

Section 3. China

1. General Situation

China has the world's largest population and a vast landmass surrounded by 14 countries. It has long borderlines and a long coastline. China is also a nation with various races, religions, and languages. Most of its ethnic minorities⁷³ populate the borderlands often with the same ethnic groups living across the borders. China, with a long history, has been shaping and maintaining a distinct culture and civilization, and pride of its unique history and the experiences of semi-colonization in and after the 19th century is driving a desire for a strong nation as well as fueling their nationalism.

China is a state with a socialist regime, and aims at building a modern socialist state under the leadership of the Chinese Communist Party (CCP).

In recent years, China has significantly increased its international trade, attracting considerable foreign investment; the economy has dramatically grown, especially in the coastal and urban areas. It has maintained its economic growth despite the impact from the worldwide financial crisis. China's international presence is rising, as evidenced by the great deal of attention that was paid to its movements at the G20 Summit on the Financial Market and the World Economy that has been held since 2008 and the Fifteenth Session of the Conference of the Parties (COP15) that was held in 2009. The fact that China's economy promptly broke free of the impact from the financial crisis is believed to form the backdrop for why the country has been becoming more self-confident and displaying a more assertive posture in the international community. On the other hand, however, a variety of problems exist within China. Such problems include the great political problem of corruption within central and local communist party leadership, and as a result of rapid economic growth there are regional disparities between urban-rural and coastal-inland regions, wealth gaps among urban residents, and the emergence of environmental pollution. Moreover, issues associated with the rapid aging of the population are forecasted to arise in the future. China also has domestic ethnic minority issues, such as the clashes between minorities and the authorities that were started by minority protests in areas such as the Tibet Autonomous Region and the Xinjiang Uyghur Autonomous Region. It has been reported that some ethnic minorities are undertaking campaigns seeking separation and independence. Under the guiding principle of the "Scientific Outlook on Development," the Hu Jintao administration aims to build a "Harmonious Society" as its fundamental policy and is committed to giving priority to the solution of the aforementioned domestic problems⁷⁴. China also aims to improve its current economic structure, where it is dependent on exports abroad and domestic demand is weak, in order to maintain stable economic growth.

On the diplomatic field, it is believed that in order to maintain national stability China is aiming to maintain stability in the strategic international environment by sustaining favorable relations with major powers such as the United States and Russia, to maintain favorable relations with neighboring countries and stable situations in those countries, to promote the multipolarization of the world, and to secure an energy supply and other interests necessary for economic development.

On the military front, China has been modernizing its military forces, backed by the high and constant increase in defense budget. In its military modernization China appears to give particular priority to the Taiwan issue as an issue of national sovereignty and territorial integrity, and for the time being it will probably aim for the improvement of military capabilities to prevent Taiwan's independence and others, but in recent years, China has begun to work on acquiring capabilities for missions other than the Taiwan issue. The military trends of China draw attention from countries in the region, as the country has been steadily growing as a major political and economic power in the region.

2. Military Affairs

1. National Defense Policy

China states that it prioritizes the defense of national sovereignty, security and territorial integrity, safeguarding of the interests of national development, and the interests of the Chinese people above all else. China proclaims that it endeavors to build a fortified national defense and strong military forces compatible with national security and development interests and realize the enrichment of the country and reinforcement of the military while building a moderately prosperous society⁷⁵ in all aspects.

China has a policy of the active promotion of the “Revolution in Military Affairs with Chinese Characteristics,” which mainly consists of the mechanization and informatization of its military power, based on its military strategy⁷⁶ to win a local war under informationized conditions, according to global trends in military developments observed in the Gulf War, the Kosovo War, the Iraq War and others. Compared to the military parades carried out in 1999, the military parades celebrating the 60th anniversary of the foundation of the PRC in October 2009 showed a decrease in the formations of marching foot soldiers⁷⁷. Conversely, mobile missile, combat vehicle, and aircraft formations increased, while advanced equipment such as early warning and control systems and unmanned aerial vehicles were displayed, thereby demonstrating China's military mechanization and informatization to Chinese people and overseas. Moreover, China appears to emphasize not only physical means but also non-physical means with respect to military affairs and warfare, incorporating the concept of “Three Warfares” — “Psychological Warfare,” “Media Warfare” and “Legal Warfare” — into the tasks of the political work by military⁷⁸, and declaring a policy of “close coordination between military struggle and political, diplomatic, economic, cultural and legal endeavors⁷⁹.”

In China's military modernization, backed by the stable relations with Russia and other neighboring states that share land borders with China, it is believed that China is giving the top priority to handling of the Taiwan issue, more specifically to improving the capability⁸⁰ to hinder the independence of Taiwan and foreign military support for Taiwan. Furthermore, in recent years, China has begun to work on acquiring capabilities for missions other than the Taiwan issue⁸¹. As regards a long-term plan for China's military modernization, China proclaims that “according to the requirements of national security and the level of economic and social development, [...] it will lay a solid foundation by 2010, basically accomplish mechanization and make major progress in informatization by 2020, and by and large reach the goal of modernization of national defense and armed forces by the mid-21st century⁸².” In the long term, China appears to be aiming to develop a military force according to the development of national strength, as this is compliant with the development plan for the country as a whole⁸³.

China has reduced the number of its military personnel, mainly in the army, and has been modernizing equipment of its entire armed forces, especially its naval and air forces, and nuclear and missile capabilities. In addition, China is working to improve joint operational capabilities among services and branches, to conduct practical exercises, to cultivate and acquire highly-capable human resources for administering operations of an informationized force, and to improve the foundation of the domestic defense industry. The People's Liberation Army (PLA) still possesses outdated equipment, and the current military modernization efforts are believed to be undertakings that intend wholly to improve the military's capabilities. Nevertheless, China does not disclose a clear, specific future vision of its military modernization. China has been rather intensifying its activities in waters near Japan. The lack of transparency of its national defense policies, and the military activities are a matter of concern for the region and the international community, including Japan, which should require prudent analysis.

2. Military Transparency

China has not disclosed specific information on its possession of weapons, procurement goals or past procurements, the organization and locations of major units, records of main military operations and exercises, or a detailed breakdown of the national defense budget.

China has released defense white papers titled China's National Defense every two years since 1998, and the nation also conducts a lot of dialogue with national defense authorities of other countries⁸⁴. Furthermore, in August 2007, China expressed its will to return to the United Nations Register of Conventional Arms and to participate in the United Nations Instrument for Reporting Military Expenditures, and has submitted annual reports based on each system.

In this manner, China has regularly published compiled documents on its national security while reintegrating itself into and commencing participation in U.N. systems regarding armaments and military expenditures⁸⁵. These and other efforts can be appreciated as a contribution to improving the transparency of its military capabilities.

