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Space as a Strategic Asset

Joan Johnson-Freese

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Space, Stability and Nuclear Strategy

Rethinking Missile Defense

Joan Johnson-Freese & Thomas Nichols

The idea of a national missile defense capable of destroying nuclear-armed, long-range ballistic missiles in flight was a natural extension of the Cold War arms race. Once the superpowers could reach across the globe, traverse space and destroy each other (and the rest of the world in the process) in a matter of minutes, the urge to find a way out of that ghastly reality was sure to follow. It has now been nearly three decades since then-President Ronald Reagan asked whether civilization was destined to “perish in a hail of fiery atoms” and wondered what the world might look like if “free people could live secure in the knowledge...that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies,” a vision for which he was both applauded as a hero and dismissed as a dunce. The Reagan administration has long since passed into history, but in the intervening years, the notion of missile defense has lived on despite having been declared, at various times, either dead or revived, crucial or irrelevant, necessary or dangerous.

Joan Johnson-Freese is professor and chair of the National Security Decision Making Department at the United States Naval War College.

Thomas Nichols is Professor of National Security Affairs at the United States Naval War College. He is also a fellow in the International Security Program and the Project on Managing the Atom at the John F. Kennedy School at Harvard University.

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More nations will head into space, much as they first took to the seas in an earlier era. And just as the seas became a source of great wealth, knowledge and cultural cooperation, their obvious value and strategic importance led them to become battlespaces as well. Comparisons between the seas and space are valuable but limited by the significant physical differences, and consequently challenges, regarding operating in the domains. Nevertheless, the central question remains: how and where—if at all—will nations draw the lines that might preserve space as a global commons,¹ making it a safe haven for objects in orbit around the earth, rather than fall to the temptation to create the largest arena of military competition in history? Nuclear strategies, and particularly missile defense efforts, are key components to answering that question and will have a significant impact on the future of global stability and security.

The Allure of Defenses

The allure of missile defense is obvious. After all, who could object to the idea of a defensive shield to protect the American people from missiles carrying nuclear warheads raining down from the skies? The horrific nature of nuclear weapons is most keenly felt and understood by those who remember the Cold War, the children of the 1950s and 1960s who hid under their desks at school, built back-yard fallout shelters and watched movies like *Planet of the Apes* (the climax of which features a horrified Charlton Heston, finding the melted remains of the Statue of Liberty buried in the sand and thus realizing that his newfound planet is actually Earth long after a nuclear war, howling for God Himself to “damn to hell” all the “maniacs” who “finally blew it up”). Each day, from the supposed tranquility of Eisenhower’s 1950s right into the high anxiety of Reagan’s first term, was an onslaught of apocalyptic images in popular culture, with the “eve of destruction”² inevitably leading to “the day after.”³ The fear of the generations who lived through this period is real, it is justifiable, and it cannot and should not be dismissed lightly. These memories are the raw material from which many politicians have largely formed the philosophical juggernaut of the missile defense movement beginning in the early 1980s—and help to explain a 1998 poll by a pro-missile defense group that found that most Americans not only believed the United States already had a national missile defense, but were positively upset when told it does not.⁴

For those who came of age after the Cold War, these terrifying images seem almost comical and have since often been played for laughs in the new popular culture. Home fallout shelters are less likely to evoke hair-raising memories of the Cuban Missile Crisis than they are to elicit comic images of Brendan Fraser’s clueless 1960s nerd emerging into the hip, cynical 1990s after climbing out of a bomb shelter in the comedy *Blast from the Past*. And nearly 20 years after Charlton Heston’s anguished astronaut finds the world in ashes, Val Kilmer’s snarky teen scientist and his friends use a space laser not to destroy the USSR, but to fill their hated professor’s house with a giant popcorn explosion in *Real Genius*. Nuclear war, once the worst nightmare of a generation, by the 1990s had become a punch line to a joke no one remembered.

