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Standing Up in the Grey Zone: Recommendations for Congress

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Assessment

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

- **The Stakes are Massive**

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

Too often, strategists have dismissed gray zone behavior as a nuisance that does not directly bear on core U.S. interests or the high politics of great-power war. Instead, China's gray zone activities should be understood as a core element of its long-term strategy to displace the United States, designed to make incremental changes to the status quo, wear down regional countries, dilute America's partnerships, and ultimately achieve Beijing's revisionist ambitions below the threshold of armed conflict. Ignoring or downplaying these activities would be a profound strategic error.

- **The Gray Zone Problem Will Only Worsen**

The 2018 National Defense Strategy (NDS) was a significant turning point shifting the primary focus of the U.S. military away from counterterrorism toward great power competition. This reflected an acknowledgement that the attention and resources devoted to U.S. wars in Iraq and Afghanistan had led to a dangerous

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

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

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

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

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

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

Recommendations for Congress

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

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

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

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

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

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

2. Rally Partners and Integrate U.S. Alliances

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

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

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

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

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

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

4. Ensure U.S. Government Crisis Preparedness

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

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

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

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

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

5. Compete in the Information Domain

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

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

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

6. Broaden the Policy Toolkit

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

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

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

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