However, China has not yet achieved the levels of transparency expected of a responsible major power in the international society. For example, as for a detailed breakdown of national defense spending, China basically announced only the total amount and general purposes for the three categories: personnel, training and maintenance, and equipment. Slight progress was seen in China's National Defense in 2008 in terms of information disclosure⁸⁶ but it does not provide a basic breakdown such as procurement costs for major weapons. Moreover, the report for the United Nations Instrument for Reporting Military Expenditures submitted by China in 2009 was not filled out in accordance with the standard format used by Japan and many other nations, whereby a detailed breakdown of military expenditure is required; the information disclosed was almost as simple as that provided in China's defense white papers.

Details have yet to be disclosed regarding the cause of the breach of international law in November 2004, where a submerged Chinese nuclear-powered submarine navigated in Japanese territorial waters. Moreover, in January 2007, when China conducted an anti-satellite weapons test, the Chinese government gave an insufficient explanation of the details and intention of the test to allay Japan's concerns. In addition, in November 2007, China sent notification indicating a refusal for U.S. naval vessels including U.S. aircraft carrier Kitty Hawk to pull into Hong Kong on the expected day of arrival, but then later revised their notice and allowed the vessels to port. However, the U.S. naval vessels had already abandoned their port and changed course. These incidents incite concern over China's decision-making and behavior concerning its military.

China is steadily growing as a major political and economic power, and its military power also attracts attention from other countries. In order to allay concerns over China, it is becoming more and more important for China itself to improve transparency of its national defense policy and military capability. It is hoped that

China will increase transparency concerning its military affairs by disclosing specific information pertaining to its defense policies and military capabilities.

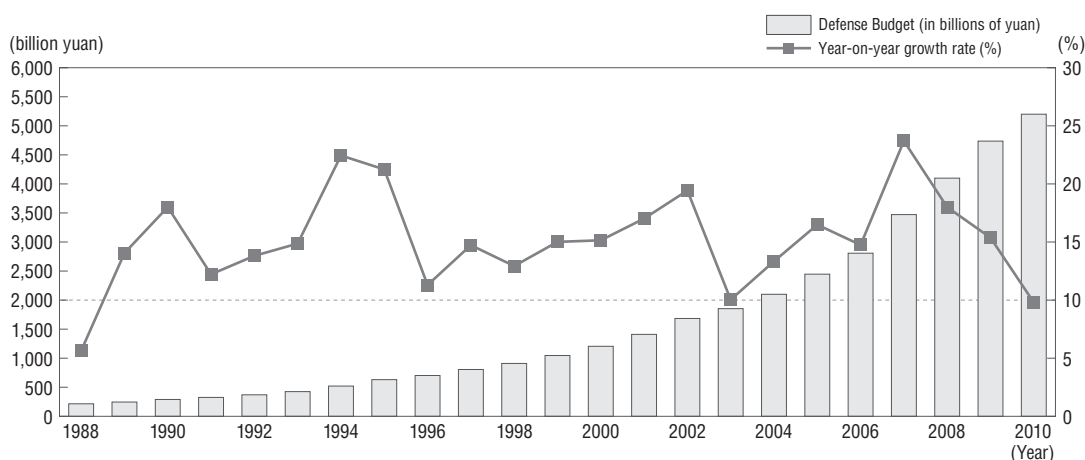
3. National Defense Budget

China announced⁸⁷ a national defense budget for FY2010 of approximately 519.1 billion yuan⁸⁸. The initial budget amount announced represented a growth of approximately 9.8%⁸⁹ compared to the initial budget amount from the previous fiscal year. While this falls short of its previous rates⁹⁰, China still maintains a high growth rate, with its announced national defense budget continuing to increase at a rapid pace. The nominal size of China's announced national defense budget has more than doubled in size over the past five years, and has grown 18-fold over the past 20 years. As regards the relationship between defense and the economy, China positions the build-up of defense capabilities as an important task as economic development, explaining that it "sticks to the principle of coordinated development of economy and national defense" in China's National Defense in 2008. Accordingly, it is believed that China will continue to input resources for the improvement of its defense capabilities within the range of not hampering its economic development.

In addition, it must be noted that the amount of the defense budget announced by China is considered to be only part of its actual military expenditures⁹¹. For example, it is believed that the announced defense budget does not include all the equipment procurement costs and research and development expenses.

(See Fig. I-2-3-1)

Fig. I-2-3-1 Changes in China's Official Defense Budget



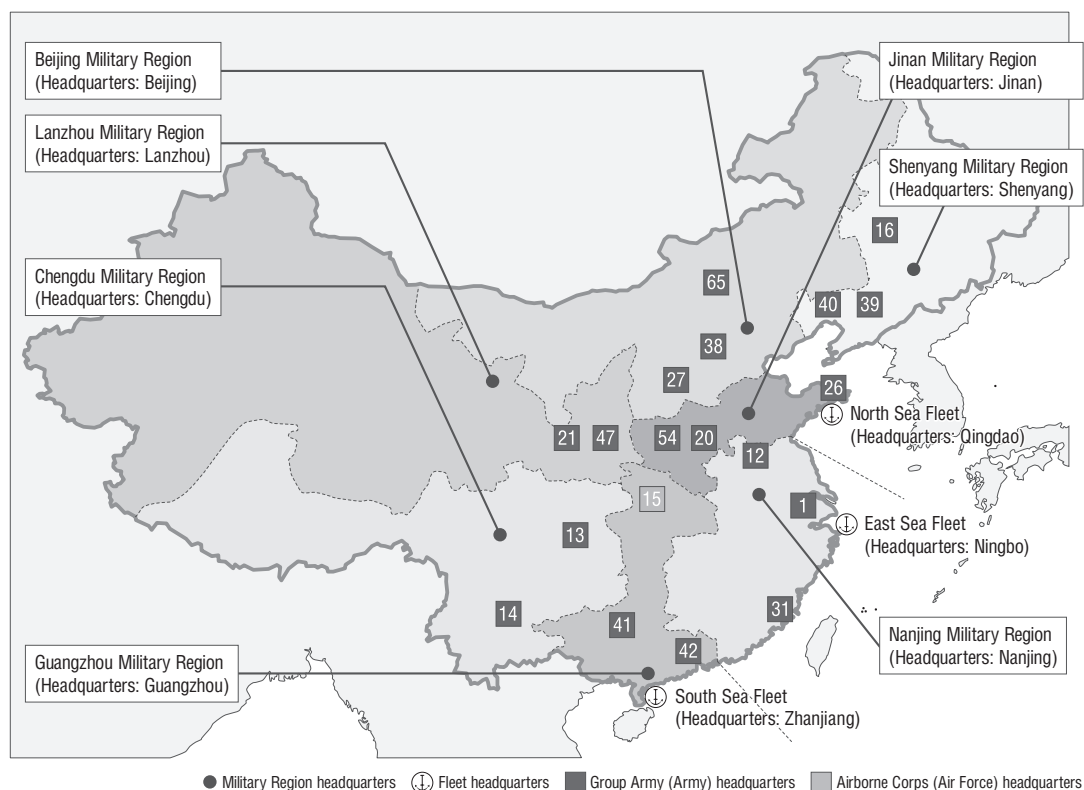
Note: The total defense budgets for FY2002 and FY2004 were not disclosed, and there is a discrepancy when the disclosed growth rates and amounts of increase is applied to the initial budgets of FY2001 and FY2003. This graph uses 168.4 billion yuan and 210 billion yuan for FY2002 and FY2004, respectively. These are calculated on the assumption that the disclosed growth rates and amounts of increase are based on the actual defense expenditures for FY2001 and FY2003.