The rapid collapse of the Cold War, and with it the almost instant evaporation of the tangible sense of nuclear threat, created a binary and false set of choices about space and defenses. In one sense missile defense became even more attractive to both generations: for those who remembered the Cold War, still-jangled nerves clung to the hope of stopping nuclear war, while younger minds could afford to see such a program as cost-free without a dimly-remembered Soviet adversary trying to overcome it. When Americans in 2009 were asked (by another pro-missile defense group, this one with strong ties to the industry base that would benefit from increased funding) a simple, black-and-white question—“Do you think the United States should or should not have a missile defense system with the ability to protect the United States from an attack by missiles that might contain weapons of mass destruction?”—88 percent answered affirmatively.⁵ Given the wording of the question, the only surprise is that the number wasn’t higher (and again, many of the respondents likely thought such a system existed already in any case). But even leaving aside partisan politics, who wouldn’t want such a system? Who would answer, “No, I prefer to be vulnerable to nuclear attack”? Arms control advocates have long failed to produce a bumper-sticker response to the pro-missile defense perspective. To pose a similar question: do people want to be vulnerable to the devastating effects of earthquakes, hurricanes and potentially apocalyptic asteroid strikes? Of course not, but they understand that there are limited defenses and resources to spend on those defenses, with money then spent in those areas most likely to mitigate both risk and damage. Regarding nuclear weapons, missile defense has become the default expectation of defense, minus consideration of risk, cost or even effectiveness.

Reagan’s program, once called “SDI” (Strategic Defense Initiative) and later reincarnated under various acronyms, remains with us in the 21st century simply as BMD (Ballistic Missile Defense). It endures not just for bureaucratic reasons but because it promises either to vanquish the anxieties of the Cold War generation or to increase the already significant sense of security among their children.

For many advocates of a missile defense program, constructing a system to protect the United States and its allies (or at least some of them) from ballistic nuclear missile attack is more than a military necessity; it is an absolute moral imperative. Perhaps even more important than the damage that might be limited by destroying an incoming nuclear strike, missile defense proponents see the creation of such a system as a deterrent in itself. This nationalistic symbol of American power and resolve would warn any potential aggressor that the United States will not waiver, even in the face of a hostile nuclear arsenal, and thus avert a catastrophic attack by the mere fact of its existence. This is not, on its face, an unreasonable assumption. In the 1980s, especially given Soviet fears of American technological superiority, it may even have been a defensible argument. But since then the United States has spent several tens of billions of dollars on missile defense research—and yet China, Iran, North Korea and possibly others have continued to pursue increasingly effective long-range ballistic capabilities. If missile defenses are a deterrent, why do US competitors—to say nothing of outright enemies—seem undeterred?

The belief in missile defense as a deterrent is based largely on the gamble that the international community will react to US efforts with awe, equanimity, prudence or some combination of the three that produces the magical condition of deterrence. So far, however, the reality—especially as the missile defense debate has played out in the domestic US political arena—is drastically different. Part of the international problem involves defining the role and limits of weapons in space and weapons directed at assets in space, which include missile defense technologies. Domestically, public opinion has been a strong consideration and justification for dogged US missile defense efforts. The synergy between international confusion and domestic demands has created a conundrum for US national security policy.

Domestically, missile defense has become a kind of totem or rabbit's foot, clung to by supporters who all too often self-righteously invoke defenses as a political symbol of courage and resolve, with the clear implication that skeptics lack commitment to American security. Despite huge leaps in technology since the early 1980s, the promises of missile defense remain unfulfilled, though this has not stopped aerospace industries from creating a money pit which, we are assured, might—might—produce a system with a “better than zero”⁶ chance of at least partially working with just a few more billion-dollar infusions.⁷ Internationally, missile defense went from being, in its most generous interpretation, a symbol of US defiance against the relentless Soviet ICBM buildup of the 1970s, to later emerging as a chronic source of irritation and puzzlement to US friends and enemies alike.

