Marcos%20inks%20laws%20on%20PH%20Maritime%20Zones%2C%20Archipelagic%20Sea%20Lanes,-By%20Ruth%20Abbey&text=MANILA%20-%20President%20Ferdinand%20R.,for%20foreign%20vessels%20and%20aircraft>.

- **Surveil and monitor:** The Philippines has deployed coast guard ships and is keeping a closer guard around the Sabina Shoal, monitoring China's damage to reefs, shoals, and islets in the Philippine EEZ, with the aim of preventing China from carrying out land-reclamation activities on contested features, maintain situational awareness, and assert sovereignty.²⁹
- **Turn China's actions into an environmental issue:** By accusing China of damaging the environment, the Philippines appears to strengthen its case and transform this matter into an environmental protection issue, with the nation seeking a moral victory.³⁰ This approach underscores the ecological damage caused by China's artificial island construction and tries to both attract international condemnation and gain sympathy and support.
- **Engage in group deterrence:** The Philippines and the United States both underscore the importance of the US-Philippine Mutual Defense Treaty to deter China's harassment in the South China Sea. For example, in April 2024, after a joint summit with the then-US President Joe Biden and then-Japanese Prime Minister Fumio Kishida, Marcos said that "a soldier's death will trigger" the treaty. The existence of the US-Philippine alliance has created an important escalatory brake on Chinese actions: When the United States clarified that deaths of Philippine personnel or attacks on their vessels would trigger the mutual defense treaty, that seems to have created a sort of upper bound on Chinese gray-zone harassment.
- **Conduct joint coast guard exercise:** The Philippines signed a maritime security cooperation agreement with Vietnam on January 31, 2024, which aims to establish a comprehensive partnership between the two nations' coast guards, including capacity building, training, and personnel and ship exchanges.³¹ On August 9, 2024, the Philippines and Vietnam held the first-ever joint coast guard exercise in firefighting, rescue, and medical response in Manila Bay.
- **Acquire new vessels:** The Philippines will purchase five patrol vessels from Japan, which will be financed through a Japanese loan. Under this loan, Japan has already provided twelve patrol vessels to the Philippines coast guard since 2016.³²
- **Publicize actions:** The Philippines records and exposes China's bullying activities including using a water cannon against a much smaller Philippine boat attempting to deliver supplies to a garrison of Philippine marines on Second Thomas Shoal. This video created an international backlash against China.³³

29. Sebastian Strangio, "Philippines to Take Steps to Prevent Chinese Reclamation in South China Sea," *The Diplomat*, May 15, 2024, <https://thediplomat.com/2024/05/philippines-to-take-steps-to-prevent-chinese-reclamation-in-south-china-sea/>.

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33. Jay Tristan Tariela, "Why the Philippines Is Exposing China's Aggressive Actions in the South China Sea," *The Diplomat*, April 19, 2023, <https://thediplomat.com/2023/04/why-the-philippines-is-exposing-chinas-aggressive-actions-in-the-south-china-sea/>.

Table 1: Key takeaways of China's gray-zone activities and Philippine counteractions

Gray-zone type	Lower intensity (Narrative wars, denial of prosperity)	Moderate intensity (Establish facts on the ground, civilian interventions, active infiltration)	Higher intensity (Coercive signal, proxy disruption)
Gray zone in the Philippines	Reject jurisdiction Promulgate propaganda about historical claims Make diplomatic statements to portray peace-loving character Ban agricultural products Issue travel warning Accuse the Philippines of provoking trouble, with US backing Submit baselines of territorial waters of Scarborough Shoal and nautical charts to UN	Construct and militarize artificial islands Interfere in resource exploration Make coast guard ships a persistent presence Conduct maritime militia operations	Conduct live-fire drills (example: July 2016, after the 2016 arbitration decision) Ramming incident near Reed Bank in June 2019 Blockade of Second Thomas Shoal in November 2021 Laser incident in February 2023 Collision and crew injury at Second Thomas Shoal in June 2024
Counteraction	Employ diplomatic protests Make assertive statements Take legal steps to demarcate Philippine territory and reinforce sovereignty Transform Chinese actions into an environmental issue	Surveil and monitor Engage in group deterrence Strengthen maritime security cooperation	Joint coast guard exercise Surveil and monitor Expose actions to the public Acquire new vessels Employ diplomatic protests

Sources: Author's categorization using Dr. Michael J. Mazarr's spectrum of gray-zone strategy.

Strengths and weaknesses of Philippine counteractions

The Philippines' defense strategies against China's gray-zone activities demonstrate many valuable avenues to counter these activities. For narrative gray-zone activities, the Philippines firmly upholds the 2016 ruling and employs legal advocacy, international cooperation, and media publicity to highlight and counter China's bullying activities and, through them, to gain international support and sympathy.

To counter long-term gray-zone activities such as constructing and militarizing artificial islands, the Philippines demonstrates its interest in and rights to disputed waters through the presence of its vessels, which conduct surveillance and monitoring. For some high-intensity activities, the Philippines, with the help of the United States, enhances its defense posture by engaging in joint military exercises with alliance partners such as Japan and Australia

However, there are still a few weaknesses such as heavy reliance on tourism as well as importing Chinese commodities;

military disparity; limited influence in international forums; and dependence on external security guarantees. Strengths and weaknesses are outlines below.

Strengths

They include:

- **Diplomatic resilience:** The Philippines has consistently used diplomatic channels to formally protest violations of its maritime territories. This persistence highlights its commitment to resolving disputes through peaceful and recognized international mechanisms.
- **Legal foundation:** The enactment of laws such as the Philippine Maritime Zones Act and the Philippine Archipelagic Sea Lanes Act underscores the Philippines' commitment to international law. This approach strengthens its legal standing in international forums, such as potential disputes in the United Nations.
- **Strategic alliances:** The Philippines has effectively leveraged its alliances to bolster its security posture.