4. Military Posture

China's military forces are composed of the People's Liberation Army (PLA), the People's Armed Police Force (PAP)⁹², and the militia⁹³. It is provided that these bodies be instructed and commanded by the Central Military Commission⁹⁴. The PLA is defined as a people's army created and led by the CCP, comprising the Army, the Navy, the Air Force, and the Second Artillery Force (strategic missile force).

(See Fig. I-2-3-2)

Fig. I-2-3-2 Location and Strength of PLA



Note: Army and Air Force Military Regions are identical. A Group Army consists of several divisions and brigades and has tens of thousands of personnel.

		China	Taiwan (Reference)
Total military forces		Approx. 2.3 million troops	Approx. 290,000 troops
Ground forces	Group troops	Approx. 1.6 million troops	Approx. 200,000 troops
	Tanks	Type-98A, Type-96, Type-88A/B and others Approx. 7,550 vehicles	M-60, M-48A/H and others Approx. 1,830 vehicles
Maritime forces	Warships	Approx. 950 vessels/1.343 million tons	Approx. 330 vessels/ 207,000 tons
	Destroyers & frigates	Approx. 75 vessels	Approx. 30 vessels
	Submarines	Approx. 60 vessels	4 vessels
	Marines	Approx. 10,000 troops	Approx. 15,000 troops
Air forces	Combat aircraft	Approx. 1,950 aircraft	Approx. 530 aircraft
	Modern fighters aircraft	J-10×120 Su-27×166 Su-30×97 (Fourth-generation fighters 383 aircraft)	Mirage 2000×57 F-16×146 F-CK-1 (IDF) ×128 (Fourth-generation fighters 331 aircraft)
Reference	Population	Approx. 1.339 billion	Approx. 23 million
	Term of service	2 years	1 year

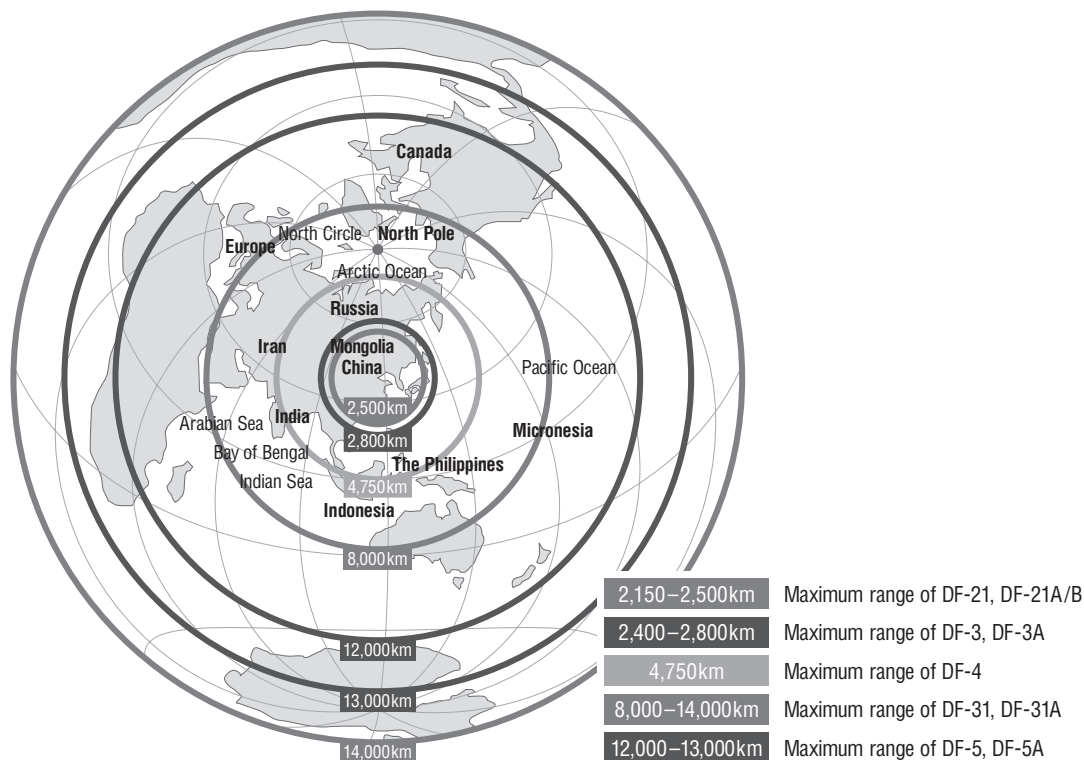
Source: The Military Balance 2010 and others.

(1) Nuclear and Missile Forces

China has continued independent efforts to develop nuclear capabilities and ballistic missile forces since the middle of the 1950s, seemingly with a view to ensuring deterrence, supplementing its conventional forces, and maintaining its voice in the international community.

China possesses various types and ranges of ballistic missiles: intercontinental ballistic missiles (ICBM), submarine-launched ballistic missiles (SLBM), intermediate range ballistic missiles/medium range ballistic missiles (IRBM/MRBM), and short range ballistic missiles (SRBM). The survivability and readiness of China's ballistic missile forces are under improvement by updating liquid propellant type to a solid propellant one. Moreover, it is also believed that China is working to increase performance by extending ranges, improving precision, introducing MIRV and other means⁹⁵. China has developed the DF-31, which is a new mobile-type ICBM with a solid fuel propellant system mounted onto a transporter erector launcher (TEL), and the DF-31A, an extended model of the DF-31, which appears to have already begun to be deployed. Regarding SLBMs, the country currently appears to be developing the JL-2, a new SLBM with a range of approximately 8,000km, and constructing Jin-class nuclear-powered ballistic missile submarines (SSBN) to carry the missiles.

