Section 3. China

1. General Situation

1. General situation
China has the world’s largest population with a variety of races, religions, and languages in a vast land surrounded by as many as 14 countries and the Pacific Ocean. Most of its ethnic minorities populate the borderlands, and have neighbors with the same ethnic origins beyond the borders. China has a long history with a distinct culture and civilization. The pride derived from the unique history and the experiences of semi-colonization after the 19th century have driven their desire for a strong nation and nationalism. China is a state with a socialist regime, and under the leadership of the Communist Party, aims at building a modern socialist nation.

To continue the modernization of the country, China promotes trade, personnel exchanges, and economic and technological cooperation with other countries in the world, and makes a point of establishing a stable security environment in the surrounding areas. Furthermore, China aims to establish cooperative relations with other countries in areas of non-traditional security such as international crimes, terrorism, maritime search and rescue, countermeasures for piracy, and regulation of drug smuggling.

Especially in recent years, China has significantly increased its international trade, attracted much investment from foreign countries, and achieved dramatic economic growth. China has been mounting its position in the world economy and now many countries welcome deeper economic relation and mutual benefit with China. At the same time, it is pointed out that China is seeking diplomacy to acquire more natural resources. On the military front, China has been modernizing its military capabilities, backed up by a constantly increasing defense budget. The country has thus been steadily growing as an outstanding political and economic power in the region, and the trend of its military development draws attention from countries in the region.

Domestically, however, China has various problems. Corruption of Communist Party cadres and other local and central political elites has become a serious political issue, and separatist and independent movements are also serious. Furthermore, as a result of rapid economic growth, economic gap among urban residents and environmental pollution have come to surface in addition to widening urban-rural and coastal-inland gaps. The Hu Jintao administration aims to build a “harmonious society” as its fundamental policy and is committed to giving first priority to the solution of the aforementioned domestic problems.

2. Relations with Taiwan
China holds the principle that Taiwan is a part of China, and that the Taiwan issue is therefore an internal matter. The country maintains that the one-China principle is the underlying premise and foundation for discussions between China and Taiwan. China has claimed that it would never abandon efforts for peaceful unification, taking policies and measures to solve issues of the Taiwanese interest including security of their rights, while it has also expressed strong opposition against any intervention in unification of China by foreign
powers, or against any move toward independence by the Taiwanese and the country has repeatedly stated that it will not renounce the use of force against Taiwan. In the Anti-Secession Law enacted in March 2005, it is clearly stated that China will not renounce the use of force. Specifically, the law states that China will employ non-peaceful means if a major event occurs which would lead to Taiwan’s separation from China.

Since April 2005 when General-Secretary of the Chinese Communist Party (President) Hu Jintao invited then President Lien Chan of the Nationalist Party of Taiwan to discuss economic cooperation and facilitation of prompt resumption of talks between China and Taiwan, China has put an emphasis on exchanges mostly with the opposition parties and business circles of Taiwan. Meanwhile, Taiwanese President Chen Shui-bian has clearly stated his position of taking up the one-China issue as an agenda, not as a premise for discussion. There is a gap in the fundamental stances between China and Taiwan as explained above, and the two sides are unable to find a path to negotiations, and the stalemate continues without any official dialogue. Attention should be paid to future trends toward a peaceful resolution of the Taiwan issue. The point is whether they will find any meeting ground to reopen the official dialogue.

3. Relations with the United States

There are various problems between the United States and China, such as human rights issues in China, proliferation of weapons of mass destruction, the Taiwan issue, and trade imbalance between the two countries. Also, China seems to be concerned about increased U.S. influence over the international community through the war on terrorism, increased U.S. presence in Central Asia, and strengthened cooperation between the United States and its allies following the review of the U.S. military posture, and to be wary of the inclination towards “U.S. unipolarity.” On the other hand, the two countries have close relationship on the economic front, and China would maintain stable relationship with the United States in the future for the sake of its steady economic development.

The United States believes that international peace and stability and expansion of free and fair trade are crucial for China as well as for other countries in the world and that China has a responsibility to support these common interests in cooperation with other major powers in the world. At the same time, the United States recognizes that China is facing strategic crossroads and has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional U.S. military advantages. Accordingly, the United States thinks it necessary to urge China to become a constructive partner in the international community, and to hedge against the case that such effort would fail. Based on this recognition, the United States makes it an objective of its policy that China continues to be its economic partner and becomes a “responsible stakeholder.”