Notably, the US-Philippine Mutual Defense Treaty as well as the Visiting Forces Agreement, Enhanced Defense Cooperation Agreement, and Mutual Logistics Support Agreement with the United States provide a robust framework for military cooperation and deterrence.³⁴ Additionally, regional collaborations, such as those with Vietnam, enhance strategic positioning and joint operational capabilities. A significant advancement in defense relations is the Reciprocal Access Agreement (RAA) with Japan, signed in July 2024 and ratified by the Philippine Senate in December 2024.³⁵ This landmark pact facilitates the deployment of forces for joint exercises and disaster response, reflecting a deepening commitment to regional security. Collectively, these alliances and agreements underscore the Philippines' proactive approach to strengthening defense and maintaining stability in the Indo-Pacific region.

- **Surveillance and enforcement:** By upgrading its surveillance capabilities and active patrolling through its coast guard, the Philippines maintains a vigilant presence in contested areas. This not only helps in enforcing its claims but also in monitoring and deterring unauthorized activities.
- **Environmental advocacy:** By framing some of the disputes as environmental issues, the Philippines garners broader international sympathy and support, positioning itself as a defender of the marine environment, which adds a moral dimension to its claims.
- **Public and international engagement:** The Philippines' strategy of recording and publicizing aggressive encounters exposes and isolates aggressive behavior on the international stage, contributing to a narrative that may attract global support and potentially deter further aggressions.

- **Capability enhancement:** The ongoing acquisition of maritime assets, supported by international partners like Japan, significantly boosts the Philippines' operational capabilities, allowing for a more robust defense and surveillance of its maritime domains.³⁶
- **Reducing reliance on Chinese tourists:** China used to be one of the Philippines' top tourism markets before the COVID-19 pandemic. In 2019, China was the second-largest source of tourists to the Philippines, just behind South Korea, when more than 1.74 million Chinese tourists visited the Philippines, accounting for 21 percent of total arrivals.

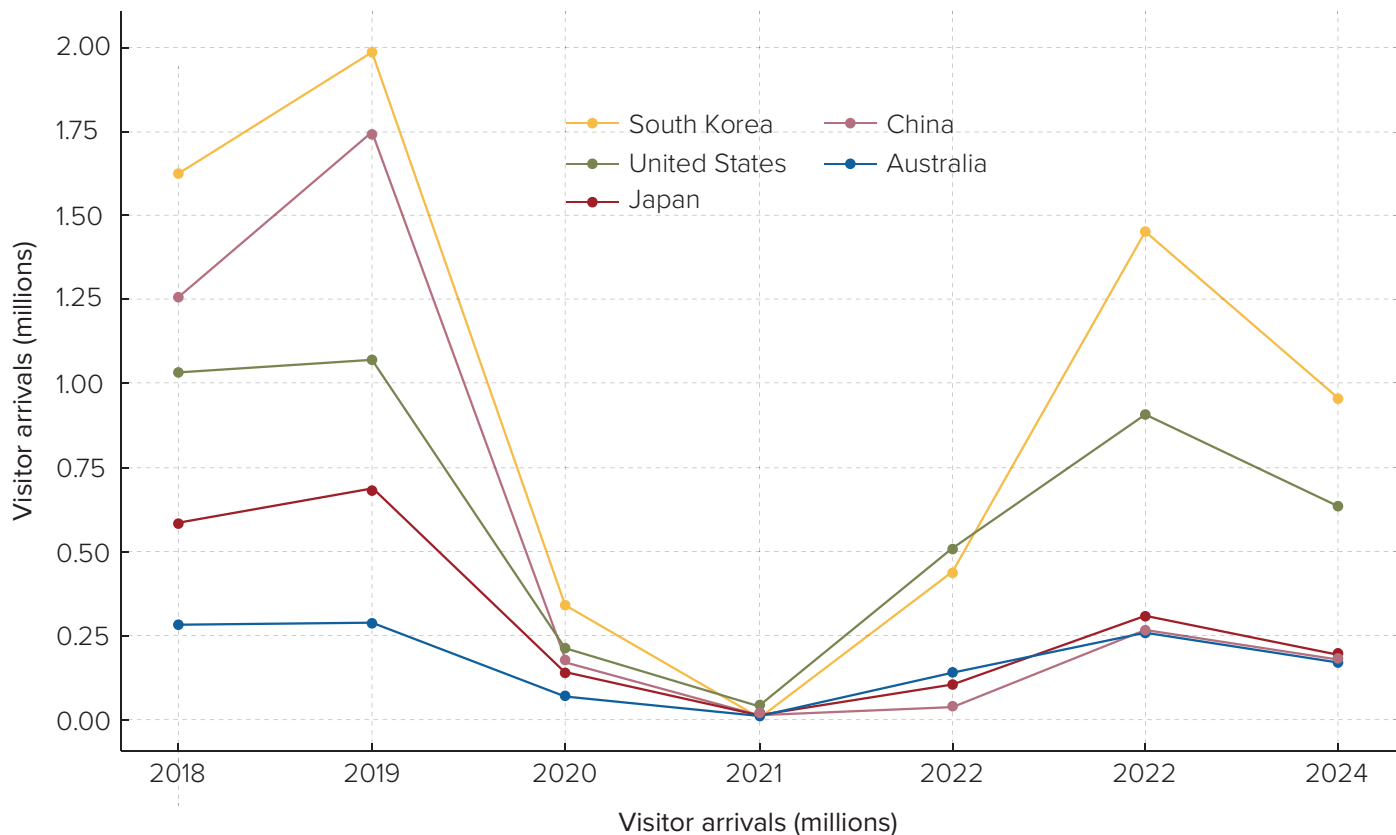
However, from 2020 to now, and amid ongoing geopolitical tensions, Chinese arrivals have dropped significantly, falling behind other markets like Japan and Australia. The decline is partially due to China's postpandemic outbound travel restrictions and cooling diplomatic relations. The Philippines seems to be diversifying its tourism sources, focusing more on South Korea, the United States, and Japan to reduce dependence on Chinese tourists. By far, South Korea, the United States, and Japan are now the dominant markets, reducing China's leverage over the Philippines' tourism industry.

34. Bureau of Political-Military Affairs, "U.S. Security Cooperation with the Philippines," US Department of State, January 20, 2025, <https://www.state.gov/u-s-security-cooperation-with-the-philippines/>.