In part, this is because the challenges, risks and costs of actually developing, deploying and successfully using a missile defense system—all of which have become clearer with the passage of time—are rarely raised to the public. Some of the technical challenges are potentially insurmountable without defying the laws

American citizens want missile defenses, but when confronted with the costs, they balk.

of physics, and even without defying them, overcoming them demands a level of investment that would require a virtual blank check from the American people.⁸ This is not well understood by the average voter; ironically, our anecdotal experience even with students in international security studies is that they seem to think that nuclear weapons are terribly expensive but that defenses would be cheap—the exact opposite of the true costs. Nevertheless, to put it bluntly, the debate regarding whether the United States should have a missile defense system is over; indeed, it could be argued that it never truly took place at all.

Unsurprisingly, when asked, American citizens want missile defenses. When confronted with the complications, they yawn. But when confronted with the costs, they balk. The health care debate is an instructive analogy: the policymakers who are trying to reform the US health care system think the public is difficult to reason with on the issue of medical costs, and they are. But at least Americans of all political stripes care deeply about the issue and have some experience with the medical system in their daily lives. Trying to involve the public in a meaningful debate on

either space policy or missile defense is exponentially more difficult, as neither are issues that arise on a daily basis in Louisiana or Ohio. Further, the more the issues are conveyed (often deliberately) in technical jargon that causes the public to roll their eyes, the more the public is willing to leave the debate to those who profess a better understanding. This often means that the most outspoken participants are not scientists and engineers, but pundits.

And so, for a host of reasons, missile defense in some form is here to stay. Therefore the question becomes whether there are choices that can be made to emphasize the positive aspects of missile defense—and there are some—while minimizing the obvious problems. In particular, the United States needs to avoid the political damage and international instability that result from technologies and systems that seem rational in an abstract military sense, but are inherently politically counterproductive, undeniably fiscally draining and technologically tenuous. As we argue below, changes to US nuclear strategy, space policies and consequently to missile defense programs can complement not only Western anti-proliferation efforts, but also increase both American and global security and stability.

The Politics of Technology

Challenges and risks associated with missile defense come in multiple varieties, but the technical aspects cannot be separated from either the domestic or international ramifications. The time and cost of the science and engineering trials needed to develop missile defense systems are considerable; worse, they are complicated by the existence of cheaper, technically easier countermeasures. Even if the technical challenges could be overcome, missile defense offers very limited protection against weapons of mass destruction—no system will be completely leak-proof. It could also be argued that missile defense research assumes by default that a ballistic missile would be an enemy's nuclear delivery system of choice rather than, for example, a cargo ship, even though a missile comes with a clear return address and would generate a ghastly response. Still, there is no denying that missile defense advocates have a point that the most recalcitrant proliferators—especially North Korea and Iran—are clearly as determined to develop ballistic delivery vehicles as they are to making the bombs they would carry. But even here, perhaps reflecting a case of the classic war gaming mistake of “defending against what we prefer rather than what the enemy can do,” missile defense advocates focus almost unrelentingly on stopping an incoming warhead aimed at an impact point and discount other missile-borne dangers, such as an electromagnetic pulse (EMP) attack, which would be far easier for a nascent missile-building state to achieve and virtually impossible to stop.

But the more vexing problem underlying the technological questions is the larger issue of intent. The technology of missile defense programs is inherently dual-use, having the capability of carrying out both offensive and defensive objectives. Skeptics of ballistic missile defense efforts, both domestic and foreign, specifically fear that offense, and not defense, is the actual goal of prolonged US efforts, especially

given recent American rhetoric about space “domination” and the evolving changes in the Pentagon’s Prompt Global Strike (PGS) initiative.

