The Politics of Logistics
Diffusion Strategies and U.S. Alliances in the Indo-Pacific

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Military logistics in the Indo-Pacific face new technological threats but also offer political opportunities for the United States. China’s growing long-range missile and sensor capabilities endanger Washington’s ability to supply American, allied, and partner forces in the region. An effective response to threats is the diffusion of logistics. Spreading supply lines across platforms and in geographic space makes them more difficult for China to target militarily. More importantly, logistics diffusion also has the potential to strengthen regional U.S. military partnerships through new cooperation agreements that allow for dispersing, sharing, and coordinating on logistical capabilities. These agreements would create a political dilemma for Beijing. Any attempt to degrade U.S. logistical capabilities in the Indo-Pacific during a conflict would risk horizontal escalation with other states in the region.

Introduction

The United States faces a new threat environment in the Indo-Pacific due to China’s investments in Anti-Access Area Denial (A2AD) technology, particularly precise long-range missiles. These missiles create a contested space that threatens the centralized U.S. supply network in the region. To reduce this vulnerability, the United States must spread supply networks across platforms and geographic space.

Logistics diffusion is a military solution to a military problem that, much like the United States’ Lend-Lease program, offers additional political benefits. Under Lend-Lease, the United States government loaned more than $48 billion worth of military and non-military supplies to allies during World War II. The aim was to buy time to ready U.S. military forces and protect friendly territory from which to base future military operations. The Lend-Lease Act also fostered cooperation and aligned interests among the Allied states. The Act facilitated the sharing of intelligence, integration of production, and increased interoperability. Improved relations led to collaboration on production decisions. The aid and cooperation kept allies in the war. Today, logistics diffusion can expand the network of U.S. allies and partners in the Indo-Pacific.

Logistical diffusion makes targeting U.S. supply networks in Asia more difficult. It also serves as a tool for drawing allies and partners together militarily and politically. A highly integrated and dispersed supply network would create an escalation dilemma for China. In a future conflict, Beijing would face the choice of attacking this integrated supply network and risk expanding the conflict to other states in the region—or Beijing could refrain from attacking and allow logistical safe havens to continue to supply U.S. forces.

The United States can best exploit this opportunity with a coordinated government effort. With cooperation among the National Security Council, Pentagon, U.S. Agency for International
Development, U.S. Department of State, U.S. Indo-Pacific Command, U.S. Special Operations Command, U.S. Transportation Command, among other relevant actors, the United States can implement resilient cooperation agreements that reduce the strategic threat and lead to greater cooperation with states in the region.

The Need for U.S. Logistics Diffusion

China’s A2AD technologies endanger U.S. military logistics in the Indo-Pacific. Logistics diffusion addresses the tactical threat, but also provides the United States with a political opportunity.

China’s fielding of A2AD technologies, such as conventionally armed ballistic missiles—threatens U.S. military surface vessels, bases, and lines of supply. The United States’ current logistics architecture relies on a centralized system of large, slow, and specialized aircraft and vessels; vulnerable targets that would be difficult to replace. By disrupting U.S. logistics in a conflict, China could sever the links between the U.S. command centers and its forward-deployed forces.

Logistics diffusion offers a strategy for maintaining supply lines in contested spaces, namely the distribution of supply lines across more transportation platforms and a wider geographic space. Logistics diffusion would increase U.S. military passive defenses, providing the needed flexibility, redundancy, and mobility to sustain U.S. forces in the new threat environment.

Although the United States has committed to addressing the technical demands of diffusion, the political dimension of diffused logistics presents an opportunity to complicate Chinese decision-making and strengthen key relationships in the Indo-Pacific.

Diffuse Logistics and an Escalation Dilemma for China

Integrating U.S. logistics with regional states presents a dilemma for Beijing. On the one hand, if Beijing challenges U.S. supply lines in the region, China risks escalation, drawing additional states into the conflict. On the other hand, leaving supply lines intact throughout the Indo-Pacific would allow logistical safe havens for U.S. forces. Neither option is attractive for Beijing.