35. Japan-Philippines Relations, "Signing of the Japan-Philippines Reciprocal Access Agreement," Ministry of Foreign Affairs of Japan, July 8, 2024.

36. Agence France-Presse, "Philippines to Buy 5 Japan-made Coast Guard Ships in 400 million USD Deal", Philstar GLOBAL, May 17, 2024, <https://www.philstar.com/headlines/2024/05/17/2355866/philippines-buy-5-japan-made-coast-guard-ships-400-mn-deal>.

Figure 3: Top five nations sending visitors to the Philippines (2018–2024)



Source: Tourism demand statistics of Republic of the Philippines' Department of Tourism from 2018 to 2024.

Weaknesses

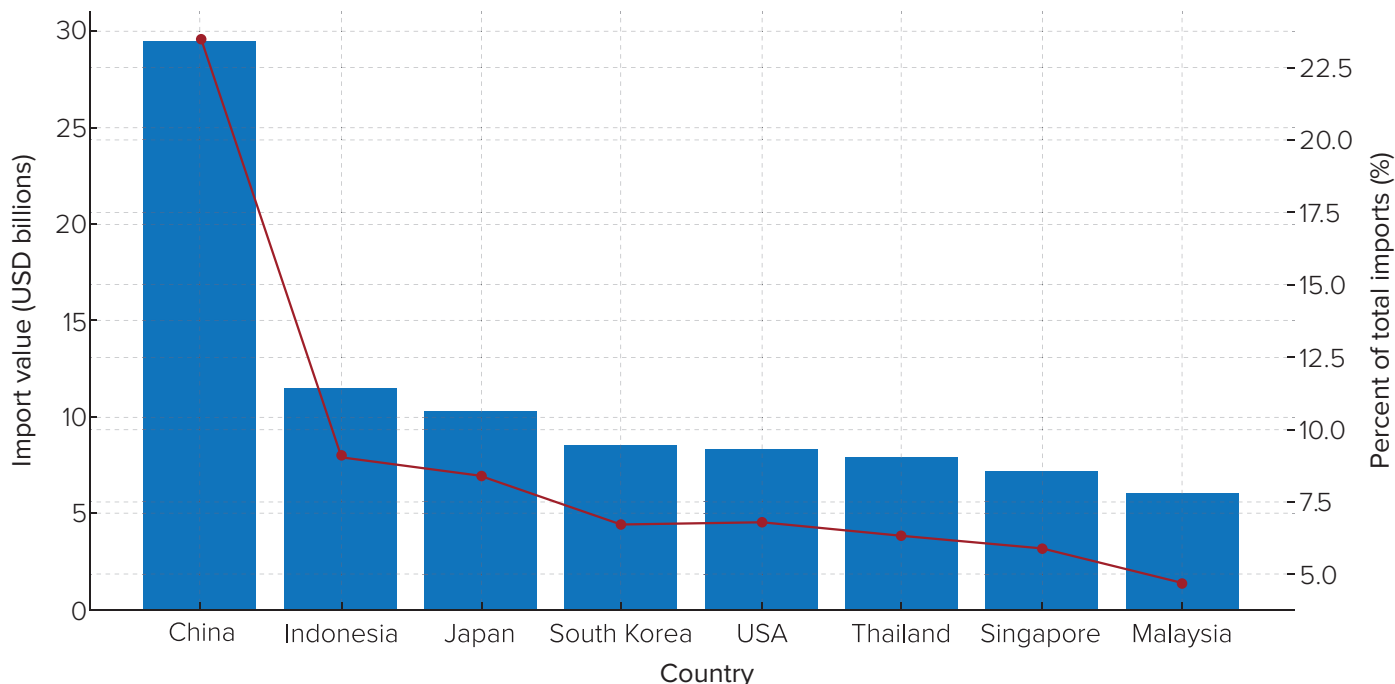
Import reliance

Despite political and military tensions, the Philippines maintains robust trade and investment ties with China, its largest trading partner. In 2023, overall imports to the Philippines totaled \$126.21 billion, with China atop the list of nations (see figure 4) and accounting for \$29.39 billion in imports—about 23.3 percent. This amount demonstrates Philippine reliance on Chinese goods; if China restricts these exports, the Philippines will face production delays and suffer from supply chain disruptions.

The Philippines relies heavily on imports from China for various essential goods (see table 2), including for electronic products, raw materials, and intermediate products used in manufacturing. Restrictions on these imports could disrupt manufacturing processes, increase costs, and lead to shortages of goods in the local market. The Philippines could

find alternative supplies instead of sourcing from China, but that would entail higher costs, new trade agreements, and supply chain restrictions. Shipping routes and distribution networks would also need adjustments, which is why costs would increase. For example, goods from Japan, the United States, or Europe are often more expensive than those from China. Economic engagement is a double-edged sword; it keeps the relationship channels open but makes the Philippines vulnerable to economic coercion.

Figure 4: Top eight import sources for the Philippines in 2023



Source: The Philippine Statistics Authority, Statistical Tables for the Annual International Merchandise Trade Statistics (IMTS) 2023.

Table 2: Philippine imports for top five commodity groups from the PRC

Trading partner	Value (in billion USD)	Percent share (%)
People's Republic of China		
Electronic products	5.70994	19.4
Mineral fuels, lubricants, and related materials	3.34936	11.4
Iron and steel	2.85377	9.7
Miscellaneous manufactured articles	2.34314	8.0
Industrial machinery and equipment	1.94658	6.6
Total amount	29.3924	100.0

Source: The Philippine Statistics Authority, Statistical Tables for the Annual IMTS 2023.

Coast guard force disparity

There is a considerable gap in coast guard capabilities between China and the Philippines. Despite efforts to modernize its forces and acquire new equipment, the Philippines' coast

guard is still substantially outmatched by China's. This disparity reduces the effectiveness of the Philippines' deterrence and complicates enforcement of its maritime claims.