The US Air Force, for example, released a document in 2004 that raised eyebrows from Beijing to Brussels with its discussion of “offensive counterspace operations.”⁹ Even before that, however, multiple documents, including the 2002 Joint Doctrine for Space Operations¹⁰ (prepared under the direction of the chairman of the Joint Chiefs of Staff) and the 2003 Air Force Transformation Flight Plan,¹¹ had talked about the need to “deny” other countries the ability to use space in ways the United States deemed threatening. Especially clear in the 2004 document was the idea that to “deny” the use of space meant to “stop” other nations from using their own space assets by whatever means necessary—including, if need be, their actual physical destruction.¹² While these statements reflected military (especially Air Force) views rather than US policy, the 2006 US National Space Policy likewise took a distinctly militant turn in its disdain for international solutions to space security concerns.¹³

Prompt Global Strike, for its part, was originally supposed to be a response to the end of the Cold War and the consequent emergence of asymmetric threats represented by smaller, more unpredictable actors. It was conceived, in the words of analyst Hans Kristensen, “to provide prompt global strike options to the President with nuclear, conventional, space and information warfare capabilities.” Not only did PGS end up emphasizing the military role of space—as any plan that would allow almost instantaneous global action would—it also increased, rather than reduced, the importance of nuclear weapons. Kristensen noted in 2006 that, “one of the first acts of the Pentagon appears to have been to include nuclear weapons in the very plan that was supposed to reduce the nuclear role.”¹⁴ Although Global Strike is still presented as largely a conventional program—to the point where it has been rechristened Conventional Prompt Global Strike (CPGS)—the melding of space, nuclear and conventional capabilities into the program means that an opponent (or, for that matter, a friend or even a disinterested bystander) will not be able to tell what form of attack has been launched until the payload hits the target.

On the one hand, the US development of midcourse intercept systems (those which destroy missiles as they transit space) could be presented by defense advocates as the best chance to stop a nuclear attack away from the homeland given current technologies. But it is unsurprising that other nations would logically view the same capability as a direct threat to the effectiveness of their own nuclear deterrent—which is, after all the point. Short of that, missile defense will likely be seen as an opportunity for the Pentagon to tacitly develop space weapons which will threaten other countries’ capacities in space—all the while Washington pursues policies and capabilities offering American leaders ever more options to use space and nuclear weapons against others. These scenarios leave many other countries understandably anxious. As other nations are not merely passive observers or consumers of US policies, these anxieties generate reactions—and not always in ways that are congenial to American interests.

In January 2010, for example, China's Xinhua news agency ran a story stating that China had conducted a successful exercise with a missile defense system incorporating ground-based midcourse missile defense technology.¹⁵ Perhaps the timing was coincidental, but at the least it was unfortunate, as the Chinese announcement came out just after the United States finalized plans to send more Patriot missile interceptors to Taiwan. In the United States it was reported that China had successfully intercepted a missile in mid-flight using a ground-based system,¹⁶ though the Xinhua story had made no mention of an intercept. It did, however, state that the test was defensive in nature, much as the Soviets said about their own tests in their day, and echo the same assurances Washington now offers regarding its missile defense objectives. To no one's surprise, mutual suspicions increased.

This is where the space weapons issue becomes particularly relevant, since missile defenses, given current and even potential levels of technology, would clearly work better for the foreseeable future as offensive space weapons than as defensive shields. Whether the United States (or any country) could hit a bullet with a bullet, as missile defense purports to do, under non-scripted, operational conditions in which the opponent uses even basic countermeasures, is, to say the least, no sure bet. But the same technology is much better able to hit a highly visible satellite traveling in a predictable orbit around the Earth, as the Chinese demonstrated with a poorly conceived—even recklessly provocative—2007 anti-satellite test. That test, whatever the Chinese motivation, was globally viewed as an irresponsible show of bravado that created an unconscionable amount of dangerous space debris.¹⁷ In the United States, however, the Chinese test was a godsend for missile defense supporters, who suddenly had more ammunition in one day for their arguments than they had previously been able to muster over several years.

The 2007 Chinese anti-satellite test was a godsend for US missile defense supporters.

