

J. Ken Rhodes

jkr@rhodesresearch.org • rhodesresearch.org

The Box Xi Built

Ten years of dual-track strategy in the South China Sea has worked brilliantly. It has also painted Beijing into a corner from which the exits are increasingly dangerous — and the information environment inside China's command structure may not be accurately describing what those exits cost.

On July 12, fourteen nations issued a joint statement reaffirming the tenth anniversary of the UNCLOS arbitral ruling that found China's nine-dash line claims had no basis in international law. Beijing responded by calling the ruling null and void, the coalition's statement a provocation, and the United States the primary threat to regional peace. This exchange has become a ritual. It happens every year. It changes nothing on the water.

That is precisely the point. For ten years, China's response to the UNCLOS ruling has not been diplomatic capitulation or legal argument. It has been physical consolidation — more islands, more coast guard vessels, more maritime militia, more water cannons, more laser dazzling of Philippine vessels, more harassment of resupply missions to Second Thomas Shoal. The ruling said China's claims had no legal basis. China's response was to build the facts that law could not provide. The dual-track strategy — engage diplomatically at the table, consolidate physically on the water — has worked for a decade without triggering a response that changes the trajectory. By any operational measure, it has been a success.

Success has a cost. And the cost of this particular success is a box that China built around itself, whose walls are now considerably higher than they were when the strategy began.

The Three Walls

The first wall is domestic politics. Ten years of assertive South China Sea policy, amplified through state media and nationalist social media simultaneously, has staked enormous regime legitimacy on the proposition that China's position is non-negotiable. The population that has been cultivated on South China Sea assertiveness is the same population that would interpret visible retreat as regime weakness. Xi cannot look weak domestically at a moment when the economy is underperforming, youth unemployment is structurally elevated, and the property sector has not recovered. The South China Sea is one of the few domains where the nationalist narrative and the policy record still align. Retreating from it, under visible external pressure, would be politically expensive in ways that are difficult to overstate.

The second wall is international credibility. China has spent a decade building an alternative narrative of global leadership — the rules-based order as a Western imposition, the BRI as a genuine development alternative, Chinese military exports as a credible substitute for Western platforms. The Venezuela and Iran episodes have damaged that narrative severely. China's HQ-9B air defense system failed to prevent attacks in conflicts across Pakistan, Venezuela, and Iran — with radar jamming cited as a consistent vulnerability across all three cases, though some analysts

dispute whether HQ-9B systems had been fully deployed in Iran prior to the strikes. Venezuela's air defense network, built around China's JY-27 anti-stealth radar, was disabled in the opening hours of Operation Absolute Resolve, failing to detect approaching US aircraft before any effective response could be mounted. Countries that purchased Chinese defense systems are reassessing. The credibility loss is real and documented. Retreating in the South China Sea under reciprocal pressure would compound it catastrophically.

The third wall is the demonstrated capability gap. US operations in Venezuela and Iran demonstrated advanced multi-domain integration at a scale and precision that only one military in the world can currently execute. Real-time intelligence, cyber and electronic warfare, stealth aircraft, unmanned systems, and special operations forces coordinated into operations that achieved their objectives with minimal opposition in the opening phases. The Venezuela operation was completed in a matter of hours, with Maduro in custody before dawn. As one analyst noted, the operation took place in a way that should command close attention in Beijing. It almost certainly has.

The timing of the Venezuela operation carried its own message. The last foreign official Maduro met with before his capture was Qiu Xiaqi, China's Special Envoy for Latin American Affairs, whose delegation did not manage to depart Caracas before Operation Absolute Resolve commenced. For the second time in eight months — first Iran, then Venezuela — China's diplomatic assurances resulted in zero meaningful protection for a partner state. The envoy was still in country when it happened.

The Question the Research Cannot Fully Answer

The box's three walls create a specific structural trap: the domestic politics of retreat are prohibitive, the international credibility cost of further equipment failure in a direct confrontation would be severe, and the demonstrated US capability advantage is real and recent. A rational actor with accurate information about all three walls would calibrate carefully and avoid the confrontation that makes all three walls visible simultaneously.

The question that cannot be answered from outside Beijing is whether Xi has accurate information about all three walls. The domestic politics wall he understands intimately — it is the air he breathes. The international credibility wall he has had to absorb, because the Venezuela and Iran failures were too public to suppress entirely, and Chinese social media registered the humiliation before state media could frame it. The capability wall is the uncertain one.