Fig. I-2-3-3 Range of Ballistic Missiles from China (Beijing)





A Chinese early warning aircraft flying over the East China Sea

Now that the DF-31 and the DF-31A have been deployed, once the JL-2 reaches a level of practical use, it is believed that China's strategic nuclear capabilities will improve by a great margin.

As for the IRBM/MRBM covering the Asia-Pacific region including Japan, China has deployed liquid-propellant DF-3 and DF-4 missiles. Currently, however, the country also deploys the DF-21, which can be transported and operated on a TEL. These missiles are capable of carrying nuclear warheads. It is believed that China possesses conventional ballistic missiles with high targeting accuracy based on the DF-21, and is developing conventional anti-ship ballistic missiles (ASBM), which could be used to attack ships at sea including aircraft carriers⁹⁶. China also possesses the DH-10, a cruise missile with a range of 1,500km or longer. These missiles might complement ballistic missile forces, covering the Asia-Pacific region including Japan. In addition to IBRM/ MRBM, China also possesses a 100 plus dozens of H-6 (Tu-16) medium-range bombers that are capable of carrying nuclear warheads and cruise missiles.

Concerning short-range ballistic missiles (SRBM), China possesses a large number of DF-15 and DF-11, and they are believed to be deployed against Taiwan⁹⁷.

China announced that it had conducted tests on midcourse missile interception technology in January 2010, and attention will be paid to China's future trends in ballistic missile defense⁹⁸.

(See Fig. I-2-3-3)

(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 continuously sought to modernize its armed forces by curtailing the number of personnel and streamlining organizations and systems in order to improve efficiency. The country aims to develop highly capable military forces, while reducing units inferior in equipment and technologies. Specifically, China is improving mobility by such measures as switching from the past regional-defense model to a nationwide-mobile model, working to motorize and mechanize its infantry. In addition, China is believed to be strengthening its airborne troops (belonging to the air force) and special operations forces. The country is making its military units smaller, modular and multi-functional⁹⁹ and also working on reforms to improve its logistical support capabilities. In 2009 China carried out "Stride 2009" exercises which traversed across military regions and were deemed its largest ever exercises of this type. These exercises are believed to have been designed to verify and improve capabilities necessary for deploying army units to distant areas, such as the army's long range maneuvering capabilities and logistical support capabilities, including the mobilization of militia and public transportation¹⁰⁰.

(3) Naval Forces

The naval forces consist of three fleets —the North Sea, East Sea, and South Sea Fleets. The Chinese Navy has approximately 950 ships (including approximately 60 submarines), with a total displacement of approximately 1.34 million tons. The navy is in charge of the maritime national defense and protecting the sovereignty of territorial waters and maritime rights and interests. The Chinese Navy introduced modern Kilo-class submarines from Russia and is actively constructing new types of domestic submarines to enhance its submarine force. Additionally, the Navy is increasing surface combatant ships with improved air defense and anti-ship missile capabilities, and is increasing and improving landing ships and supply ships. Also, a large hospital ship was commissioned in October 2008¹⁰¹. In view of these developments in the modernization of the Chinese Navy, it is believed that China is trying to build capabilities to perform operations in areas more distant from China's shore.

With regard to the possession of aircraft carriers, at the Japan–China Defense Ministers meetings held in March and November 2009, Chinese Defense Minister General Liang Guanglie remarked that China cannot remain “without an aircraft carrier indefinitely”¹⁰² and that “the possession of aircraft carriers should be determined in comprehensive consideration of various factors including economic development, the level of the shipbuilding, and security factors.”¹⁰³ Furthermore, a number of senior military officials have also made positive remarks about possessing an aircraft carrier¹⁰⁴. China also purchased Varyag, an incomplete Kuznetsov-class aircraft carrier, from Ukraine, and carried out renovations, and has also constructed a structure replicating an aircraft carrier on land. Based on these facts it is believed that China is currently advancing research and development on technology necessary for the possession of aircraft carriers¹⁰⁵.

(4) Air Forces

The Chinese Air Force and Navy have approximately 1,950 combat aircraft in total. The number of fourth-generation modern fighters is rising steadily. China is domestically mass producing J-10 fighters and carried out import and licensed production of Su-27 fighters as well as importing Su-30 fighters equipped with anti-surface and anti-ship attack capabilities from Russia. Moreover, China is believed to be developing its next generation fighter domestically¹⁰⁶. China is importing highly sophisticated long-range surface-to-air missiles from Russia in order to improve air defense capabilities. It is making continuous efforts to improve its in-flight refueling capabilities and early warning and control system, which are essential for the operation of a modern air force. Furthermore, it is reported that China has a plan to import a number of large cargo aircraft from Russia.

China has also begun to enhance the electronic warfare and intelligence gathering capabilities of its aircraft in addition to increased efforts in actual reconnaissance flights against surrounding countries. In recent years in particular, Chinese air activities that appear to be some form of information gathering against Japan have been observed. Also, in September 2007, H-6 medium-range bombers flew into the Japanese air defense identification zone over the East China Sea to advance near to the Japan–China median line. In March 2010 a Y-8 early warning aircraft similarly flew to advance near to the Japan–China median line. What is more, it has also been reported that Air Force fighters and other aircraft are engaged in training that involves in-flight refueling over the South China Sea.

Judging from this modernization of air forces and the activities by aircraft, it is believed that China is improving its air defense capabilities for its national territory, aiming to build up capabilities for air superiority and anti-surface and anti-ship attacks in the anterior area, and improving long range transportation capabilities.¹⁰⁷ Further attention needs to be paid to these activities conducted by Chinese air forces in the area surrounding Japan.

(5) Military Use of Space and Cyber Warfare Capabilities

China continues to put forth efforts for space development. The country has launched various satellites into space using indigenously produced rockets, successfully conducted manned space flights, and launched a lunar orbiter. In September 2008, China launched the Shenzhou-7 manned spaceship and its astronaut successfully performed China's first extravehicular activities. As it appears that in China's space development military and non-military sectors are related¹⁰⁸, there is the possibility that China utilizes space for such military purposes as information gathering, communications, and navigation. Recently, several high ranking officials in China's Air Force expressed the Air Force's policy of actively working on utilization of space¹⁰⁹.

China is developing anti-satellite weapons, and the country tested the destruction of its own satellite in January 2007, applying ballistic missile technology. It is also pointed out that China is developing a system that uses laser beams to hamper satellite functions.

China is thought to have interest in cyber warfare and they are believed to have organized and be currently training a cyber warfare-specialized unit¹¹⁰.

China's interest in anti-satellite weapons and cyber warfare can be attributed to the increasing reliance of information gathering and command and communication in the military sector, which are vital for swift and efficient exercise of military strength, on satellites and computer networks¹¹¹.