The United States employs a perimeter defense strategy in the First Island Chain, stretching from Japan to the Philippines, to prevent a breakout of Chinese forces. In the event of a conflict, the PRC would attempt to separate the reserve U.S. and allied forces from their forward positions by attacking reinforcements and supply lines. Beijing would use all available diplomatic, military, and economic leverage to ensure the neutrality of countries in the region to prevent integrated diffusion and closer ties between Indo-Pacific nations and the United States. Chinese doctrine suggests that Beijing would also prefer to resolve the dispute quickly and forcefully. Beijing would seek a fait accompli, rapidly achieving key objectives and making recovery costs
prohibitively high. However, a diffuse and integrated logistics system with regional partners would present Beijing the prospect of a wider and costlier regional war.

Diffuse logistics would present China with a choice between bad options: escalate by attacking the U.S. network of supply lines, which would draw other states into the conflict (i.e., horizontal escalation); or refrain from attacking U.S. logistical partners, which would provide U.S. forces with safe havens for resupply (see Figure 1).

**Figure 1: China’s Escalation Dilemma**

For instance, Germany’s invasion of Norway in the Second World War demonstrates how supply lines can lead to horizontal escalation. Seventy-three percent of German iron ore was imported from Sweden, with much of that supply passing through the Norwegian port of Narvik. Germany feared that the British would cut off access to this strategic good, and, on April 9, 1940, German forces invaded Norway to protect iron ore shipments and use Norwegian ports as a base for U-boats to attack allied shipping. Britain planned to invade Norway as well to cut off iron shipments, but Germany attacked first. Germany’s concern over supply lines—its own and its enemy’s—widened the conflict. Both states were willing to expand the war to attack or defend iron ore shipments. This example also points to the risk of bottlenecking supplies through one or a few sources, which increases the temptation for an adversary to attack. But the costs are high. Germany needed 300,000 soldiers to occupy the country. China is likely more averse to these costs, creating an escalation dilemma.

The United States can use the threat of horizontal escalation to deter Chinese aggression. While Germany was willing to risk expanding the conflict, evidence suggests that Beijing prefers fighting the United States with minimal interference from other states. The United States can use integrated logistics and the resulting escalation dilemma to enhance deterrence. Dispersion across more states, especially larger countries with greater economic and military capabilities, will complicate PRC decision-making. Recognizing the potential for escalation, China will be less likely to risk a wider conflict.
However, by deciding not to attack U.S. supply lines in partnering countries, China will have greater difficulty in achieving its strategic objectives. Territory controlled by logistics partners would become safe zones for U.S. resupply operations, preventing Beijing from cutting off the United States from its forward positions in the Western Pacific.  

This escalation dilemma already exists for China in Japan. Okinawa is a staging base for U.S. and Japanese forces. If China attacked the base, it would most likely pull Japan into a U.S.-China conflict. Not attacking Okinawa would complicate paths to a PRC victory. Diffuse integrated logistics throughout the region would heighten this dilemma and enhance U.S. deterrence.

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**Increasing Regional Cooperation through Logistics Diffusion**

The United States must work closely with countries in the region to successfully disperse logistics and create an escalation dilemma for Beijing. Being deliberate and strategic when picking partners for integrated logistics is crucial. Partners must meet the conditions for cooperation.

Importantly, there are benefits for both the United States and its logistics partners beyond complicating Chinese decision-making. Cooperating states receive military, political, and economic benefits. The United States receives second-order benefits through integration by eliciting clear commitments of logistical support, drawing fence-sitters towards Washington, and forging stronger relationships.

**Selecting Logistics Partners**

The United States must be selective in choosing logistics partners. Prime candidates to support dispersed logistics include countries with advantageous geography, stable internal politics, and sufficient infrastructure.

- **Strategically useful geography.** Countries with advantageous geography have land and maritime borders between U.S. territories, bases, and allies, allowing the United States to deliver supplies to forward forces.