Table 3: Estimated coast guard capabilities by nation (2023)

Category	China's coast guard	Philippines' coast guard
Coast guard budget (USD billion)	2.64	0.385 (21.908 billion peso)
Large patrol vessels (more than 1,000 tons)	150	3
Regional patrol combatants (more than 500 tons)	50	4
Small patrol boats (100 to 499 tons)	300	58

Sources: Following the method of M. Taylor Fravel, George J. Gilboy, and Eric Heginbotham, as presented in “Estimating China’s Defense Spending: How to Get It Wrong (and Right)” and published in the *Texas National Security Review* in 2024, China’s estimated coast guard budget of \$1.74 billion in 2017 is used as a baseline to estimate a budget of \$2.64 billion in 2023, given the annual growth rate of the official defense budget.³⁷

Internal political challenges

Domestic politics in the Philippines can also impact the consistency and effectiveness of its foreign policy. Changes in administration often bring shifts in approach toward China and the South China Sea, which can undermine the Philippines’ long-term strategic objectives in the region. For example, former President Rodrigo Duterte questioned the arbitral ruling on the West Philippine Sea as the document does not even include China.³⁸ By comparison, Marcos, in his keynote address at the twenty-first Asia Security Summit, said that the 1982 UN Convention on the Law of the Sea (UNCLOS) and the binding 2016 arbitral award provide a solid foundation for the peaceful resolution and management of disputes. The current Philippines’ policy in the South China Sea is built upon these two touchstones.³⁹

Limited influence on international forums

Although the Philippines has successfully used international law, such as its victory in the Permanent Court of Arbitration in 2016, it struggles to enforce these rulings given the lack of a direct enforcement mechanism and limited international pressure on China to comply.

Dependency on external security guarantees

While alliances, particularly with the United States, are a strategic asset, they also place the Philippines in a position where its security is heavily dependent on the policies and commitments of its allies. This reliance can be precarious, especially in changing global political climates.

37. M. Taylor Fravel, George J. Gilboy, and Eric Heginbotham, “Estimating China’s Defense Spending: How to Get it Wrong (and Right),” *Texas National Security Review* 7, no. 3 (2024), <https://tnsr.org/2024/06/estimating-chinas-defense-spending-how-to-get-it-wrong-and-right/>; ChinaPower, “Are Maritime Law Enforcement Forces Destabilizing Asia?,” accessed August 14, 2025, <https://chinapower.csis.org/maritime-forces-destabilizing-asia/>; and William Yang, “China sets modest growth target, expands defense budget,” *Deutsche Welle*, March 5, 2023.

38. “President Rodrigo Roa Duterte State of the Nation Address 2021,” *The Red Circle*, July 27, 2021, <https://theredcircle.com.ph/president-rodrigo-roa-duterte-state-of-the-nation-address-2021/>.

39. Ferdinand R. Marcos Jr., “President of the Philippines Ferdinand R Marcos Jr Delivers Keynote Address,” *Twenty-first Asia Security Summit, Shangri-La Dialogue, International Institute for Strategic Studies*, May 31, 2024, <https://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2024/plenary-sessions/keynote-address/>.

Assessing gray-zone operations in the Philippines and Taiwan

A better understanding of China's gray-zone activities in both the Philippines and Taiwan is useful before attempting to glean how Taiwan could benefit from insights from the Philippine experience in planning and executing its defense strategies. There are some common and unique characteristics of gray-zone activities in these countries, as outlined below.

Common features

They include:

- **Normalization of presence:** In the South China Sea, frequent patrols by Chinese coast guard vessels and the establishment of militarized features like artificial islands work to normalize China's claim over contested maritime zones. This continuous presence reinforces Beijing's narrative that China is the rightful authority in the area, gradually influencing both domestic and international perceptions about territorial control. Repeated aerial harassment into or near Taiwan's airspace, meanwhile, serve to normalize the idea that Chinese military aircraft are a regular presence. Over time, this constant pressure can lead to a situation where Taiwan's leadership and citizens become accustomed to this harassment. This normalization can potentially lower the political and military threshold for what is considered acceptable behavior, subtly shifting the strategic calculus without triggering immediate defensive escalation.
- **Testing and probing:** Gray-zone operations allow China to test the defensive capabilities and responses of Taiwan and the Philippines, respectively, gaining valuable intelligence on their military readiness and tactical responses.
- **Undermining the status quo:** China employs gray-zone tactics to gradually alter the status quo without triggering a full-scale military response. For the Philippines in the South China Sea, gray-zone tactics involve actions like the deployment of coast guard vessels and maritime militias to enforce its claims, effectively controlling areas without overt military engagement. Around Taiwan, increased military drills and aerial harassment serve a similar purpose, testing Taiwan's defenses and reaction time, and challenging international resolve and patience to support the status quo of Taiwan's de facto independence.
- **Avoidance of escalation:** An outright invasion or open military aggression would likely provoke a significant international response and could lead to armed conflict. Gray-zone strategies allow China to pursue its territorial

and strategic objectives while minimizing the risk of escalation. By keeping its actions below the threshold of overt warfare, China reduces the likelihood of triggering a unified military or diplomatic response from other affected countries.

- **Using tourism leverage as an economic coercion tool:** China has the capacity to encourage or discourage its citizens from traveling to certain destinations. In periods of heightened diplomatic tension or after confrontations in the South China Sea, Chinese travel agencies or government tourism boards may limit promotions or even issue travel advisories regarding the Philippines. This can lead to a measurable decline in tourist arrivals, thereby exerting economic pressure. As for Taiwan, China would often like to adjust its tourism policies toward it in response to political developments. For example, following electoral outcomes or policy moves in Taiwan that are viewed unfavorably by Beijing, the number of tourists allowed from the mainland to visit Taiwan has been reduced. This not only impacts Taiwan's economy but also serves as a reminder of its economic vulnerability.