Whether through serendipitous coincidence or conscious design, the United States then flexed its own space muscles in 2008 with Operation Burnt Frost. Using a modified version of the Navy's Aegis missile defense system, the Americans destroyed a malfunctioning US satellite as it fell back to Earth carrying a half-ton of toxic hydrazine fuel. That carefully controlled operation, which successfully minimized the amount of space debris created, was heralded by The Washington Post as demonstrating that "the Pentagon has a new weapon in its arsenal—an anti-satellite missile adapted from the nation's missile defense system."¹⁸ The timing of the shoot down and the skill with which it was done fueled speculation that the risk from the hydrazine (the official US justification) may not have been the only reason—particularly since the Department of Defense had declared it no danger to anyone only weeks earlier. The Los Angeles Times credited the hit with bolstering "the credibility of America's long-troubled missile defense system,"¹⁹ while abroad, fears and doubts about America's intentions for missile defense heightened.²⁰

Obstacles to Change

Advocates of missile defense have vested interests in maintaining the program for a variety of political, philosophical and monetary reasons, some of which have great resonance with the public and some of which mean nothing outside the Washington bubble. In the end, however, this means that major changes to the US missile defense program will only occur in conjunction with a wholesale change of attitudes and approaches both about the uses of space and the direction of US nuclear weapons strategy. The Cold War between the United States and the Soviet Union is over, but the other Cold War—between arms controllers and space weaponization advocates (including missile defense supporters)—continues. One school rejects arms control agreements that in any way, shape or form restrict future US activities in space as not being in the interests of the United States; the other fails to deal realistically with the growing (and bipartisan) fears of policymakers who increasingly doubt the ability to deter countries or groups who seem to have no interest in a stable international system and are seeking to obtain nuclear weapons. As long as these two approaches are dominated by their most intractable partisans, the policy debate, and consequently the status quo—that is, drift and deadlock—, will prevail. How, then, can change occur?

The answer begins at the very top. Space and nuclear strategy have languished from a lack of executive-branch attention since the September 11 attacks. A good example is the 2001 Nuclear Posture Review (NPR), which presented missile defense as one leg of a new “triad” (although why nuclear strategy always has to be phrased in threes was unclear). Like its 1994 predecessor, it has to be considered a failure both as a policy and as a communication to the American public, and—again, like its predecessor—essentially sank with little trace soon after its release. At this point it remains an open question whether Barack Obama has become more engaged on these issues. The president cancelled a ground-based European missile defense system and committed the United States to the “getting to zero” concept of abolishing nuclear weapons in his first year in office, but the April 2010 iteration of the NPR met with mixed reviews at best.²¹

Zbigniew Brzezinski, among others, is optimistic: “Obama has shown a genuine sense of strategic direction,” he wrote in early 2010, “and a solid grasp of what today’s world is all about, and an understanding of what the United States ought to be doing in it.”²² But Brzezinski acknowledges that knowing what to do and being able to do it are two different things, and that so far Obama has been stronger at the former than the latter. Nevertheless, comprehensively reconceptualizing US foreign policy in a way that recognizes the world as it is and not as the United States wants it to be (or as it was in the Cold War), is a step in the right direction. In cancelling the European defense program, for example, the Obama administration finally accepted what so many missile defense advocates cannot: that the immediate threat to Western security is more likely to come from medium-range missiles rather than their ICBM big brothers. This is not to say that rogue ICBMs will not be a threat—they are almost

certain to be—but that US efforts were misdirected by focusing on the longer time horizon when other threats are coming to fruition much faster.

But broad statements of intent are one thing, actual policies are another. Below, we present three recommendations for moving forward with the missile defense debate. All are related to both space policy and nuclear strategy, and all aim for increased international cooperation on global and space security, based on the assumption that cooperative measures offer the best hope for increasing the possibility of reducing the perception of threat and transforming missile defense into a more stabilizing option. We acknowledge that these are controversial and potentially complicated to implement, and do not cover all the difficult issues (such as the potential use of small or micro satellites as space weapons) but we offer them in the hope of stimulating further debate and renewed consideration of these issues.