In response, Chinese President Hu Jintao, when he visited the United States in April 2006, stated that China shared strategic interests with the United States in a wide range of areas and the country would promote constructive and cooperative relationship with the United States. China is thus showing an attitude of attributing importance to stable China-U.S. relationship.

Military exchanges have been promoted between China and the United States. In October 2005, then U.S. Secretary of Defense Donald Rumsfeld visited China, and in July 2006, Vice Chairman of China’s Central Military Commission Guo Boxiong visited the United States. Also, in April 2006, President Bush and President Hu Jintao agreed that the two
countries would begin a dialogue about the strategic nuclear policies and others. The United States has stated that it would accept a visit by the commander of the Chinese Second Artillery Corps (Strategic Rocket Forces) to the United States.

As for military exercises, China dispatched an observer to a U.S. military exercise (U.S. Pacific Command exercise “Valiant Shield”) for the first time in June 2006 and the delegated Chinese officer visited USS Kitty Hawk, an aircraft carrier. Subsequently, in September and in November 2006, when ships of the Chinese Navy visited Hawaii and San Diego and when ships of the U.S. Navy visited Chanchiang, China, respectively, the Navies of the two countries conducted joint exercises.

The United States, regarding the development of a U.S.-China military-to-military relationship, states that Our goal is to improve mutual understanding and prevent conflict by communicating U.S. resolve to maintain deterrence and stability in the Asia-Pacific region.

4. Relations with Russia
Since 1989 when then Secretary-General Gorbachev of the Soviet Union’s communist party visited China to end China-Soviet confrontation, both countries have maintained a stance of placing importance on the bilateral relation. Deepening of “strategic partnership” between China and Russia, which was established in the middle of the 1990s, has been emphasized through a regular exchange of visits by their leaders. In 2001, the China-Russia Treaty of Good-Neighborliness and Friendly Cooperation was concluded. Subsequently in 2004, the longstanding issue of border demarcation between the two countries, which once evolved into a military clash, came to a settlement.

The two countries, through these mutual exchanges, have had a goal in common to promote world multipolarization and building of a new international order. In addition, some economic motives seem to have driven good relationship between them. China has a long-term concern of securing reliable supply of resources and energy, while Russia finds potential of Chinese markets attractive and shows a keen interest in diversifying exports to China, which are now lopsidedly dominated by resources and energy.

On the security front, Russia is the world’s largest exporter of weapons to China. Since the 1990s, China has purchased modern weapons from Russia, including Su-27 and Su-30 fighter aircraft, Sovremenny-class destroyers, and Kilo-class submarines. At the Japan-Russia summit meeting held in November 2005, then Prime Minister Junichiro Koizumi pointed out to the Russian President Vladimir Putin that it was necessary to execute weapons export to China in a careful manner, and President Putin answered that Russia was not the leader of weapons export but the country surely felt its responsibility. During his visit to Russia in January 2006, then State Minister for Defense Nukaga also requested then Defense Minister Ivanov to ensure transparency of, and to be careful with, weapons export to China in order to maintain the regional military balance.

China and Russia keep steady military exchanges including a regular exchange of visits by highest-ranking defense officials. Also, the two countries have held a joint military exercise. They conducted their first joint exercise in Shandong Peninsula, China in August 2005. In August 2007, a multilateral joint exercise will be conducted in the Lanzhou Military Region in China and in the Volga-Ural Military District in Russia by the member states of the Shanghai Cooperation Organization (SCO). Through these joint military exercises with Russia, China would be able to deepen mutual understanding and build confidence between the two forces; to demonstrate China and Russia as main players in multi-polar world; and to learn operational methods of Russian weapons and military doctrines.

5. Relations with North Korea
China regards the relation with North Korea as “traditional friendship,” and North Korea seems to heavily rely on China for food assistance and energy supply. Accordingly, China is believed to have a stronger influence on
North Korea than other countries do. China supported the U.N. Security Council Resolution 1695, which condemned the launch of ballistic missiles by North Korea in 2006 and Resolution 1718, which imposed sanctions on North Korea in relation to the country’s nuclear tests. China, wanting to ensure a stable regional situation, has played an active role towards the solution of North Korea’s nuclear issues, serving as chairman of the Six-Party Talks, which have been held in Beijing since 2003. In light of the influence of China over North Korea, the international community expects that China will continue to implement the active effort for the solution of the issues.

