

CHINA BALANCE SHEET

MILITARY MODERNIZATION

The direction that China and U.S.-China relations take will define the world's future. For the United States, a rising China increasingly affects American prosperity and security, calling for some clear-eyed thinking and tough economic, political, and security choices. As the twenty-first century unfurls, the stakes have never been higher for getting U.S. policy toward China right. By untangling the complex, sometimes contradictory, strands of this vast and dynamic country, *China: The Balance Sheet* lays the foundation for informed and effective U.S. policy toward China, the world's emerging superpower.

BACKGROUND

- **China has justified its military modernization as the reasonable action of a major power seeking to update antiquated weapons systems and equipment and rationalize an outdated military structure.**
- China's military modernization has been driven by:
 - **The need to ensure the protection of national sovereignty and territorial integrity**, which has translated in large part into preparations for a Taiwan scenario;
 - **Observations of U.S. military operations over the last decade**, including the 1991 Gulf War and 1995–1996 Taiwan Strait crisis, which were wake-up calls to the Chinese leadership and to the People's Liberation Army (PLA) concerning their ability to handle a Taiwan scenario, including potential U.S. intervention.
- In 1999, assessments of political trends in both Taiwan and the United States led Beijing to renew and accelerate its emphasis on comprehensively developing and recalibrating China's military in doctrine, training, education, force structure, and overall operational capability.

CURRENT SITUATION

- China's 2006 White Paper reaffirmed the concept introduced in China's 2004 White Paper of preparing to fight "local wars under conditions of informationalization," which demonstrates Beijing's recognition of information technology's growing importance in modern warfare, as reflected in U.S. military operations over the past decade.
- **The 2006 White Paper also affirmed China's "no first use" and minimum deterrence (assured counterattack) nuclear weapons policy**, although it failed to offer transparency concerning its nuclear arsenal and overall strategic doctrine.
- **China's doctrine of "active defense" seeks to take the initiative and to stay on the offensive from a conflict's earliest stages** in order to bring hostilities to a swift conclusion.
- China is focusing intently on anti access, area-denial strategies, procuring platforms with the capability and intention to deter, prevent, or complicate the intervention of the United States (or others) in a Taiwan scenario.

For further information, see Chapter 5:
"China's Foreign & Security Policy: Partner or Rival?"

China: The Balance Sheet: What the World Needs to Know Now about the Emerging Superpower

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- China's test of an anti-satellite weapon in January 2007 demonstrated the seriousness of its on-going efforts to be able to attack critical nodes of U.S. (and perhaps other nations') military capability, particularly in the command and control and information-related arena.
- **China's security focus has shifted from continental concerns to its maritime periphery**, leading to a growing emphasis on China's air and naval capabilities, and China's strategic missile forces (Second Artillery).
 - The PLA is upgrading its longer-range missiles on land and (under)sea by extending their reach, shifting from liquid- to solid-fuel, and improving precision guidance. China's long-range missiles are expected to be able to reach the entire continental United States as early as 2010.
 - In December 2006, China announced deployment of the J-10, its first indigenously developed (albeit with Russian and Israeli technological assistance) fourth-generation advanced fighter aircraft.
- **China's military budget is open to significant debate**, given the lack of transparency in China's military establishment, and its tendency to underreport defense spending, given the exclusion of a number of defense items from the budget.
 - For instance, in 2007 China for the first time calculated the percentage increase of its defense budget based on comparison with actual 2006 expenditures (297.9 billion yuan) rather than the declared 2006 budget (283.9 billion yuan), which reduces the apparent level of increase.
 - In addition, Beijing excludes a number of defense items from the budget, such as:
 - foreign arms procurement expenditures
 - expenses related to the People's Armed Police
 - funding for nuclear weapons stockpiles and the Second Artillery
 - revenue from military commercial ventures and foreign arms sales
 - defense industry and conversion subsidies
 - defense-related research and development

Facts

- *China's 2007 defense budget: \$449 billion*
- *Percentage change over previous year: +17.8 percent*
- *China's military comprises four services (distributed across seven military regions):*
 1. *Peoples Liberation Army (PLA);*
 2. *PLA Navy (PLAN);*
 3. *PLA Air Force (PLAAF);*
 4. *Second Artillery (nuclear weapons and missiles)*
- *After reducing its forces by 200,000 in 2005, China's military has maintained its active-duty personnel at 2.3 million.*
- *Combined with the paramilitary People's Armed Police (PAP), China's military exceeds 3.2 million personnel.*
- *China also has around 10 million organized militia members throughout the country.*
- *China has conducted 16 joint military exercises with 11 countries since 2002.*
- *Leading sources of China's conventional arms imports: Russia, Ukraine, Israel, France (2000–2005).*
- *Leading recipients of China's conventional arms exports: Pakistan, Iran, Egypt (2000–2005).*
- *China has deployed more than 4000 military and civilian personnel on 21 UN peacekeeping missions since 1990.*

China's military continues to face a number of deficiencies and vulnerabilities, including limited joint operations capability, poorly-educated personnel for high-tech warfare assignments, limited operational experience and power projection capabilities, continued reliance on foreign suppliers for most advanced platforms and technologies, and increasing dependence on imported energy resources.

IMPLICATIONS

- Beijing seems to understand its limitations at present. **Chinese leaders have no illusions that the PLA is a match for the U.S. military**, will catch up in the foreseeable future or will measurably narrow the gap in comprehensive national power for decades, at least.
- **What China does seek to do is to focus on niche capabilities and vulnerabilities of the United States to at least deter, complicate, and delay, if not defeat, U.S. intervention in a Taiwan scenario**, while more broadly preventing the United States and its allies from containing China's development through military action or intimidation.
- **While a Taiwan scenario may serve as a leading motivator for China's military modernization, operational capabilities developed in the process need not be confined to Taiwan but may have broader applications to assert Chinese interests beyond the Taiwan Strait.**
 - China's military development will also have an impact on the overall regional balance of power that will require, at least, greater transparency to provide sufficient reassurance to other states concerned about the rising giant on their shores.