- **Stable regime.** The United States should partner with stable regimes to limit the possible impact of internal unrest on logistics integration. For example, Kyrgyzstan served as a base for U.S. forces following the September 11 terror attacks in 2001, but the Kyrgyz Revolution of 2010 ended that arrangement.

- **Sufficient infrastructure to support U.S. military operations.** Countries must be willing to share infrastructure with U.S. military logistics. Ideal candidate states would have paved roads, deep-sea ports, and secure airfields. The United States can invest in physical infrastructure projects to enhance a partner country’s support capacity.
The United States and potential logistics partners must negotiate the terms of their security arrangement. The points on which agreement will be necessary for Washington to move forward with a partnership are:

- **Territorial access in wartime.** The United States would need explicit permission for territorial access, basing, and overflight. These three pillars of access allow the United States to run supply lines and sustainment operations (such as repairs) in and through a host state’s territory.

- **Use of supply routes.** The United States and partnering countries must agree on how infrastructure will be shared—before any conflict occurs. The United States must retain access to supply routes, while honoring the interests of the host country. The United States should push for as much access and control of the supply process as is feasible.

- **Allowable U.S. materiel.** The United States and partnering countries must agree on the types of supplies allowed—chiefly, weapons or nonlethal materiel. Cooperating states must accept that the United States and its allies would use these supplies against the PRC in a conflict. With this information, countries can weigh the risks and rewards of partnership.

- **Information sharing.** The United States and cooperating countries must share critical operational information. A diffuse logistics network has many moving parts to coordinate. Success requires sharing capabilities (to include some readiness reporting), and the status of supply chains and threats.

- **Local security arrangements.** The United States and host states must agree on security measures for diffuse integrated logistics. The two sides must agree on the protection the host country will provide for the infrastructure, supply depots, and units in transit. Security arrangements will vary by relationship, capabilities, and needs. The burden of security for weapons is greater than for nonlethal goods, for example. A collaboration of a light U.S. force presence, U.S. contractors, and host nation forces will likely comprise security for embedded supply lines and stores of supplies.

**Benefits for Partner Countries**

Diffuse logistics only works if partner countries are willing to cooperate not only in peacetime but also in a crisis or war. The United States can develop resilient agreements—and also attract new partners—by offering significant security, economic, and political incentives.

Countries in the Indo-Pacific gain from integrated logistics because it signals U.S. commitment to securing the region from Chinese expansionism. Washington can also design custom packages of inducements for individual partners to further incentivize cooperation, including offers of information-sharing, increased interoperability, economic incentives, and opportunities to take a tough stance on China for a domestic audience.
• **Signal of U.S. Commitment.** Countries in the Indo-Pacific want guarantees that the United States will come to their aid against an aggressive China (see Table 1). Pacific Island countries, for instance, have requested American basing and access on their soil to allay rising concerns about China ambitions in the region. Attitudes vary, but most states in the region view China as a greater or far greater security threat than the United States.

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<tr>
<th>Countries</th>
<th>China is a significantly greater threat</th>
<th>China is a greater threat</th>
<th>Similar threat from U.S. and China</th>
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<td>Philippines</td>
<td>Vietnam</td>
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<td>Australia</td>
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A distributed network of supply lines embedded in host nations, termed here as “integrated diffuse logistics, is a strong signal of U.S. security commitment to the region. Washington would demonstrate U.S. resolve by incurring the costs of running supply lines across more countries in the region, increasing the presence of American forces in cooperating states, and preparing to win a conflict against the PRC.

Logistics integration has proved to be an effective strategy for reassuring U.S. allies in the past. During the Cold War, the U.S. demonstrated its commitment to Western Europe by positioning stores of supplies, equipment, and munitions in forward locations for rapid unit deployment in the event of a confrontation with the Soviet Union. The initiative, known as Prepositioned Organizational Materiel Configured to Unit Sets (POMCUS), also contributed to U.S. deterrence by giving the United States the ability to rapidly mobilize divisions in Europe following a conventional Soviet attack. Just as POMCUS reassured NATO allies in the Cold War, an integrated diffuse logistics network would signal commitment to U.S. allies and partners in the Indo-Pacific.