6. Relations with Other Countries

(1) Relations with Southeast Asian Countries
As for its relations with countries in Southeast Asia, China has been developing bilateral relations with all the countries in the region through active mutual top-level visits and other means. China is also actively involved in multilateral frameworks such as ASEAN plus 3 and the ARF (ASEAN Regional Forum). Through these diplomatic forums, the country is deepening economic and cultural cooperation with ASEAN countries. In addition, China is eager to promote cooperation relations in the security area.

(2) Relations with Central Asian Countries
The Xinjian Uygur region, a western province in China, is situated next to Central Asia. It directly shares borders with three countries of Kazakhstan, Kyrgyzstan, and Tajikistan, and has many ethnic minorities settled in the areas straddling borders. Naturally the region has lively exchanges of people with those countries. Thus China is greatly concerned about the political stability and security situations in Central Asian states, which might be influenced by terrorism caused by Islamic extremists and other factors. Chinese engagement in the Shanghai Cooperation Organization (SCO), which was established in June 2001, is viewed as an indication of such concerns held by China. (See Fig. I-2-3-1)

Fig. I-2-3-1  SCO Member and Observer Countries

In recent years, Russia and China, main member states of the organization, seem to especially aim at deterring the influence of the United States and expanding that of the SCO over this central region of the continent, by announcing the SCO summit communiqué, which in effect encourages withdrawal of the U.S. troops from Central Asia, and granting the observer status to regional powers such as India, Pakistan, and Iran.
(3) Relations with South Asian Countries
With regard to South Asian countries, it appears that China has been maintaining a hostile relationship with India due to border conflicts. However, it has a favorable relationship with Pakistan, which has a hostile relationship with India as well, including military cooperation, such as export of weapons and transfer of military technologies. On the other hand, China has been recently committed to improving its relationship with India. Through active mutual visits by leaders, China regards relations with India as a strategic partnership and states that the issue of border demarcation between the two countries, which once culminated in military clashes, is also progressing. As regards military exchanges, the Chinese Navy conducted a joint naval search and rescue exercise with Pakistan off the coast of Shanghai in October 2003 as China’s first joint exercise with a foreign navy, and a joint naval search and rescue exercise with India off the coast of Shanghai. Furthermore, in November 2005, the Navy conducted a joint naval search and rescue exercise with Pakistan as its first joint exercise abroad. With India as well, the Chinese Navy conducted the second joint naval search and rescue exercise in the India Ocean in November 2005. More recently, in April 2007, they conducted exercises including a communication exercise in Qingdao offshore. It seems that China has come to attribute importance to military exchanges with India as well, while keeping a good balance with military exchanges with Pakistan, which has been a traditional friend of China.

(4) Relations with EU Countries
Trade between China and EU countries has been remarkably growing in recent years. For China, the EU is now as important as Japan and the United States as a partner, especially in the economic area. China, through diplomatic opportunities, strongly demands EU countries to lift the arms embargo against China, which has been imposed since after the Tiananmen Square incident took place in 1989. Although some EU countries voiced their readiness for the lifting, Japan has sent messages to object to the lifting. In January 2007, Japanese Prime Minister Shinzo Abe told European Commission President Jose Manuel Barroso that the lifting of the arms embargo on China would have an impact on the East Asian security environment and so Japan was opposed to the lifting. In response, President Barroso assured Prime Minister Abe that the EU had no plans for an imminent lifting of its arms embargo on China, although it was working to lift the embargo based on the decision made by the European Council and that it would by no means lead to a qualitative or quantitative increase in arms sales even if the embargo was lifted. It is, however, necessary to pay attention to future discussions about the arms embargo on China made within the EU.

7. Overseas Activities
China states that it will consistently support peacekeeping operations conducted in line with the U.N. Charter and according to the “China’s National Defense in 2006”, the country has sent a total of 5,915 military personnel to participate in U.N. peacekeeping operations and eight lost their lives in the operations. As of April 2007, China has dispatched a total of 1,820 troops, police officers, and military observers to 12 U.N. peacekeeping operations, such as the United Nations Interim Force in Lebanon (UNIFIL), thus showing its presence in the operations to some degree. Also, China is engaged in international disaster relief operations.
For example, some Chinese military personnel participated in international assistance to conduct relief activities in the area devastated by tsunami in the Indian Ocean at the end of 2004. (See Fig. I-2-3-2)