Different features

- **Nature of force used:** In the Philippines, the use of coast guard and militia imply a strategy of *physical presence* without crossing the threshold into overt military aggression. Maritime incursions tend to occur at a slower pace compared to the rapid nature of aerial harassments and therefore offer more flexibility and plausible deniability—yet they are more likely to face direct challenges of sovereignty and international law like UNCLOS. Conversely, aerial harassment around Taiwan is generally *more aggressive* and *clearly military* in nature. Since fighter jets are fast, requiring a quick response, using them can easily lead to conflicts because of miscalculation, which may reflect the higher stakes and more direct challenge China places on its claims over Taiwan.
- **Purposes of force used:** For the Philippines, China's gray-zone strategies appear to be an attempt to establish "*irreversible facts*" in the South China Sea. China's frequent deployment of coast guard vessels, the militarization of artificial islands, and routine maritime patrols are all part of a calculated approach to normalize its presence and then accumulate a set of proof points establishing China's presence in disputed waters. By establishing a continuous and pervasive

presence over time, the gradual accumulation of facts ultimately aims to alter the status quo and reshape the regional balance of power in its favor, even if not formally recognized. In contrast, the nature of gray-zone operations around Taiwan—particularly repeated aerial harassment—appears aimed at *gradual erosion of Taiwan's defense strength*. This sustained pressure can lead to fatigue among pilots and ground crews, strain logistics and reduce the overall combat effectiveness of the air force and enable the PRC to identify ways to exploit weaknesses in Taiwan's air defense system without triggering an all-out conflict.

- **Multifaceted or singular focus:** China's gray-zone maritime operations in the Philippines, e.g., those involving coast guard vessels or militia boats, can serve multiple purposes simultaneously. They can be intended to *assert territorial claims, maintain a sustained physical presence, monitor maritime activities, or gradually change the balance of power at sea*. The slower pace and physical presence provide a greater degree of flexibility to aggressors as well as the ability to pursue multidimensional objectives. On the other hand, aerial maneuvers are fast, transient, and often visible, which tend to *align with a specific political purpose*. For instance, the visit of a US speaker of the House of Representatives or other high-ranking politicians can trigger high levels of aerial harassment. This is because aerial harassment often can deliver a fast, strong, and clear political message without crossing over kinetic conflicts.
- **Legal framing and military provocation:** Gray-zone tactics in the South China Sea often involve leveraging maritime law (such as UNCLOS) to

challenge sovereignty. Legal frameworks like UNCLOS help China cloak aggressive or strategic actions in legitimacy. China's actions are sometimes framed as lawful patrols or administrative measures, despite undermining Philippine claims. These victimized countries are not confronting "military aggression": They are reacting to what's framed as law enforcement. Conversely, the gray-zone approach around Taiwan is less about maritime legal justification and more about direct military provocation. Repeated aerial harassment is clearly military action that, while couched in routine "exercises" or patrols, defy international norms regarding airspace sovereignty.

- **Economic coercion and military signal:** Ranging from adjusting tourism policies to trade leverage, China uses *economic tools* to amplify its influence over and pressure on the Philippines. This integration creates a feedback loop where physical actions and economic measures work in a cycle to shape perceptions, constrain policy choices, and ultimately strengthen Beijing's control over the contested area. This economic dimension is closely integrated with maritime gray-zone tactics, reinforcing physical control with economic costs. By contrast, *economic coercion often accompanies military signals in Taiwan cases*. Take that 2022 Taiwan visit of the US speaker of the House: After economic sanctions on certain products such as fruit and fish, the PRC launched live-fire drills, aerial harassment, and ballistic missiles around Taiwan. This was designed to underscore Taiwan's vulnerability and create an environment where economic and military pressures work together to erode confidence in Taiwan's defense posture.

Lessons for Taiwan

What can Taiwan learn from the Philippines' strengths?

Leverage unofficial partnerships

Although Taiwan's limited formal diplomatic recognition certainly constrains its ability to protest through traditional diplomatic channels like the Philippines did against the PRC, Taiwan can voice its concerns and counter gray-zone pressures through unofficial partnerships. Taiwan can leverage unofficial partnerships with the United States, Japan, and European nations to bolster its security and economic resilience, despite its limited formal diplomatic recognition. For example, under the Taiwan Relations Act, the United States supplies advanced defensive arms and conducts high-level visits and joint training

exercises with Taiwan, enhancing its deterrence against Chinese gray-zone tactics. Similarly, Japan engages with Taiwan through informal security dialogues, joint participation in regional forums, and deep economic ties—especially in high-tech industries—which collectively strengthen Taiwan's defense posture and international support.

Promote subnational and civil-society engagement

This form of engagement involves local governments, academic institutions, nongovernmental organizations, and community groups taking an active role in international partnerships, thereby supplementing Taiwan's limited formal diplomatic channels. For instance, Taiwanese cities such as Taipei or Kaohsiung often establish sister-city relationships

with counterparts in the United States and Japan, fostering cultural, economic, and security exchanges at the municipal level. Additionally, civil-society organizations like the Taiwan Foundation for Democracy and various academic institutions actively organize international seminars, research collaborations, and public forums to promote Taiwan's democratic values and strategic interests, thereby building broader international support and resilience against external pressures.

Hold informal dialogues and meetings

Taiwan can engage in informal dialogues and meetings by leveraging unofficial back channels—such as think tank conferences, academic seminars, and privately arranged bilateral meetings with counterparts from allied countries. For example, retired Lieutenant General Li Ting-Sheng, who had served at the Institute for National Defense and Security Research, participated in regional forums like the Shangri-La Dialogue in 2024 and therefore could hold discreet discussions with US and Japanese officials, enabling them to exchange intelligence and coordinate responses to gray-zone pressures despite limited formal diplomatic recognition.

Record, analyze, and share evidence of aerial harassment

This approach, which is similar to how the Philippines has exposed maritime activities, would reinforce Taiwan's position and contribute to a broader strategy of norm setting against gray-zone tactics. By systematically documenting these incursions, Taiwan can build an objective record that bolsters its narrative in international forums, helping to validate its claims and raise awareness among like-minded countries.

For example, Taiwan could employ a combination of military surveillance assets such as ground-based radar networks and unmanned aerial vehicles (UAVs), open-source intelligence, and independent academic analysis to produce detailed reports on the frequency, nature, and impact of this harassment. Sharing and collaborating on these findings through international conferences, think tank publications, and digital platforms would not only provide additional layers of evidence and help counter Chinese propaganda, but also encourage diplomatic and potentially coordinated responses from its partners.