• **Information sharing.** Diffuse logistics requires sharing valuable U.S. operational information with partner countries. Access to this intelligence, which would improve their defense capabilities, could persuade countries to align with the United States. For example, the United States employs distributed sensors on land and sea to detect Chinese military activity. This information would increase the ability of partnering nations to detect threats from China close to their borders.
Information-sharing would require a level of security, particularly cybersecurity. The United States and the host country could employ extended deterrence in the information environment by agreeing to guard critical infrastructure against Chinese cyberattacks. Washington and the host nation would agree to protect operational information with joint responsibility to discourage PRC interference.

- **Increased interoperability.** The United States and partner countries can use logistics integration to increase interoperability between forces, including the compatibility of parts, transporters, and shared stores, giving the U.S. military a logistics backfill option. The partnering nation could also allow the United States to preposition critical supplies on host nation soil.

Increased interoperability would augment the defense capabilities of the host country by allowing its military to operate in concert with U.S. forces. Joint military exercises would strengthen ties and allow the United States to ensure compliance with the terms of logistics cooperation. The increased capabilities of the partner would also raise the costs of escalation for Beijing.

This level of security cooperation may not be appropriate for all potential partners in the Indo-Pacific. The United States must be able to trust the host country with U.S. technology. But for allies, partners, and aspirant uncommitted nations, deepening interoperability can persuade nations to expand logistics integration, advancing U.S. strategic objectives in the region.

- **Economic incentives.** The United States can encourage long-term logistics cooperation by providing direct aid or infrastructure investments to partners. The United States regularly uses economic incentives to compensate countries for military logistics cooperation. For the Northern Distribution Network, U.S. partners in Central Asia had minimal political interest in assisting the United States during Operation Enduring Freedom. Economic incentives helped reward nations for their support; Kyrgyzstan, for instance, received $49 million in U.S. aid in 2013 alone.

The United States has many economic options to incentivize cooperation, from trade agreements to direct aid. Washington can invest in cooperating states’ infrastructure through development aid. Investments in dual-use (civilian and military) projects, in particular, can benefit the local economy, while improving the host country’s support capabilities. Policymakers can promote these projects by encouraging foreign direct investment, which would draw American capital investment to the host nation. Enhanced capabilities of host nations support a larger forward posture for the United States and increase the cost of horizontal escalation for China.

- **Domestic political signaling.** Logistics cooperation may appeal to leaders of Indo-Pacific countries by providing a relatively low-risk opportunity to signal displeasure with Beijing, reassuring domestic audiences that are increasingly anti-China.
China’s diplomatic blunders have reduced its standing across the region (see Table 2). Public approval of the PRC has plummeted across several Indo-Pacific countries, including the United States, Australia, and South Korea. In Australia, the need to take a hardline stance on the PRC has become a campaign issue, with the major parties competing to be the most hawkish. India and China have skirmished over disputed borders, with the Indian public rallying behind Prime Minister Modi and against China. Palau has continued to recognize the Republic of China (Taiwan) instead of the PRC in Beijing.

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<th>Countries</th>
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<th>Slightly more favorable to China</th>
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The United States can take advantage of this growing animus towards the PRC by offering integrated logistics as a means for leaders to demonstrate their hawkishness. Cooperating with the United States can relieve security concerns among the public and signal resolve to resist China’s bid for regional dominance.

Logistics integration is also unlikely to be viewed by Beijing as an excessive provocation, allowing partnering countries to satisfy China skeptics at home while assuming relatively limited risk. Partnering with the United States on logistics signals that the host country is balancing against China, but not necessarily allied with the United States. This form of cooperation may also be appealing to uncommitted states looking for a hedging strategy.