Fig. I-2-3-2 PKOs to Which China Has Dispatched Personnel

<table>
<thead>
<tr>
<th>PKOs</th>
<th>Troops</th>
<th>Police officers</th>
<th>Military observers</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINURSO United Nations Mission for the Referendum in Western Sahara</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>MINUSTAH United Nations Stabilization Mission in Haiti</td>
<td>0</td>
<td>129</td>
<td>0</td>
</tr>
<tr>
<td>MONUC United Nations Mission in the Democratic Republic of Congo</td>
<td>218</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>UNIFIL United Nations Interim Force in Lebanon</td>
<td>343</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>UNIOSIL United Nations Integrated Office in Sierra Leone</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>UNMEE United Nations Mission in Ethiopia and Eritrea</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>UNMIK United Nations Interim Administration Mission in Kosovo</td>
<td>0</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>UNMIL United Nations Mission in Liberia</td>
<td>565</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>UNMIS United Nations Mission in Sudan</td>
<td>445</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>UNMIT United Nations Integrated Mission in Timor-Leste</td>
<td>0</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>UNOCI United Nations Operation in Cote d’Ivoire</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>UNTSO United Nations Truce Supervision Organization</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1,820</td>
<td>1,571</td>
<td>184</td>
</tr>
</tbody>
</table>

(Unit: persons)

8. International Transfer of Weapons

China has provided developing countries in Asia and Africa with weapons like small arms, tanks, and aircraft, and it is reported that the main recipients are Iran, Pakistan, and Myanmar. Some point out that China is supplying weapons to countries having problems in terms of democracy and human rights, and it is important to see whether China improves its transparency regarding the international transfer of weapons.

2. Military Affairs

1. General

China, as its basic objectives and obligations for national security, declares to defend its national sovereignty, territorial integrity, and maritime rights and interests; to further develop its economy and society; and to
continuously strengthen its comprehensive national power. In order to achieve these objectives and obligations, the country is committed to balanced economic and defense construction. China is aggressively promoting the “Revolution in Military Affairs with Chinese Characteristics” based on its military strategy to win an informationalized war, in order to cope with global trends in military developments, including those observed in the Gulf War, the Kosovo conflict, and the Iraq War. As for the military capabilities of the People’s Liberation Army, the PLA is not entirely equipped with weapons of sufficient firepower and mobility: many of its weapons are outdated although the Army has the world’s largest number of personnel and equipment items. Accordingly, China has been promoting the modernization of the PLA. Specifically, China has reduced the number of its military personnel, mainly in the army, and been modernizing its entire armed forces, especially its naval and air forces, and nuclear and missile capabilities. In addition, it is focusing more energy on enrollment and training of highly talented personnel and on the improvement of joint operational capabilities among services and arms.

As for the specific objective of China’s rapid military modernization, it seems that the country is focusing on the implementation of measures to deal with the Taiwan issue. Some, however, argue that China is modernizing its military capabilities not just for the treatment of the issue, in light of the country’s rapid development, long-lasting modernization of its military forces, and lack of transparency regarding its military capabilities. Concerns over the future modernization of the Chinese military forces have been thus increasing. China regards the modernization of its military capabilities as part of the nation’s modernization, and it is necessary to carefully analyze the influence that the military modernization by China, which is steadily growing as a regional power, will exert on the regional situation and Japan’s national security.

2. Transparency in Military Strength

Historically, China has not disclosed information on its possession of equipment, the pace of acquisition, the unit-level compositions of services, records of main military operations and exercises, or the amount and detailed breakdowns of the national defense budget. As China is steadily growing as a political and economic power of the region, the trends of its military developments draw attention from countries in the region. Under these circumstances, in order to address concerns held by those countries over China, it is becoming increasingly important for China to increase transparency in its national defense policy and military capabilities.

China released a white paper on defense titled “China’s National Defense” in 1998, which has since been published every two years. In December 2006, China published “China’s National Defense in 2006”. It is appreciable that China has continuously published documents on its national security because such documents would contribute to improving transparency concerning China’s military capabilities. However, it needs to be pointed out that the five white papers published in the past have not substantially improved the transparency. For example, as to detailed breakdowns of the national defense spending, the papers merely announced the total amount and general purposes for each of the following three categories: living expenses of personnel, maintenance cost of operations, and expenditures for equipment.

Also, in January 2007, when China conducted an anti-satellite weapon test, Japan expressed concerns in relation to the safe use of space and national security and demanded China to give explanations about the test and the country’s intention. The Chinese government, however, did not give sufficient explanations about the details and intention of the test enough to allay Japan’s concerns.