Bifurcating Missile Defense Programs

While the dual-use nature of much of space technology in general and missile defense in particular blurs the ability to discern political intent behind technological innovation, both the United States and China tend to assume the worst about the other regarding space ambitions. Realists might argue that given the geopolitical tensions between them it would be imprudent for the two sides to do otherwise; others might argue that increased engagement between them has narrowed what was once a huge and dangerous ideological gulf. In any case, in the long-term increased confidence building measures—such as increased space situational awareness and data sharing (regarding debris that could damage spacecraft, for example)—could help to abate a space race; in the near term, a solid step forward would be to draw a clearer line between TMD and NMD, and putting, at least for a time, the exo-atmospheric BMD genie back in the bottle.

As both a deterrent and a protective shield against attacks, the deployment of missile defense systems in operational theaters is established and accepted. But whether defenses are “defensive” is often a matter of perception and so their location and purpose should be clear. Unfortunately, missile defense systems, due to the possibility of using them in both offensive and defensive roles, create the kind of uncertainties that generate security dilemmas, where fear of being exploited drives countries to act in ways that ultimately do not serve their best interests.²³ This is why making the distinction between theater and national defenses could be a crucial step in ratcheting down tensions while increasing global security.

Until the George W. Bush administration, missile defense was distinctly and deliberately categorized into different varieties, with theater missile defense (the ability to intercept missiles at short to medium range in a theater of combat) and national missile defense (the national “shield” against long-range missile attack) being the two clear variants. TMD involves intercepting missiles at ranges of only hundreds, or even tens, of kilometers to protect a localized region of military operations, and

has thus been generally accepted by the international community for some time. Their acceptance is based on the assumption that their use would occur only when hostilities were already underway, and that they therefore do not have a disruptive influence on crisis stability or general deterrence.

The United States and Russia, for example, designated multiple, relatively low-altitude corridors for flight trajectories as acceptable for TMD programs even while the Anti-Ballistic Missile (ABM) Treaty explicitly banning longer-range interception efforts was in place. The ABM Treaty itself (signed in 1972 and exited by Washington in 2001) showed that neither the United States nor the then-Soviet Union cared much about TMD. Indeed, the treaty itself, while voluminous with addenda about the characteristics of the interceptors it allowed, was essentially silent on this point because the larger issue was preventing World War III rather than stopping the theater missile technology of the day. Also, the theater nuclear weapons of the 1960s were to be delivered, at least theoretically, in large numbers by fighter-attack aircraft, and so there was little point in distinguishing a separate “TMD” from “theater air defense” in general.

Where TMD really comes into play is in regard to smaller powers. What missile defense should look like largely depends on what it is intended to do, and while “protecting the United States” is a good sound bite, it offers little in the way of direction for those who must develop, configure and operate the systems dedicated to that mission. Phrases like “protection against rogue missiles” play well in American politics, especially since September 11, but this kind of language blurs the distinction between missiles from unnamed rogue states, accidental launches from other states or some other, unforeseen circumstance (like a catastrophic loss of command and control in the Russian missile force).

The Missile Defense Agency (MDA) says that American efforts are targeted at rogue states such as North Korea and Iran. Russia and China, however, have their doubts, although there is a fair degree of disingenuousness involved on their part, especially among Russian policymakers who know perfectly well that the Russian nuclear force can overwhelm any possible US defenses for the foreseeable future. The more pressing question, and the one missile defense advocates cannot seem to answer, is under what scenario Russia or China (or anyone else, sane or otherwise) would launch just one or two nuclear warheads—which is what the United States launched at imaginary enemies and assumed was launched at US targets in a 2007 war game—since that is all a fully functional NMD system could intercept at best.²⁴ Even if a better a NMD system could intercept more missiles, the Russians and the Chinese have plenty of ICBMs, know how to make more, and can overwhelm any system the United States can field in our lifetimes.

And even if there is a certain cynicism in Russian and Chinese complaints, it is still fair to ask why the United States is not concentrating specifically on the more likely problem of missiles fired by countries such as Iran and North Korea. The Russian

argument in particular was undercut by President Obama's cancellation of the Polish and Czech interceptor sites. A return to a clearer delineation between TMD and NMD can only improve both American defense and US standing in the world—which in turn would help Washington seize the high ground against proliferators.