To identify the proper set of incentives for cooperation, the United States must understand the costs and risks that partnering states will assume. The escalation dilemma serves U.S. interests, but countries may fear horizontal escalation. The United States and China are already engaged in competition short of war, competing for influence in the region. Neutrality would be difficult to maintain in a conflict. Not only would Washington and Beijing battle to pull fence-sitters onto their side, but the United States and PRC would also run supply lines and conduct operations in or near their borders. Given the dangerous nature of the region and the likelihood of spillover, Indo-Pacific countries already face the risk of horizontal escalation in the event of a U.S-PRC conflict. Improving relations with the United States also comes at an opportunity cost of improving relations with Beijing; partners may lose some geopolitical flexibility. Cooperating states should expect their relations with China to suffer. U.S. military presence could also be unpopular domestically.
Washington must offer inducements that offset the costs each potential partner would likely incur by moving closer to the United States.

By aligning integration to the interests of the host country, the United States can ensure that logistics cooperation is resilient. The tailored package of inducements attached to integration agreements will help incentivize partner compliance by ensuring that the benefits of continued logistics cooperation outweigh the costs.

**Second-Order Benefits for the United States**

Integrated diffused logistics will improve the United States’ position in the Indo-Pacific. Washington will gain clear commitments of logistics support from regional countries and, by offering inducements, encourage political fence-sitters in the region to work with the United States. Cooperation, properly managed, will lead to improved relationships with partners. These second-order benefits contribute to the geopolitical attractiveness of logistics integration, in addition to confronting China with the escalation dilemma.

- **Gain clear commitments from regional nations.** The United States will gain unambiguous commitments from partners in the region, promising their assistance in a diffuse military logistics strategy. International agreements that are binding and made public prove to be the most durable.\(^{50}\)

- **Entice fence-sitters.** Geopolitical fence-sitters in the region will find military logistics integration with the United States attractive. Positive inducements can entice politically ambivalent states into cooperating with the United States on logistics.\(^{51}\) Military logistics support can be a lower-cost means of working with the United States than supporting the basing of U.S. troops on their soil. Bringing fence-sitters into an agreement can serve as a foundation for further cooperation.

- **Improve relationships.** The degree of coordination needed to achieve integration of military logistics diffusion will foster better relationships with partnering countries. Cooperation can be self-perpetuating—regular coordination and information-sharing enable quick resolution of issues that arise and foster trust.\(^{52}\) Focusing on shared interests and efficient logistics cooperation will allow the United States and its partners to maintain a clear view of the expectations of their agreement and develop better relationships.

The United States will assume risk when integrating its dispersed logistics. China will collect intelligence on agreements put in place, giving the PRC more insight into U.S. strategy. The United States must carefully monitor the activities of its partners; the United States does not want partners who will needlessly provoke Beijing. Designing resilient agreements can reduce the risk of a country reneging, such as Turkey in the 2003 invasion of Iraq.\(^{53}\)
Conclusion

Integrated logistics diffusion provides the United States with an opportunity to not just respond to a strategic military threat but to make political gains. By dispersing supply lines across the region, the United States creates a dilemma for China, which must either risk horizontal escalation or accept an expansion of U.S. influence in the region. Designing agreements with the proper set of political, military, and economic incentives for partner countries will allow integrated logistics to be beneficial to both parties.

With dispersed military logistics, the United States can reduce the military threat posed by Beijing and carefully construct agreements for maximum political benefit. Diffuse logistics will allow the United States to transform a current vulnerability into a strategic and political asset in the Indo-Pacific.
Acknowledgments

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2 Over the past five years, China’s missiles have become faster, further ranging, and far more numerous. The People’s Liberation Army Rocket Force has added 10 brigades to its force, a 33% increase in strength. China now possesses over 200 DF-26 missiles, which have a range of 4,000 kilometers. The “carrier-killer” DF-21D has a range of over 1,500 kilometers and poses a great risk to surface vessels.


15 The British government also had plans for Norway in April 1940. Called Plan R4, the British military, with French and Polish support, planned to mine the harbors of key Norwegian ports and invade northern Norway and Sweden to cut off German iron ore shipments. Ziemke, Earl. “Chapter 2, The German Decision to Invade Norway and Denmark.” In Command Decisions, 49–73, Army Center of Military History, 1960.