It is desired that China will increase transparency in its military capabilities through various opportunities in the future.
3. National Defense Budget

As to the national defense expenditures, one of the elements to measure military strength of a state, China announced that its national defense budget for FY 2007 would be approximately 347.2 billion yuan, up 17.8% over that of the previous fiscal year. Thus China’s official defense budget recorded a growth rate of over 10% for 19 consecutive years in terms of the initial defense budget. This pace of increase in official defense expenditures means that the defense budget will increase two-fold every five years, and that the size of the official national defense budget of China has nominally grown 16 times in the last 19 years. With respect to the relationship between national defense and economy, “China’s National Defense in 2006” states “guided by the principle of coordinated development of national defense and the economy,” Thus, the country regards the buildup of defense capabilities as a task that is as important as economic construction. Accordingly, China will continue to input resources for the improvement of its national defense capabilities to the extent that it will not hamper its economic construction and so the country’s military capabilities will continuously be modernized. (See Fig. I-2-3-3)

Also, it must be noted that the amount of defense budget announced by China is considered to be only part of its actual military expenditures. For example, it is thought that not all of the equipment procurement costs and research and development expenses are included in the official figures for defense expenditures.

4. Military Posture

China’s military forces are composed of the People’s Liberation Army (PLA), the People’s Armed Police Force, and the militia. The PLA, created and led by the Chinese Communist Party, consists of the Army, Navy, Air Force, and the Second Artillery Corps. (See Fig. I-2-3-4)
China has made an independent effort to develop nuclear and ballistic missile forces since the middle of the 1950s, seemingly with a view to ensuring deterrent, supplementing its conventional forces, and maintaining its voice in the international community. In addition to ballistic missiles, China possesses one hundred and several tens of medium-range H-6 (Tu-16) bombers.

As for ballistic missiles, China currently possesses approximately 30 Intercontinental Ballistic Missiles (ICBM), of which main missiles are assumed to be the fixed type with liquid fuel propellant system. This type of missile, in general, requires time-taking injection of liquid fuel immediately before launching, thus signs of

(1) Nuclear and Ballistic Missile Forces
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launching can be detected beforehand, which may invite preemptive attack. For this reason, China has been promoting the development of the DF-31 series, new, mobile-type with solid fuel propellant system ICBMs to be mounted onto the transporter-erector-launcher (TEL) as well as the development of new-type submarine-launched ballistic missiles (SLBM) based on a solid fuel propellant system. Also, China possesses a considerable number of intermediate-range ballistic missiles (IRBM) and medium-range ballistic missiles (MRBM) covering the Asian region including Japan. Although DF-3 missiles of a liquid fuel propellant system have been traditionally deployed, it is believed that conversion to DF-21 missiles of a solid fuel propellant system, which can be transported and operated on the TEL, have been promoted recently. These missiles are capable of carrying nuclear warheads. Furthermore, as to short-range ballistic missiles (SRBM) including DF-15 and DF-11 missiles deployed along the shore of the Taiwan Straight, China is estimated to possess at least 700 plus several dozens of those missiles, and the number seems to be increasing every year. It is believed that efforts to improve the performance of aforementioned ballistic missiles including their accuracy are being continued. Also, research and development activities on missiles with multiple warheads are reportedly conducted.

In addition, China is believed to be advancing the development of cruise missiles. Once becoming available for practical use, those missiles might complement ballistic missile forces, covering the Asia-Pacific region including Japan. (See Fig. I-2-3-5)

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**Fig. I-2-3-5 Range of Ballistic missiles from China (Beijing)**

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(2) **Ground Forces**

The size of the Chinese ground forces is the largest in the world with approximately 1.6 million personnel. Since 1985, China has been continuously seeking to modernize its armed forces by curtailing personnel and streamlining organizations and systems in order to improve efficiency. The country aims to develop military forces with high capabilities, while reducing units inferior in equipment and technologies. In addition, China has prioritized the introduction of modern equipment for its airborne troops and special operation forces and sought to improve its mobility. The country is also working on a reform to improve its logistical support capability.