Prepare for a prolonged competition

By modernizing its coast guard fleet and enhancing maritime surveillance, the Philippines has adjusted its defense posture for a prolonged competition with China. Similarly, to counteract a protracted normalization of aerial harassment, Taiwan could take the following cues from that experience:

- **Fighter jet scrambles are inevitable:** Fighter jets are a fundamental element of air defense, especially in environments with persistent gray-zone activities. When unidentified or hostile aircraft approach or violate a state's airspace, fighter jet scrambles become a rapid

response measure to intercept and assess the situation, ensuring situational awareness and deterrence. This operational necessity is driven by the need to maintain continuous monitoring and readiness against potential threats, even if it does result in frequent scrambling during periods of high activity.

- **Don't use a sledgehammer to crack a nut:** Although fighter jet scrambles are not avoidable, Taiwan should adopt a more efficient, layered response tailored to the nature of the incursion. This is because dispatching an F-16 jet without an imminent threat would waste a lot of resources. Observing the PRC's aerial harassments, there are often a few combinations of aircraft, from high-speed fighter jets to relatively low-speed spotter planes or bomber jets or sometimes a combat drone along with other jets. Taiwan should dispatch appropriate aircraft to intercept the PRC's airplane accordingly. For instance, if the PRC deploys a mix of fast-moving fighter jets alongside slower spotter planes or combat drones, Taiwan can dispatch high-speed interceptors for immediate threats while using lower-speed, more agile aircraft for identification and tracking.
- **Create and execute a layered response plan:** Employing a series of graduated measures to address an aerial harassment is advised, rather than relying on one uniform action. For example, the first layer might involve detecting the intruder via radar and issuing an immediate radio warning. If the warning is not heeded, the next layer could involve dispatching a suitable interceptor—using slower, more agile aircraft for less aggressive threats or high-speed fighters for more urgent situations. This multitiered approach would allow Taiwan to match the response to the specific threat level, conserving resources while maintaining effective deterrence.
- **Make each scramble count:** A fighter jet can be leveraged as more than just an intercept, serving multiple strategic and operational purposes. Taiwan can use scrambles to gather real-time intelligence through integrated radar, UAVs, and electronic surveillance data, refining its response protocols and informing international partners. Additionally, by publicizing scrambles in a controlled manner and treating them as live training exercises, Taiwan not only signals robust readiness and coordinated multidomain defense but also deters adversaries by demonstrating its capacity to respond with both kinetic and nonkinetic measures.
- **Counter fatigue and logistical strain:** This lesson would enable Taiwan's air force to retain resilience despite the demands of frequent scrambles and rapid response to Chinese incursions. This counteraction can be achieved through rotational deployments, enhanced maintenance cycles, and advanced training programs that help preserve operational readiness and prevent resource depletion. Implementing a rotational

deployment schedule for fighter jets is an example and are intended to ensure that units are not overextended during frequent scramble operations and allow pilots and maintenance crews sufficient rest and repair time. Additionally, it is helpful to use high-fidelity flight simulators and virtual exercise training scenarios to replicate the operational environment. This allows pilots to practice their response to aerial harassment and other complex scenarios without actually flying their aircraft, which helps preserve the physical condition of the real jets and reduce maintenance demands, while ensuring that crews remain well-prepared for actual operations.

- **Stay calm under pressure:** The Philippines has faced persistent Chinese incursions in the South China Sea but has generally avoided overreaction, opting instead for a measured, strategic response—documenting incidents, filing diplomatic protests, strengthening alliances, and reinforcing maritime presence without escalating into direct conflict. Taiwan can learn from the Philippines' measured approach in handling gray-zone operations by staying calm under pressure and avoiding overreaction. Instead of exhausting resources with constant full-scale scrambles, Taiwan can adopt a layered response, using radio warnings, UAV surveillance, and selective fighter deployments. Like the Philippines, Taiwan should strategically expose incursions, maintain deterrence through diplomacy and alliances, and reinforce international support—ensuring security without unnecessary escalation.

What can Taiwan learn from the Philippines' weaknesses?

Words won't deter—defenses will

Although transparency has proven useful to gain domestic and international support, it is not enough to counter the PRC's gray-zone operations for the Philippines. Only developing robust defense capabilities can deter China's aggressive behaviors.

For Taiwan, developing asymmetric defense capabilities is crucial, given the significant military imbalance with China. By developing sufficient mobile, rapid-deployment air defense systems and precision-guided anti-ship and anti-air missiles, Taiwan can disrupt and deter adversary operations. When these measures are combined with robust logistical support, advanced radar systems, UAVs, and integrated command centers, it becomes a multilayered deterrent that enhances

the ability to rapidly respond and sustain operations against potential threats.