5. Activities in Waters Near Japan

(1) Situation of Activities in Waters Near Japan

China has been intensifying its maritime activities in recent years. With regard to activity in waters near Japan, Chinese naval vessels have been observed conducting what appeared to be exercises or information gathering activities. Chinese government ships have also been observed engaging in apparent oceanographic research within the exclusive economic zone of Japan¹¹².

Advancements to the Pacific Ocean by Chinese naval surface vessels have also been confirmed¹¹³. For example, in October 2008, four Chinese naval vessels, including a Sovremenny-class destroyer, passed through the Tsugaru Strait¹¹⁴ and sailed south to the Pacific Ocean to circle Japan. In November 2008, four naval vessels, including a top-of-the-line Luzhou-class destroyer, passed between Okinawa Island and Miyako Island and headed to the Pacific Ocean. In June 2009, five naval vessels, including a Luzhou-class destroyer, passed between Okinawa Island and Miyako Island and headed to the waters northeast of Okinotori Island before engaging in apparent drills. In March 2010, six naval vessels, including a Luzhou-class destroyer, passed between Okinawa Island and Miyako Island and headed to the Pacific Ocean. These vessels were reported to have advanced to the South China Sea¹¹⁵. Furthermore, in April 2010, 10 naval vessels, including Kilo-class submarines and Sovremenny-class destroyers, passed the channel between Okinawa Island and Miyako Island and headed to the waters west of Okinotori Island, before engaging in apparent exercises¹¹⁶. At the time, Chinese ship-borne helicopters flew near the Japanese destroyers monitoring the vessels a couple of times.

In addition, a submerged Chinese nuclear-powered submarine navigated in Japanese territorial waters in November 2004, breaching international law. In September 2005, it was confirmed that a total of five Chinese naval vessels, including one Sovremenny-class destroyer, were sailing near the Kashi gas field (Tianwaitian in Chinese) in the East China Sea and some of them circled around the said gas field. In October 2006, a Chinese Song-class



A Chinese Kilo-class submarine cruising on the East China Sea

submarine surfaced in the vicinity of the U.S. aircraft carrier *Kitty Hawk* in international waters reportedly near Okinawa. The foreign submarine's approach to a U.S. aircraft carrier is a militarily noteworthy incident¹¹⁷. In December 2008, two Chinese maritime research ships of the State Oceanographic Administration conducted navigation operations not permitted to foreign ships under international law such as hovering and cruising within the territorial waters of Japan near the Senkaku Islands.

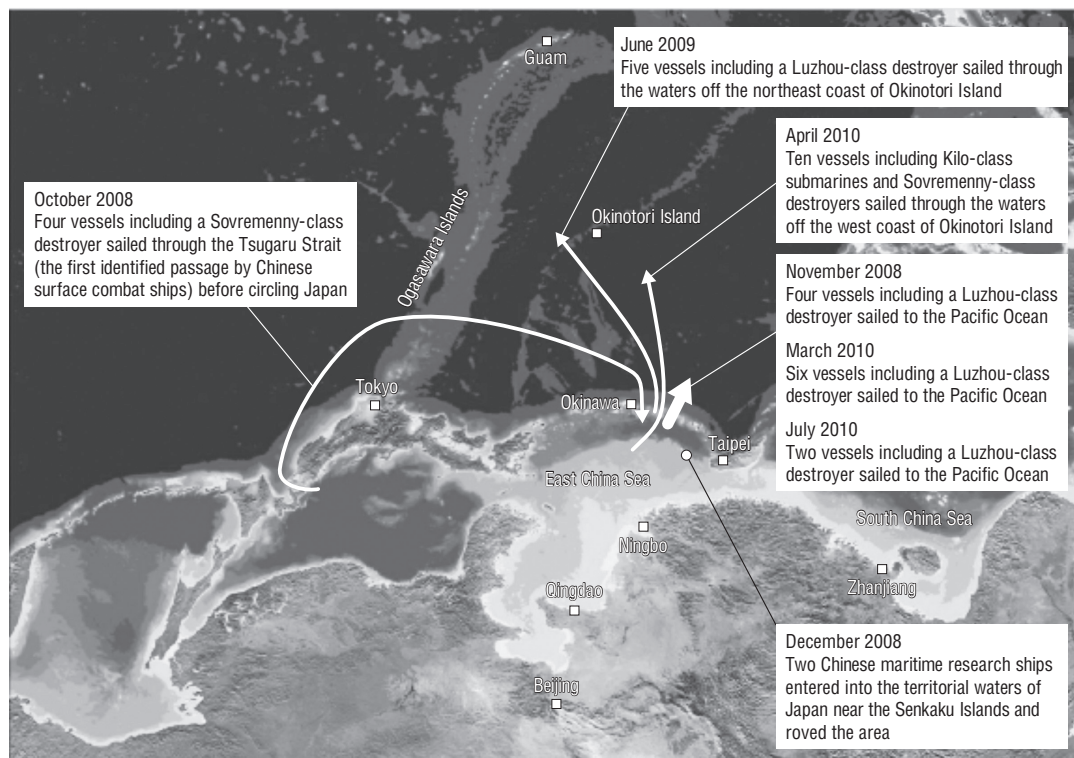
Besides activities in waters near Japan, China is enhancing its activities in the Spratly Islands and Paracel Islands, over which it is engaged in territorial disputes with neighbors, including some ASEAN countries. In March 2009, Chinese ships including a Chinese naval vessel, a Chinese maritime research ship of the State Oceanographic Administration, a Bureau of Maritime Fisheries patrol ship, and trawlers approached a U.S. Navy acoustic research ship operating in the South China Sea to obstruct its operations. Other incidents also occurred in the same month¹¹⁸. What is more, in November 2008 and May 2009 a flotilla of vessels consisting of a Luyang II-class destroyer, a Yuzhao-class amphibious ship and other vessels reportedly conducted exercises in the waters of the South China Sea.

(See Fig. I-2-3-4)

(2) Objectives of Activities in Waters Near Japan

Taking into general consideration relevant factors including China's geographic location and economic globalization as well as the fact that China explicitly states in its laws and other means that its navy assumes the role of safeguarding maritime rights and interests and protecting maritime safety, maritime activities by the Chinese navy and other organizations are considered to have the following objectives.

Fig. I-2-3-4 Recent Chinese Activities in the Waters near Japan



The first objective is to intercept naval operations by enemies in waters as far as possible from the country in order to defend Chinese territory and territorial waters. Behind this is an increase in effectiveness of long-range attacks due to recent progress in science and technology.

The second is to develop military capabilities to deter and prevent Taiwan's independence. For example, 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, it needs to enhance its military operational capabilities at sea.

The third is to acquire, maintain, and protect maritime rights and interests. China is engaged in exploring and drilling oil and gas fields as well as building facilities and surveying for such facilities in the East China Sea and South China Sea. It is believed that the aims of the naval vessels operating near the drilling facilities of the Kashi oil and gas fields in September 2005 included the demonstration of their naval capabilities of acquiring, maintaining, and protecting maritime rights and interests.