(3) **Naval Forces**

The naval forces consist of three fleets—the North Sea, East Sea, and South Sea Fleets. The Chinese Navy has approximately 780 ships (including approximately 60 submarines) with a total displacement of approximately 1.07 million tons. The navy is in charge of the maritime national defense and protecting the sovereignty of territorial waters and maritime rights and interests. China imported modern Kilo-class submarines from Russia and actively constructed new types of domestically-built submarines to enhance the submarine capabilities of the Navy. Also, the country is promoting the introduction of sea combatant crafts with improved air defense and anti-ship capabilities to the Navy and is strengthening the capabilities of landing ships and supply ships. In view of the way how the Navy is being modernized, it is believed that China is trying to build capabilities to perform operations in sea areas more distant from the country. Also, China seems to have strong interest in the possession of an aircraft carrier.

(4) **Air Forces**

As for air forces, the Chinese Air Force and Navy have approximately 3,520 combat aircraft in total. The number of fourth-generation modern fighters is rising sharply. China mass produces J-10 fighters domestically and is promoting import and licensed production of Su-27 fighters as well as import of Su-30 fighters equipped with anti-surface attack capabilities from Russia. With regard to surface-to-air missile units, it is reported that China plans to import high-performance S-300PMU-2 from Russia, in order to improve its air defense capabilities. In addition to the introduction of modern fighters, China continuously seeks to modernize its air forces to acquire the in-flight refueling capability and early warning and control systems, which are essential for the operation of modern air capabilities. Furthermore, it is reported that China plans to import a great number of Il-76 large cargo aircraft from Russia. In view of the way how the Air Force is being modernized, China seems to
aim at building air-to-surface and air-to-ship strike capabilities as well as combat capabilities to maintain a certain degree of air superiority in more forward areas, in addition to its air defense capabilities.

Also, China has begun to enhance airborne electronic warfare and intelligence gathering capability in addition to actual reconnaissance flights against surrounding countries. In particular, in recent years, flights by Chinese aircraft that are thought to be designed for intelligence gathering against Japan have been active, and attention should be paid to these activities conducted in the area surrounding Japan.

5. Trends in Education and Training
In recent years, the PLA has been conducting large-scale exercises including joint exercises of the Army, Navy, and Air Force as well as landing exercises, in order to advance its operational modernization. In 2002, the PLA promulgated the Outline of Military Training and Evaluation as a revision to the previous training doctrine, in order to reform exercises based on science and technologies and constantly promote new forms of exercises. Also, the national military training conference held in 2006 decided upon a shift from military training under the conditions of mechanization to military training under the conditions of informationalization, and the PLA’s General Staff Department indicated a policy of continuously conducting military training under the conditions of informationalization and joint exercises for multiple types of forces in stipulating the focus of exercises for this year.

In addition, the PLA is making efforts to develop military personnel versed in science and technologies. In 2003, a strategic project for talented people was launched to develop human resources capable of directing an informationalized war and of building informationalized armed forces. The project has a goal of achieving a big leap in the training of talented military personnel by 2020.

In recent years, the PLA has introduced not only equipment imported from abroad such as Russia, but also domestically-produced new models. Modernization of Chinese military capabilities has been supported by progress in defense science and technologies. Favorable growth of the Chinese defense industry was once hindered by inefficiency caused by too much secrecy and other factors, but in recent years, reform of the defense industry has progressed. According to China’s National Defense in 2004, special focus has been placed on two-way exchanges of technologies where military technologies are utilized for building the national economy, and in turn civilian technologies are absorbed for the national defense build-ups. Specifically, technologies of the defense industry have contributed to development of civilian space exploration, the aviation industry, and the boats and ships industry.

In China’s National Defense in 2006, the country states that the country “encourages and supports participation in international cooperation and competition in civilian-military industries,” thus showing its interest in absorbing foreign technologies through civilian-military industries.

As to space technologies, the successful launching of the Shenzhou V spaceship in 2003, which sent China’s first astronaut into space, followed by the successful 5-day trip in space of the Shenzhou VI spaceship in October 2005, which carried two astronauts, demonstrated anew to the world technological strength of China in this field. The field of space exploration and that of military are organizationally linked to each other in China, and also, space rockets and ballistic missiles share some technologies in common. Hence, two-way exchanges of technologies are believed to be promoted further in the future.