Trade diversification

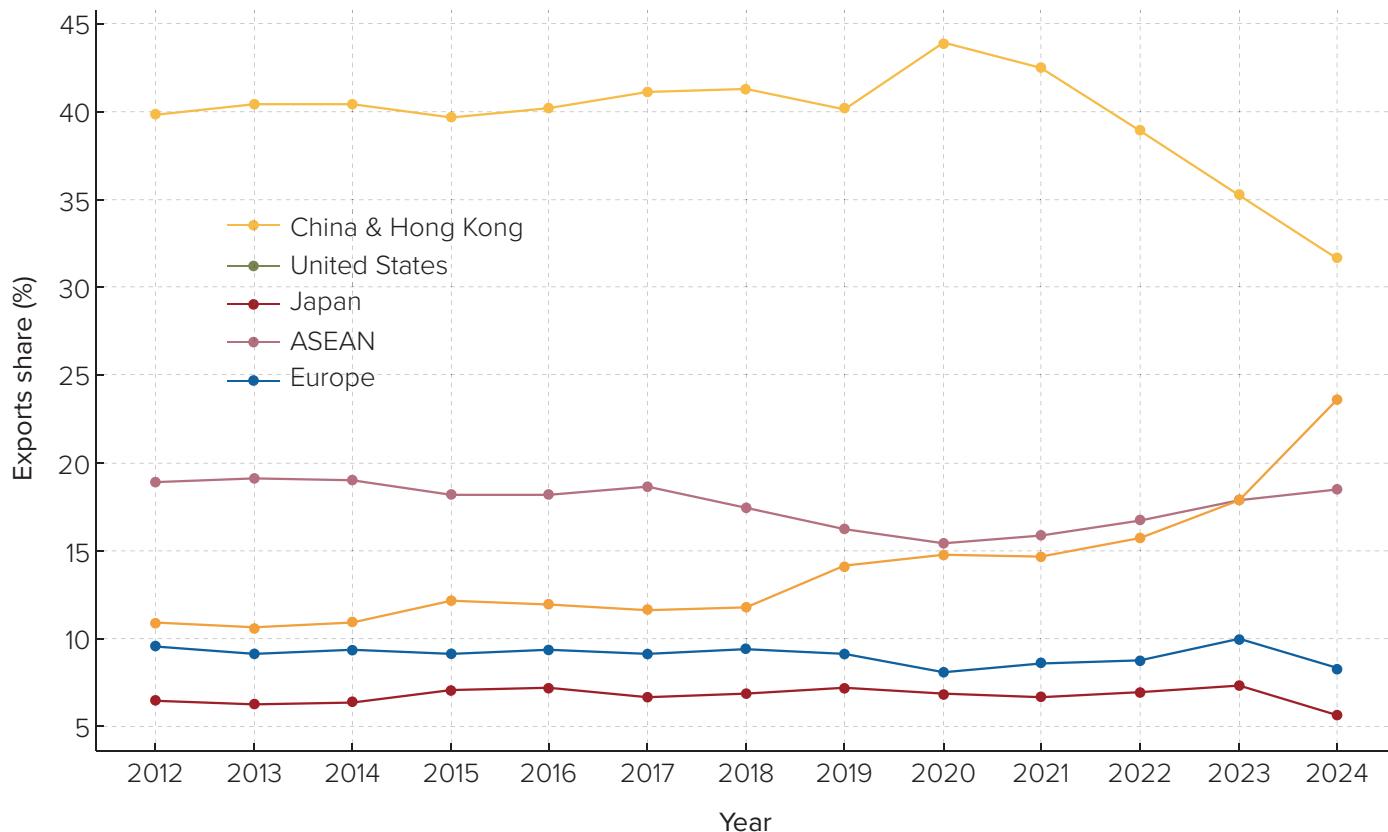
China being the largest *import partner* for the Philippines is a major concern because a significant portion of these imports consist of intermediate goods and raw materials that are critical for Philippine industries. This dependency creates several vulnerabilities, particularly in the context of economic coercion, disrupting key industries, affecting economic stability and public sentiment.

In Taiwan's case, it is its *export dependency* on China that creates economic vulnerability, as losing access to the Chinese market would severely impact Taiwan's economy. Taiwan simply couldn't find an alternative buyer at the same scale as China. As figure 5 shows, China remained Taiwan's top export partner, receiving more than 40 percent of Taiwan's exported goods between 2012 and 2021.

If we look at Taiwan's export share by major commodities to China and Hong Kong (see figure 6), we see that Taiwan is heavily dependent on exports of machinery and electrical equipment, which account for more than 60 percent of those exports between 2014 and 2024.

Taiwan should diversify its trade relationships beyond its heavy reliance on China. For example, through initiatives like the New Southbound Policy, Taiwan has been actively expanding trade ties with Southeast Asian countries, India, and Australia, while also strengthening relationships with key markets such as the United States, the European Union, and Japan. Additionally, Taiwan can focus on upgrading its high-tech and value-added industries, fostering research and development, and developing alternative supply chains to reduce its economic vulnerability and build a more resilient trade network.

Figure 5: Taiwan's exports to major economic partners (2012–2024)



Source: Taiwan Ministry of Finance (2012–2024).

Ensuring strategic consistency amid political change

A lesson that Taiwan can learn from the Philippines' experience is to avoid shifts in foreign and defense policies amid changes in political leadership. The previous Philippine president sought closer ties with China, and therefore downplayed the 2016 arbitral ruling, favoring *diplomatic and economic engagement with China* instead of legal and military confrontation.

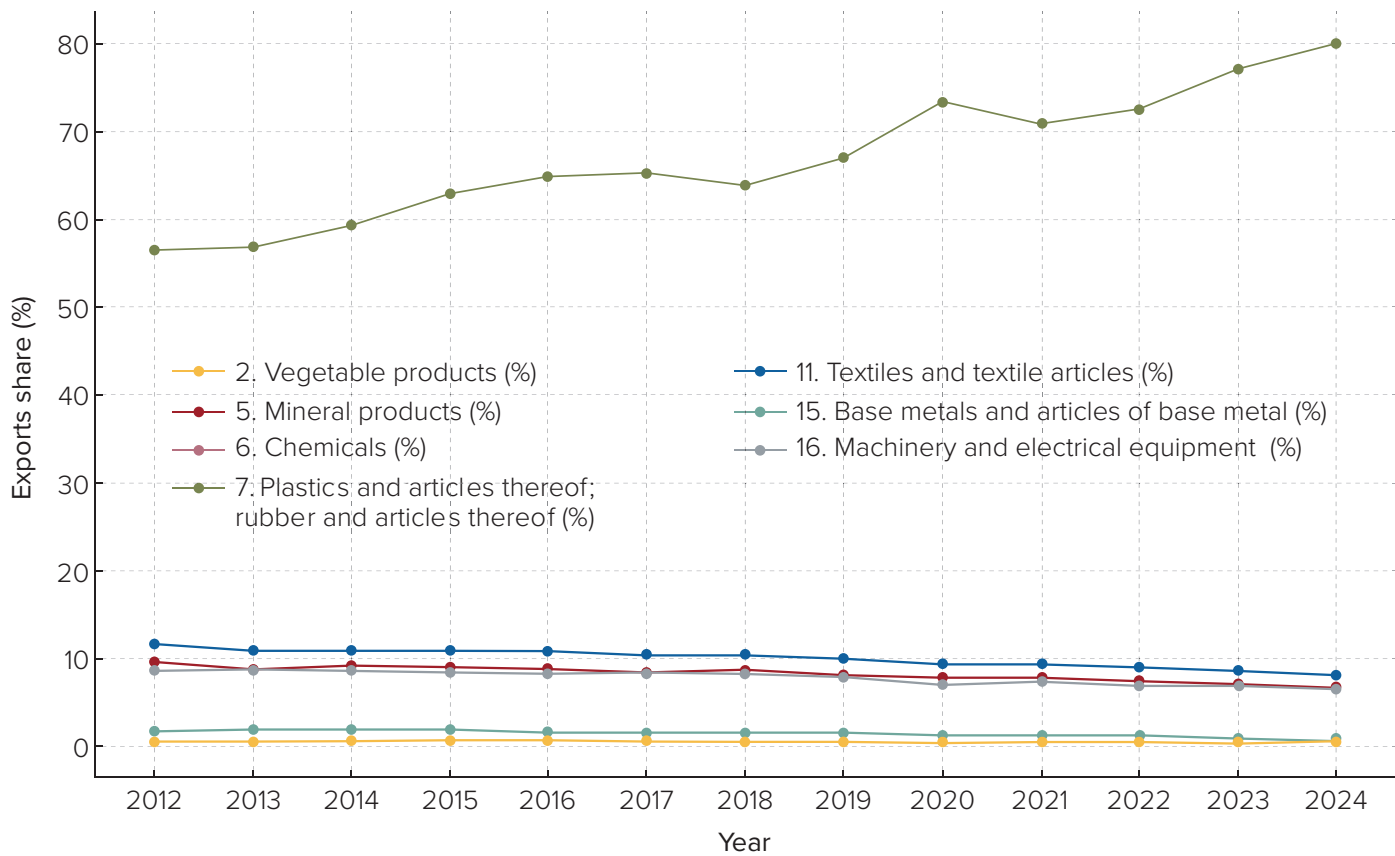
In the future, Taiwan should strive for strategic consistency amid political change—but right now, it should focus on general public defense awareness, promote civilian involvement in national defense, bridge the gap between government and citizens, and strengthen nonpartisan defense institutions or think tanks. Take the recently established Whole-of-Society Resilience Committee, for example.⁴⁰ By integrating civilians,

