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Subject: FYSA: "Chinese military conducts anti-ship ballistic missile tests in the hotly contested South China Sea" (CNBC)

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Chinese military conducts anti-ship ballistic missile tests in the hotly contested South China Sea - 7/1 CNBC.com | Amanda Macias and Courtney Kube

WASHINGTON - China is in the midst of conducting a series of anti-ship ballistic missile tests in the hotly contested waters of the South China Sea, according to two U.S. officials with knowledge of the matter.

The Chinese carried out the first test over the weekend, firing off at least one missile into the sea, one official said. The window for testing remains open until Wednesday, and the official expects the Chinese military to test again before it closes.

While the U.S. military has ships in the South China Sea, they were not close to the weekend test and are not in danger, the official said. However, the official added that the test is "concerning." The official, who was not authorized to speak about the testing, could not say whether the anti-ship missiles being tested represent a new capability for the Chinese military.

The Pentagon did not immediately respond to CNBC and NBC's requests for comment.

The development comes as the United States and China have paused tensions in their ongoing trade battle. U.S. President Donald Trump and Chinese President Xi Jinping agreed over the weekend at the G-20 summit in Japan to restart negotiations and not impose new tariffs on each other's goods. A burgeoning trade deal between the two countries fell through in the beginning of May.

The South China Sea, which is home to more than 200 specks of land, serves as a gateway to global sea routes where approximately \$3.4 trillion of trade passes annually.

The numerous overlapping sovereign claims to islands, reefs and rocks - many of which disappear under high tide - have turned the waters into an armed camp. Beijing holds the lion's share of these features with approximately 27 outposts peppered throughout.

In May 2018, China quietly installed anti-ship cruise missiles and surface-to-air missile systems on three of its fortified outposts west of the Philippines in the South China Sea, a move that allows Beijing to further project its power in the hotly disputed waters, according to sources with direct knowledge of U.S. intelligence reports.

According to U.S. intelligence reports, the installations mark the first Chinese missile deployments to Fiery Cross Reef, Subi Reef and Mischief Reef in the Spratly Islands. The Spratlys, to which six countries lay claim, are located approximately two-thirds of the way east from southern Vietnam to the southern Philippines.

By all accounts, the coastal defense systems represent a significant addition to Beijing's military portfolio in one of the most contested regions in the world.

The United States has remained neutral - but expressed concern - about the overlapping sovereignty claims to the Spratlys.

Still, the United States and China have disagreed over several issues regarding the South China Sea.

"China does need to have necessary defense of these islands and rocks which we believe are Chinese territory,"

high-ranking Chinese Col. Zhou Bo told CNBC in June. His remarks came after then-acting U.S. Defense S	Secretary
Patrick Shanahan said America would no longer "tiptoe" around Chinese behavior in the region.	

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