The fourth is to defend the sea lanes of communications for China. The background of this is the fact that the sea lanes of communications, including crude oil transportation routes from the Middle East, are extremely important lifelines for the increasingly globalizing Chinese economy. It depends on future international situations at the time as to how far the Chinese Navy should defend the sea lanes of communications by itself, but given recent modernization of the Chinese Navy and Air Force, the scope of their capabilities is believed to expand beyond waters near China.

Attention needs to be paid to Chinese maritime activities with the objectives described above, including the operation of naval vessels and oceanographic research activities near Japan and development of facilities that serve as bases for these activities ¹¹⁹.

6. International Military Activities

In recent years the PLA has begun emphasizing nontraditional missions such as peacekeeping, humanitarian assistance and disaster relief, and anti-piracy. In order to carry out these missions it is becoming more active in dispatching units overseas ¹²⁰. The backdrop for this stance on international military activities is believed to be the fact that China's national interests have expanded beyond its national borders, thereby increasing its need to protect and promote its national interests overseas. It is also seen as being backed by China's intent to strengthen its stature by demonstrating its will to fulfill its responsibilities to the international community as a great power.

China states that it consistently supports and actively participates in U.N. peacekeeping operations. According to China's National Defense in 2008, the country has sent a total of 11,063 military personnel to U.N. peacekeeping operations. According to the United Nations, as of January 2010, China had deployed a total of 2,131 personnel, police officers, and military observers to 10 U.N. peacekeeping operations, including the United Nations Mission in Liberia (UNMIL), the United Nations Mission in Sudan (UNMIS), and the United Nations Stabilization Mission in Haiti (MINUSTAH), thus showing a certain presence in peacekeeping operations. China's aim in its proactive attitude to U.N. peacekeeping operations is seen to include its intent to strengthen relations with the regions where the peacekeeping operations are conducted, particularly with regard to relations with African nations.

China has also been taking part in international initiatives to deal with piracy off the Somali coast and in the Gulf of Aden. As its first mission in distant

waters, the Chinese Navy has dispatched vessels to these waters since December 2008 to make them escort Chinese and other ships. This demonstrates that the Chinese Navy is improving its capacity to execute naval operations in increasingly distant waters. It is also thought to be an expression of the fact that China is placing a greater emphasis on protecting its own sea lanes of communication ¹²¹.

7. Education and Training

In recent years, the PLA has been conducting practical exercises and large-scale exercises, including cooperative exercises of the Army, Navy, and Air Force and landing exercises in order to modernize its operational capability. The whole PLA military training conference held in 2006 emphasized promoting a shift from military training under the conditions of mechanization to military training under the conditions of informatization. The new Outline of Military Training and Evaluation, in effect since 2009, highlights training for military operations other than war (MOOTW), education in the knowledge and expertise required for informatization, simulated training of high-tech weapons and equipment, network training and training in complex electromagnetic environments where electronic interference occurs, in addition to joint exercises by different services.

In the education spectrum, the PLA aims to develop military personnel versed in science and technology. In 2003, a human resource strategy project was launched to develop human resources capable of directing informatized operations and of building informatized armed forces. The project has a goal of achieving a big leap in the development of military personnel to 2020. In recent years, the PLA appears to be increasing its wage standards, and it is believed that the objective of this is to secure highly-capable human resources. Moreover, in 2000, in order to recruit highly-capable and highly-educated people, the military started a system where civilian college students are provided with scholarships and then allowed to enter the military as commissioned officers after graduation.

China has been developing a mobilization system with a view to effective use of civilian resources in the case of war and other emergency. In February 2010, China enacted National Defense Mobilization Law, which is the basic law for wartime mobilization.

8. National Defense Industry Sector

While China imports highly sophisticated equipment and parts that it cannot produce domestically from other countries such as Russia, it is believed to place emphasis on indigenous production of military equipment. The country manufactures much of its equipment domestically and is now actively making research and development efforts on new equipment. China's national defense industry sector appears to be developing due to an improvement of private industry infrastructure accompanying economic growth, use of dual technologies, and the absorption of foreign technologies, as well as its own efforts. The sector is working as a base for the modernization of China's military.

Favorable growth in the Chinese defense industry was once hindered by inefficiency caused by excessive secrecy and other factors; however, in recent years, reform of the defense industry has progressed. In particular, emphasis has been placed on two-way technological exchanges where military technologies are utilized for building the national economy, and in turn civilian technologies are absorbed for a build-up of national defense. Specifically, the technologies of the defense industry have contributed to the development of civilian space exploration, the aviation industry, and the ship building industry. Furthermore, China maintains that it encourages and supports international cooperation and competition in dual-use industries, thus appearing to have interest in absorbing foreign technologies through dual-use industries.

3. External Relations

1. Relations with Taiwan

China holds the principle that Taiwan is a part of China, and that the Taiwan issue is therefore a domestic issue. The country maintains that the “one-China” principle is the underlying premise and foundation for discussions between China and Taiwan. China also claims that it would never abandon efforts for peaceful unification, expressing that it will take policy and measures to solve issues of Taiwanese people’s interest and protect their due authority, while it has also repeatedly stated that it has not renounced the use of force from the standpoint of strong opposition to any intervention in the unification of China by foreign powers as well as any move toward independence of Taiwan. The Anti-Secession Law, enacted in March 2005, provides that China will not renounce use of force, stating that China will employ non-peaceful means if a serious situation occurs which would lead to Taiwan’s separation from China.

Ma Ying-jeou, who took office in May 2008, advocates a policy of pursuing Taiwanese economic development through expanding economic exchange with China and the status quo rather than independence. The leaders of both sides’ authorized organizations for cross-strait talks¹²² met for the first time in 10 years in June 2008, and direct chartered passenger weekday flights, direct maritime links, and direct mail services between China and Taiwan began in December 2008. In January 2010 consultations for the conclusion of an Economic Cooperation Framework Agreement (ECFA), which would be equivalent to a free trade agreement (FTA) between the two sides, were initiated. As these and other moves show, relations between the two sides continue to move forward centered mainly around the realm of economics. On the security front, while President Hu Jintao made appeals for China and Taiwan to make contact and hold exchanges over military issues at an appropriate time, and explore the creation of mechanisms for building mutual trust over military security¹²³, President Ma Ying-jeou has expressed demands including withdrawal of the Chinese missiles which are pointed at Taiwan. Attention will be paid to trends in the future relations between China and Taiwan.