China conducted an anti-satellite weapons test in January 2007. Although the details of the test are unknown, it is presumed that the country conducted it by applying the ballistic missile technology, and there was a possibility that China used advanced technology for terminal guidance to the targeted artificial satellite and other purposes. The test implies the possibility that China regards attacks against artificial satellites as a part of their military operations.
7. Maritime Activities

In November 2004, a submerged Chinese nuclear-powered submarine intruded into Japan’s territorial waters, violating international law. Including this incident, Chinese naval vessels have been observed navigating near Japan. These vessels seem to have conducted some exercises or intelligence collections. Some other naval vessels as well as Chinese government-owned ships are also observed being engaged in oceanographic research within the exclusive economic zone of Japan. Furthermore, China has been exploring and developing oil gas fields including Shirakaba (Chunxiao in Chinese). Their contract mining field and the structure extend to the eastern side of the intermediate line between Japan and China. In September 2005, Chinese naval vessels were seen navigating near these oil gas fields68. In October 2006, a Chinese Song-class submarine broached in the vicinity of the USS Kitty Hawk aircraft carrier of the United States in international sea waters reportedly near Okinawa. This is a noteworthy military incident69. Also, Chinese naval vessels began to conduct overseas exercises, including the first joint exercises with foreign naval vessels in Pakistan, India, and Thailand in November 2005, first joint exercises with the U.S. Navy in the United States in 2006, and the first participation in a multilateral joint exercise in March 2007, a counterterrorism multilateral joint maritime exercise conducted in Pakistan. China has thus intensified its maritime activities. In addition to activities in the Japanese waters, China is enhancing its bases of activities in the Spratly and Paracel islands, over which it has territorial disputes with countries including ASEAN counties. China is seemingly interested in the Indian Sea area, which provides a shipping route for transporting crude oil from the Middle East.

China explicitly states in its laws and others that its Navy plays a role of safeguarding maritime rights and interests and protecting maritime safety. Also, taking into general conditions of the country, including its geographic conditions and economic globalization, the objectives of Chinese naval activities are considered to be as follows.

The first objective is to intercept naval operations by enemies in waters as far possible from the country to defend the Chinese territory and territorial waters. Behind this, there is an increase in effectiveness of attacks at long ranges, which is due to recent progress in science and technologies.

The second objective is to develop military capabilities to deter and prevent independence of Taiwan. China maintains that it will not allow any foreign intervention in solving the Taiwan issue and realizing the unification of China. If China aims to hold back by force foreign intervention into Taiwan, which is surrounded by the sea in all four directions, it needs to enhance its naval operational capabilities.

The third objective is to acquire, maintain, and protect maritime rights and interests. China has embarked on the project of exploring and drilling oil and gas fields and building associated facilities in the East China Sea and the South China Sea. The project includes the building of drilling facilities in the oil and gas field, the geological structure of which runs to the eastern side of the intermediate line between Japan and China. It is believed that China aimed to highlighting its Navy’s capabilities to acquire, maintain, and protect maritime rights and interests by operating naval vessels near the drilling facilities in September 2005.

The fourth objective is to defend sea lanes of China, a lifeline for increasingly globalized Chinese economy. It depends on future international situations how far the Chinese Navy should protect sea lanes by itself, but given recent modernization of the Chinese Navy and Air Force, reach of its capabilities appears to be expanding beyond waters near China.

China seems to conduct maritime activities to achieve the aforementioned objectives. Attention should be paid to these activities, including the operation of naval vessels and implementation of oceanographic research activities near Japan.
3. Military Capabilities of Taiwan

Since January 2004, Taiwan has been implementing a new transformation program called the “Jingjing Program” to manage national defense resources more efficiently, reduce the total number of military personnel, promote the restructuring of armed forces, and to shift to a voluntary service system. According to the program, the number of military personnel will be reduced to 275,000 by the end of 2008. At the same time, the Taiwanese armed forces attribute importance to the introduction of advanced technologies and improvement of joint operational capabilities. Taiwan’s defense expenditures had been remaining between 24 million to 28 million Taiwan dollars since 2000, but in August 2005, Taiwan President Chen Shui-ban announced Taiwan’s policy to increase the ratio of the national defense budget to its GDP to 3% within three years, which was approximately 2.4% in fiscal 2005, thereby meeting increasing demands for national defense. (See Fig. I-2-3-6)

At present, Taiwan has 41 army brigades and two marine brigades with a total of approximately 215,000 personnel. In addition, it is believed that the number of reserve personnel available for mobilization is about 1.65 million in total for air, naval, and ground forces. As to naval capabilities, Kidd-class destroyers imported from the United States have entered service, and relatively modern frigates are in possession. As to air capabilities, Taiwan imported F-16 fighters and Mirage 2000 fighters, and completed the introduction of domestically produced Jing Guo fighters.