Unfortunately, Obama's decision about the proposed European system sparked an outpouring of hypocrisy remarkable even by the low standards of international politics. Critics pointed to the "symbolic aspects"²⁵ of a fixed missile defense deployment, since American troops would be there to operate those missiles and hence serve as some sort of trip-wire against, apparently, a Russian attack of some kind. The Russians, of course, claimed the interceptors were more suited to targeting Russian strategic missiles than the Iranian missiles they were ostensibly there to defend against. Both sides knew that both circumstances were highly implausible or even ridiculous: no one asked how or why, for example, Russia—which barely won a war against tiny Georgia—was going to march across 52 million Ukrainians, attack NATO and precipitate a global conflict.²⁶ The Russians, for their part, blithely ignored their ability to overwhelm the system.

Indeed, if the Russians were so concerned, it is unlikely that they would have accepted the new follow-on START treaty, which they did in late March 2010. Second, however, is the more salient issue: the Russians know that any expansion of the system won't seriously degrade their nuclear deterrent since the interceptors are simply too close to the Russian missiles to be of any danger to them—especially since the Russians in the past few years have unveiled a new mobile ICBM that solves even that potential threat. And although an all-out, dedicated American surprise attack might cripple the Russian arsenal, one can only wonder why such an attack would take place and imagine the terrible consequences for the United States (and the world) even if it is 99 percent effective. That last one percent is no small deterrent, and the Russians surely know it.

The more likely explanation for the whole fracas was the general irritation between Moscow and Washington since the 2003 Gulf War (and maybe even since the Cold War itself): the United States probably wanted to poke the Russians in the eye by putting high-technology systems in former Warsaw Pact nations, and the Russians likewise wanted to show that nothing could happen in their former empire without their concurrence.

For the most part, responses from European capitals to Obama's decision were positive. Europe's support for Bush's missile defense plan was tenuous at best, a mistrust borne out of eight years of hard-edged American unilateralist moves. If a new missile defense program is multinational and integrated with NATO, as President Obama has stated it will be, that would be a solid step toward making missile defense a truly cooperative program.

Including Russia would be an ever greater step forward. The Russians, of course, are less generous. General Nikolai Makarov, chief of the Russian general staff,

brushed aside Obama's change of plan, saying Russia "had a negative attitude to everything that concerns missile defense," probably because Russia has never been able to crack the technical problems either and has completely starved its military R&D sector for 15 years out of sheer financial scarcity.²⁷ But Makarov did add that the only form of missile defense acceptable to Russia would be joint missile defense with Russian involvement. Whether the Russians are serious is unclear, but an effort should be made to find out, and the West should dare the Russians to back up their rhetoric with real cooperation if offered sincerely. Reassuring Europe, reducing the threat from Iranian missiles and stabilizing relations with Russia through a cooperative missile defense system would be a political trifecta, a win all around for the United States, Russia and Europe—and would carry the added benefit of being a defeat of the first order for Iran's divide-and-conquer strategy against Russia and the West.

In Asia the situation is somewhat trickier—and more dire. Japan has generally been supportive of US missile defense plans, including SDI, since the 1980s. In the early days Japan's participation was mostly symbolic of its linked-arms security cooperation arrangements with the United States, useful to both countries for reaffirming commitments to regional security and mitigating the political damage done by occasional economic and trade disputes.

But things changed—and the Japanese started to concentrate on the whole missile defense issue in a more serious way—when North Korea in the late 1990s started testing more robust missiles, as they did in 1998 when they launched the Taepodong-1, a two-stage missile theoretically capable of reaching across much of East Asia. That test, though a technological failure for North Korea, spurred even Japanese pacifists into action, with Japan approving plans for a previously controversial Information Gathering Satellite (IGS) System²⁸ and joining Washington in a cooperative ballistic missile defense R&D program shortly thereafter. When the Bush administration affirmed in 2002 its decision (ostensibly in the wake of successful tests) to deploy a national missile defense system, Japanese officials likewise began to defend the idea that NMD was technologically feasible.