2. Relations with the United States

There are various outstanding problems between the United States and China, such as human rights in China, proliferation of weapons of mass destruction (WMD), the Taiwan issue, and trade issues. However, since a stable U.S.–China relationship is essential for China in developing its economy, it is believed that China will continue to desire to maintain that stable relationship.

The United States expresses that it welcomes a China that takes on a responsible leadership role in working with the international community over international issues such as the recovery of the world economy and proliferation of WMDs. The United States proclaims that it will monitor the Chinese military’s modernization, and while it recognizes that the two nations do not agree on every issue and makes it clear that it will be candid on human rights and other issues, it also states that disagreement between the two should not prevent cooperation on issues of mutual interest¹²⁴.

On the Chinese side President Hu Jintao stated that China and the United States would work together to build a positive, cooperative, and comprehensive relationship in the twenty-first century. China thus shows its stance of emphasizing the stable development of U.S.–China relations through pragmatic cooperation over an extensive array of fields.

Military exchanges have also developed between China and the United States. The countries have been conducting various policy dialogues. China has dispatched observers to U.S. military exercises, and joint drills have been conducted between the Chinese and U.S. navies on mutual port visits by naval vessels. A military hotline between the defense departments of the two countries was set up in April 2008. But while China wants to develop relations between the Chinese and U.S. militaries, it asserts that there are a number of issues that must

be resolved in order to realize sound development in said relations. These include arms sales to Taiwan, the activities of U.S. military vessels and aircraft within China's exclusive economic zones, legal hurdles in mutual military exchanges, and a lack of strategic trust in China on the part of the United States¹²⁵. Some unstable facets have been observed in the military exchanges of the two countries, such as the notification of suspensions of the major military exchanges with the United States when the U.S. Department of Defense notified Congress of arms sales to Taiwan in October 2008 and January 2010. On the other hand, the United States maintains that China's military development, lack of transparency, and other issues raise questions about its future conduct and intentions. It asserts that U.S.–China relations must be undergirded by a process of enhancing confidence and reducing mistrust¹²⁶. With regard to military exchanges, it is believed that the aim is to improve the current situation, wherein such exchanges are frequently suspended, and to build relations that are capable of maintaining more stable channels for mutual understanding.

3. Relations with Russia

Since the China–Soviet confrontation ended in 1989, both countries have continuously maintained a stance of placing importance on their bilateral relationship. The deepening of the “strategic partnership” between China and Russia, which was established in the mid-1990s, has been emphasized. In 2001, the China–Russia Treaty of Good-Neighborliness and Friendly Cooperation¹²⁷ was concluded. Subsequently in 2004, the long-standing issue of border demarcation between the two countries, which once evolved into a military clash, came to a settlement. The two countries share a common idea that they will promote the multipolarization of the world and building of a new international order. In addition, economic motives have been driving the good relationship between them in recent years.

On the military front, 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. Russia is currently the largest supplier of weapons to China; however, some point out that their trade amounts have been on the decline in recent years due to the advancement of indigenous weapon production in China.

It is also pointed out that Russia, which shares a land border with China, has a policy of not supplying such sophisticated weapons to China that would cause a threat to Russia itself.

China–Russia military exchanges include regular visits by highest-ranking defense officials and joint military exercises. They conducted their first joint exercise in the Shandong Peninsula and other areas in China in August 2005. In August 2007, a joint anti-terrorism exercise was conducted by the member states of the Shanghai Cooperation Organization (SCO)¹²⁸. In addition Russia and China held “Peace Mission 2009”, a joint military exercise consisting of anti-terrorism operations, in July 2009. It is believed that through these joint military exercises with Russia, the two countries can deepen mutual understanding and build confidence between their military forces and show the presence of China and Russia as one pole in the multipolarizing world, and China can learn operational methods of Russian weapons and military operational doctrines.

4. Relations with North Korea

North Korea and China have a “traditional friendship,” and North Korea seems to rely heavily on China for a great portion of its food assistance and energy supply. Accordingly, China is believed to have a stronger

influence on North Korea than other countries¹²⁹. China agreed to U.N. Security Council Resolution (UNSCR) 1695, which condemned the launches of ballistic missiles by North Korea in 2006, UNSCR 1718, which imposed sanctions on North Korea in relation to the nuclear tests, the Security Council presidential statement in April 2009 condemning North Korea's missile launch, and UNSCR 1874, which settled additional measures against North Korea in response to the nuclear test in May 2009. In addition, China has played an active role chairing the Six-Party Talks that have been held in Beijing since 2003, and the international community expects that China will continue its proactive efforts to resolve the nuclear issue.

5. Relations with Other Countries

(1) Relations with Southeast Asian Countries

As for its relations with countries in Southeast Asia, China has been continuously 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 One (China), ASEAN Plus Three, and the ASEAN Regional Forum (ARF). Through diplomatic forums, the country is deepening economic and cultural cooperation with ASEAN countries, and recently, it has been proactively advancing cooperation in the security sector¹³⁰.

(2) Relations with Central Asian Countries

The Xinjiang Uyghur Autonomous Region, located in the western part of China, is situated next to Central Asia. It shares borders with the three countries of Kazakhstan, Kyrgyzstan, and Tajikistan, and has ethnic minorities settled in the areas straddling borders. Naturally, the region hosts lively exchanges between the people of 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 SCO, which was established in June 2001, is viewed as an indication of China's concerns in such areas. Moreover, China is also believed to be interested in the energy resources of Central Asia and is promoting cooperation in the energy field with Central Asian countries, such as the construction of oil and natural gas pipelines between China and Central Asian nations.

(3) Relations with South Asian Countries

While China has continued to be at odds with India due to issues such as border conflicts, it has traditionally maintained a favorable relationship with Pakistan, which has been at odds with India as well. Cooperation in the military sector, such as exporting weapons and transferring military technologies has also been reported. On the other hand, in recent years China has been committed to improving its relationship with India while also paying consideration to maintaining balance with Pakistan. Actively conducting mutual visits by top leaders with India, China states that relations with India are strategic and that the issue of border demarcation between the two countries, which once culminated in military clashes, is progressing. It is believed that the development of relations with India can be attributed to the two states' placing of importance on economic growth as well as responses to progressing U.S.–India relations.

Regarding military exchanges, China has conducted joint naval search and rescue exercises with Pakistan and India since 2003. In December 2007, “Hand-in-Hand 2007,” the first anti-terrorism joint exercise since the 1962 China–India border conflict, was conducted between both countries' armies, and the anti-terrorism joint exercise “Hand-in-Hand 2008” was conducted in December 2008.

(4) Relations with EU Countries

Trade between China and EU countries has grown remarkably in recent years. For China, the EU is now as important a partner as Japan and the United States, especially in the economic field. China, at diplomatic

opportunities, strongly requests EU countries to lift their arms embargoes against China which have been imposed since the Tiananmen Square incident in 1989.