The Pentagon's December 2025 annual report on Chinese military developments captures the uncertainty directly: the assessment characterizes China's military as undergoing "simultaneous disruption and advancement," with leadership purges generating short-term turbulence even as modernization continues. Separate RAND analysis has argued that the PLA remains fundamentally focused on upholding Chinese Communist Party rule — not necessarily preparing for war — and that the question of whether Xi can rely on accurate readiness assessments from a command structure optimized for loyalty is one the evidence does not resolve.

The PLA purge cycle of the past three years has removed more than a hundred senior officers. By January 2026, both CMC vice chairmen had been removed — He Weidong in October 2025 and Zhang Youxia in January 2026 — leaving Xi with one remaining military principal beside himself: General Zhang Shengmin, a career political commissar with limited operational command

experience. The CMC revised the PLA's basic laws in February 2025, placing priority on both combat effectiveness and political loyalty — the first revision since 2018. Political loyalty and honest readiness assessments are not always compatible incentives. A command structure that rewards loyalty over candor produces the loyalty. It does not necessarily produce the candor that accurate military planning requires.

The question is not whether the PLA has capable officers. It is whether those officers are telling Xi what his equipment can actually do, in the specific operating environment of the South China Sea, against the specific multi-domain capability the United States has now demonstrated repeatedly in the past year.

The Steelman for Beijing

The analysis above requires honest engagement with the strongest counterargument, which is this: Beijing is not stupid, and the dual-track strategy has been precisely calibrated for a decade to avoid the direct military confrontation that the box's walls make dangerous. China's maritime operations have been systematically sub-kinetic — water cannons, laser dazzling, vessel shadowing, physical harassment — because the strategy has always been to consolidate physical facts without crossing the threshold that triggers a military response. The ten-year record suggests considerable sophistication about where that threshold is.

The steelman holds as far as it goes. The dual-track strategy has been executed with genuine discipline, and the threshold management has been more precise than Western commentary often acknowledges. China has not seized a Philippine naval vessel. It has not fired on a US freedom of navigation patrol. It has not shot down an overflight. The sub-kinetic tools have been applied with calibration that reflects a real understanding of escalation dynamics.

Where the steelman weakens is precisely at the intersection of the box's three walls. The calibration that has worked for ten years was calibrated against a US that had not publicly demonstrated its multi-domain integration capability in combat, against a domestic audience that had not yet absorbed the nationalist expectations the dual-track strategy itself has cultivated, and against a command structure whose information quality was not yet compromised by the scale of the purge cycle. All three of those conditions have changed. The threshold management that was appropriate to 2016 conditions may not be appropriate to 2026 conditions — not because Beijing has become reckless, but because the environment in which the calibration operates has shifted in ways that make miscalculation more likely even with the same intent.

The Specific Danger

The scenario that most concerns serious analysts is not a deliberate Chinese decision to initiate a kinetic confrontation that Beijing calculates it will lose. It is a miscalculation — a specific action in the South China Sea that China assesses will not trigger a US response that crosses the threshold, based on an assessment of American resolve and Chinese capability that is inaccurate in both directions simultaneously.

The dual-track strategy created the box. The box has three walls. The domestic politics wall makes retreat prohibitive. The international credibility wall makes visible equipment failure catastrophic. And the command information problem — the specific consequence of a purge cycle that optimizes for loyalty over candor — means that the assessment of what the third wall actually costs may be the least reliable input in the entire calculation.

Reciprocal action — meeting sub-kinetic harassment with sub-kinetic consequences, meeting physical consolidation with physical consequences — puts Xi in a position where all three walls become visible simultaneously. He cannot retreat without domestic cost. He cannot escalate without risking the demonstration of the capability gap the Venezuela and Iran operations have already partially revealed. And he may not be receiving the accurate assessment of that gap that would allow him to calibrate precisely.

That is not a prediction of war. It is a description of the structural conditions under which miscalculation becomes more likely than at any point in the previous decade. The ten-year anniversary of the UNCLOS ruling is a useful moment to note that the strategy China chose in response to that ruling has been operationally successful and structurally self-trapping simultaneously. The box is real. The walls are high. And the question of whether the man inside it has an accurate map of its dimensions is one that the evidence, read carefully, does not resolve.

J. Ken Rhodes holds a Master's degree in Economics and spent his career in private equity, capital markets, and financial regulation, including service as Chief of Securities for the State of Tennessee. He writes independently on strategic competition and institutional architecture at Rhodes Research (rhodesresearch.org). His working papers are available at SSRN (author ID 10882188).