businesses, and local governments into national security planning, this committee strengthens public engagement in defense, raises awareness of gray-zone threats, and should eventually produce greater public alignment with key defense strategies, such as the porcupine strategy.⁴¹ Therefore, this approach fosters long-term defense resilience, ensuring national security remains a priority regardless of political shifts.

40. "Whole-of-Society Defense Resilience Committee," Office of the President of the Republic of China, accessed August 14, 2025, <https://english.president.gov.tw/Page/670>.

41. "What is Taiwan's Porcupine Defence Strategy?," *The Economist Explains* (blog), The Economist, May 10, 2022, <https://www.economist.com/the-economist-explains/2022/05/10/what-is-taiwans-porcupine-defence-strategy>.

Figure 6: Taiwan's exports share by commodity to China and Hong Kong (2012–2024)



Source: Taiwan Ministry of Finance (2012–2024).

Conclusions and recommendations

Based on this paper's comparative findings of China's gray-zone activities targeting the Philippines and Taiwan, and the responses each has employed, the following conclusion includes overall analysis, practical lessons, and policy recommendations that Taiwan can adopt to strengthen its resilience, sharpen deterrence, and counter China's coercive tactics effectively.

- 1. Operational environment and military posture:** China employs distinct tactics in the Philippines and Taiwan—slow, persistent maritime incursions in the South China Sea challenge Philippine sovereignty and establish control, while high-speed aerial harassment in Taiwan's Air Defense Identification Zone (ADIZ) deliver more aggressive messages.
- 2. Intentions behind China's gray-zone actions:** China's strategy in the region reveals a dual-purpose approach: In the South China Sea, it seeks to secure long-term,

irreversible control through continuous naval presence, resource exploitation, and strategic legal maneuvers; in Taiwan, it leverages high-intensity, gray-zone operations to erode Taiwan's military capabilities to pave a way for future reunification, either peacefully or by war.

- 3. The Philippines' response is growing, but challenges remain:** The Philippines has made significant improvements in legal strategy, military cooperation, international exposure, and trade diversification; however, military disparity, economic dependence on China, dependency on external security guarantees, and inconsistent policies remain weaknesses that China can exploit. The Philippines must strengthen its military modernization, reduce economic dependence on China, and ensure consistent, long-term security policies despite political changes.

4. Lessons for Taiwan on countering gray-zone coercion:

Similarly, drawing on the Philippines' experience and adapting to Taiwan's unique strategic environment, the following measures are proposed to enhance Taiwan's resilience against China's gray-zone coercion and to strengthen its long-term defense posture.

- **Systematic documentation and exposure:** Like the Philippines' strategy of recording and publicizing maritime incursions, Taiwan should systematically document and expose airspace violations to rally international support and counter China's efforts to normalize military provocations.
- **Layered and resource-efficient responses:** Instead of scrambling fighter jets for every harassment, Taiwan should implement a layered response, including radio warnings, UAV (i.e., drone) monitoring, and selective interceptor deployment to optimize resource efficiency.
- **Economic and policy resilience:** Reducing dependence on China for critical imports and exports is vital. Diversifying trade and establishing long-term, consistent security policies will help counter vulnerabilities like those experienced by the Philippines amid shifting political landscapes.
- **Asymmetric defense capabilities against prolonged pressure:** Recognizing that China's gray-zone tactics are designed for incremental control, Taiwan must develop sufficient mobile, rapid-deployment air defense systems and precision-guided anti-ship and anti-air missiles to disrupt and deter adversary operations. This includes setting a clear red line for airspace violations and enhancing defensive capabilities through targeted, low-cost but high-lethality arms acquisitions.
- **Bridging defense ties: Hosting military training with like-minded nations:** Taiwan should more actively welcome military officers and noncommissioned officers from unofficial partner nations—including the United States, Japan, European countries, and other like-minded states—to participate in professional military education and related training courses in Taiwan. Unlike high-profile joint drills—which can be politically sensitive and provoke Beijing—military training exchanges hosted in Taiwan offer a low-profile yet impactful avenue for cooperation. These exchanges enable the sharing of military expertise, foster tactical innovation, help build common operational concepts, boost recruitment through practical experiences and motivation, and ultimately raise the threshold for potential Chinese aggression.

About the Author



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This article does not necessarily represent the position of the Taiwanese Army or Ministry of Defense.



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