Regarding information technology, avionics, and air-independent propulsion systems for submarines and other areas, EU member countries possess more advanced technologies than that of China or Russia, which exports weapons to China. Therefore, if the EU arms embargo on China was lifted, it is possible that the weapons and military technologies of EU countries would transfer to China, and that they would be utilized as a bargaining chip to gain the edge in weapons transactions with Russia. Japan has expressed to the EU its objection to lifting the arms embargo on China, and it is necessary to pay continuous attention to future discussions within the EU.

6. International Transfer of Weapons

China has provided developing countries in Asia, Africa, and other areas with weapons such as small arms, tanks, and aircraft, and it is reported that the main recipients are Pakistan, Iran, Bangladesh, and Myanmar, while weapons are also being exported to African countries such as Namibia and Zimbabwe. China has particularly close relations with Pakistan, and it has been reported that the two countries are working on joint programs including the development of JF-17 fighters. With regard to arms exports, China states that it does not interfere in the domestic affairs of importing countries. It has been pointed out that China is supplying weapons to countries that have problems in terms of democracy and human rights, and attention is paid as to whether China will improve the transparency of international weapons transfer in response to the concerns of the international community.

4. Military Capabilities of Taiwan

Taiwan, under the guidance of building the “hard rock” defense advocated by President Ma Jeou Ying, identifies prevention of war, homeland defense, response to contingencies, deterrence of conflict, and regional stability as the strategic objectives, and takes the military strategy of “resolute defense and credible deterrence.”

Taiwan, for improved expertise of its military personnel and other purposes, aims to transform its armed forces currently consisting of drafted personnel and volunteers into all-volunteer forces, while reducing the total forces from 275,000 to 215,000 personnel by the end of 2014. At the same time, the Taiwanese armed forces attribute importance to introducing advanced technologies and improving joint operational capabilities. Additionally, in light of the serious damage that occurred from the typhoon in August 2009, the Taiwanese armed forces have resolved to strengthen its disaster prevention and disaster relief capabilities¹³¹.

In August 2005, then Taiwanese President Chen Shui-bian announced a policy to increase the ratio of the defense budget to its GDP, which was approximately 2.4% in FY2005, up to 3% within three years, in order to meet increasing demands for national defense. Taiwan states that it reached a ratio of 3% in 2008¹³². The Ma administration also sets out the policy that the defense budget will not go below 3% of the GDP, in principle¹³³. (See Fig. I-2-3-5)

With regard to Taiwan’s military power at present, ground forces include 41 Army brigades and three Navy Marine Corps brigades with a total of approximately 215,000 personnel. In addition, it is believed that the total of 1.65 million reserve personnel of air, naval, and ground forces would be available in case of war. Regarding naval capabilities, in addition to Kidd-class destroyers imported from the United States, Taiwan possesses relatively

modern frigates and other vessels. Regarding air capabilities, Taiwan possesses F-16 A/B fighters, Mirage 2000 fighters, Jing Guo fighters, etc.

In view of the fact that China is enhancing its missile, naval, and air forces, the Taiwanese military believes it still needs to modernize the equipment. In October 2008, the U.S. Department of Defense notified Congress of the possible sale of Patriot PAC-3 surface-to-air missiles and AH-64D attack helicopters, and other equipment to Taiwan. In January 2010 it also notified Congress of the possible sales of PAC-3 missiles, UH-60 helicopters, Osprey-class mine hunters, and others. Taiwan also wishes to purchase F-16C/D fighter aircraft and other arms from the United States and the issue is to be observed.

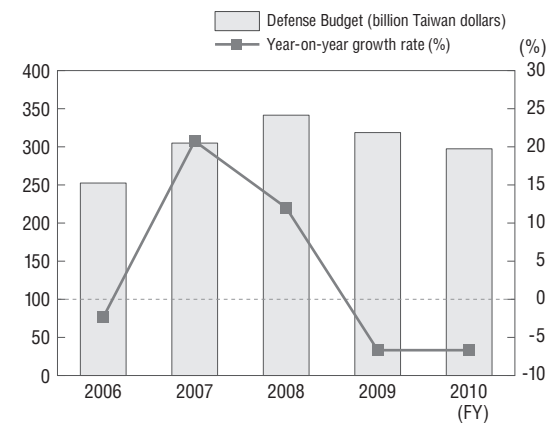
Taiwan is also promoting the independent development of equipment. Tien Kung II surface-to-air missiles and Hsiung Feng II anti-ship missiles are deployed and it is believed that Hsiung Feng IIE cruise missiles are being developed in order to acquire long-range attack capabilities. The military capabilities of China and Taiwan are generally characterized as follows:

- 1) Regarding ground forces, China possesses an overwhelming number of troops; however, their capability of landing on and invading the island of Taiwan is limited. Nevertheless, China is making efforts to improve its landing and invasion capabilities in recent years, such as building large landing ships.
- 2) Regarding naval and air forces, China, as well as overwhelming Taiwan in terms of quantity, has been steadily modernizing its naval and air forces in recent years in the qualitative sphere, where Taiwan had superiority.
- 3) Regarding missile attack capabilities, China possesses numerous short-range ballistic missiles with a range that covers Taiwan, and Taiwan seems to have few effective countermeasures.

In addition to sizes of forces and performance and quantity of equipment, a comparison of military capabilities should take into account various factors such as objectives and characteristics of envisioned military operations, operational posture, proficiency of military personnel, and logistics. Nevertheless, as China is rapidly modernizing its military power, the overall military balance between China and Taiwan is shifting in favor of China¹³⁴. Attention should be paid to the modernization of both the Chinese and Taiwanese military capabilities and U.S. weapon sales to Taiwan.

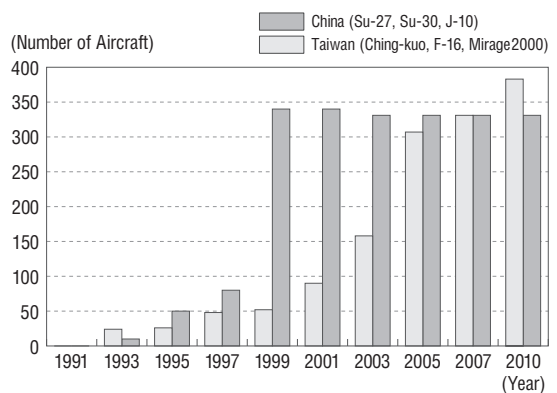
(See Fig. I-2-3-6)

Fig. I-2-3-5 Changes in Taiwan's Defense Budget



Source: National Defense Reports of the Ministry of Defense of Taiwan, etc.

Fig. I-2-3-6 Changes in Modern Fighter Aircraft of China and Taiwan



Source: Military Balance (of respective year).