As mentioned earlier, in view of the fact that China is enhancing its missile forces and naval and air forces, Taiwan thinks it necessary to modernize the equipment of its armed forces. The Executive Yuan of Taiwan formulated a draft budget in June 2004 in order to purchase eight diesel submarines, 12 patrol planes (P-3C), a PAC-3 latest Patriot Missile System model, and a modernized PAC-2 from the United States, but the budget has not yet been approved by the Legislative Yuan, which is dominated by opposition party members. The Executive Yuan included the cost of purchasing F-16C/D fighters in the fiscal 2007 budget request, but the
request has yet to be approved by the Legislative Yuan.

In comparing military capabilities of China and Taiwan, various factors should be taken into consideration beyond simple quantitative comparison. In general, the capabilities of China and Taiwan can be compared as follows:

1) Concerning ground forces, China outnumbers Taiwan, but Chinese capabilities for airborne and seaborne landings on the Taiwan mainland are limited, and China is committed to constructing large landing ships.
2) Concerning naval and air forces, China has outnumbered Taiwan in terms of quantity, while Taiwan has had qualitative superiority so far. However, China is steadily modernizing its naval and air forces in recent years.
3) Concerning missile attack capabilities, China possesses at least 700 and several tens of short-range ballistic missiles whose range covers Taiwan, while Taiwan seems to have few effective countermeasures.

At any rate, the comparison of military capabilities should take account of various factors, such as operational postures, proficiency of military personnel, and logistics, as well as the size of forces and performance and quantity of weapons. In view of this, attention should be paid to the modernization of both Chinese and Taiwanese military capabilities and sales of weapons by the United States to Taiwan. As China is rapidly modernizing its military forces, the military balance between China and Taiwan is changing to the advantage of China, and major changes might be made in Taiwan’s qualitative superiority in the near future.

(See Figs. I-2-3-7 • 8)
Aerospace Development in China

China has been putting efforts in aerospace development, and according to China’s Space Activities in 2006, a white paper published in October last year, the country has developed recoverable remote sensing satellites, Dongfanghong communication and broadcasting satellites, Feng Yun meteorological satellites, Shijian scientific research and technological experiment satellites, Ziyuan earth resource satellites, and Beidou navigation satellites. The country is also currently pushing forward with projects to develop an ocean satellite series and launch environment and disaster monitoring and forecasting micro-satellites. As for the Long-March launch vehicle series, the country achieved forty-six consecutive successful launches between October 2006 and the end of 2005 according to China’s Space Activities in 2006. The projects in the next five years include the development of powerful thrust carrier rockets, high-resolution earth observation system, and scientific research satellites such as a space telescope and new recoverable satellites, the realization of extra vehicular activities and docking experiments, and the development and launch of the Chang’e 1 moon-orbiting satellite.

China’s Aerospace Activities in 2006 cites national defense as one of the objectives of the country’s aerospace activities, and it seems that China is considering aerospace development important from the military aspect as well. The China National Space Administration, the aerospace agency of the government, is, in fact, placed under the Commission of Science, Technology and Industry for National

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### Fig. I-2-3-8 Changes in the Number of Modern Fighters (Fourth-Generation Fighters) of China and Taiwan

<table>
<thead>
<tr>
<th>Year</th>
<th>China</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>148</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>331</td>
<td>331</td>
</tr>
</tbody>
</table>

Source: The Military Balance of the corresponding years
Defense, and the *China’s National Defense in 2006* white paper describes the current condition of the country’s science, technology and industry for national defense as follows: “Major scientific and technological projects, such as manned space flights and the Lunar Probe Project, are being carried out to spur the leapfrogging development of high-tech enterprises combining military and civilian needs and to bring about overall improvements in defense-related science and technology.” In this way, the military and non-military sections of China’s aerospace development are seemingly closely linked, and there is a possibility that aerospace development in the country may be used for military purpose such as information collection, communication and navigation.

China shows interest in anti-satellite weapons as well, and conducted an experiment in January this year in which a satellite of the country was destroyed using the ballistic missile technology. It is also pointed out that China is developing a device to interfere with satellites by using a laser.

1) China is also putting efforts in aerospace international cooperation, and collaborating with Brazil, France, Russia, Ukraine and other countries. China is also taking part in GALILEO, the project of the European Space Agency to develop a satellite navigation system.