But the Japanese, unlike NATO members, have a geopolitical ability to hedge the whole TMD/NMD divide: as an island nation, Japan can use theater missile defense systems to build a national missile defense. In December 2003 the Japanese cabinet issued a decision entitled "On the Introduction of a Ballistic Missile Defense System and Other Measures"²⁹ which made the establishment of a serious missile defense system a national priority. Additional North Korean launches have accelerated Japan's development and deployment of improved interceptors, with the intent that their TMD be more like an NMD: a sea-based, exo-atmospheric midcourse missile defense (Aegis) and ground-based terminal phase missile defense (Patriot Advanced Capabilities-3, or PAC-3). By 2011, PAC-3 missiles are planned for deployment at 16 sites around major Japanese cities. Japan has also changed its policy regarding the use of space from "non-military" to "non-aggressive," largely to protect its own

possible investment in missile defenses in the wake of Pyongyang's relentless pursuit both of nuclear bombs and missile delivery systems.

China's strategic concerns have always been more along the lines of those of Russia: that national missile defense threatens its nuclear deterrent—in China's case, a very limited nuclear deterrent—thereby giving the United States not just a shield, but a shield from under which it can threaten the use of a sword. These concerns were heightened during the Bush administration, whose adamant support for missile defense was complimented by unilateralist policies and an open characterization of China as the next peer competitor of the United States in all but perfunctory rhetoric at the highest levels of government. To be fair, some of this hardening of American attitudes was to be expected in the wake of repeated Chinese provocations, including the reckless downing of a US military aircraft in international airspace in the early months of the Bush administration in 2001. But in the end, the fact remains that the Chinese must contend with massive American nuclear superiority and little is to be gained by pressing the point. Nothing will alter China's ability to destroy several American cities and kill millions of American citizens. But neither can anything alter the reality that the Chinese, unlike the Russians and their large ICBM force, cannot completely turn the United States into a desert. A major Sino-American war would be a severe but likely not an ultimately existential blow to the United States. To the contrary, the only certain outcome is that China itself would physically cease to exist. What NMD contributes to this standoff, other than unrealistic military scenarios, consequent tensions and needless diplomatic friction, is unclear.

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Perhaps the more important near-term concern in Beijing is that an emboldened Taiwan could move toward independence under a US missile shield. The Americans, for their part, have every reason to distrust Chinese motives. As a Chinese general warned the Clinton administration, the United States would not interfere in a war with Taiwan because “you care more about Los Angeles.” The result of this kind of Sino-American chest-thumping has been predictable: the Americans want missile defenses and the Chinese want more and better missiles.³⁰

Even the new Obama plan, however, presents the potential for a future nightmare. Over the next decade the intent is to equip Aegis ships with the much larger, faster exo-atmospheric interceptors currently being developed with Japan. According to Defense Secretary Robert Gates and General James Cartwright, the former head of Strategic Command, the long-range goal is to deploy a global network of mobile interceptors and sensors. General Cartwright stated in late 2009 that the United States intends to build “a sufficient number of ships to allow us to have a global deployment of this capability on a constant basis, with a surge capacity to any one theater at a time.”³¹ If the Chinese were the Russians, they would be able to brush off Cartwright's statement, because Russian missiles are so numerous (and so far deeply

buried in Eurasia) that no US naval component could even begin to stop them. But the small size and location of the Chinese arsenal means that a mobile, sea-based missile defense could create the same kind of concerns about the Chinese deterrent that Moscow has about the threat to the Russian deterrent posed by space-based weapons. None of this is to argue that the United States should spend undue effort reassuring Russia (which claims to be a friendly democracy) and China (which is still technically a revolutionary, anti-liberal power) about the security of their nuclear forces. Rather, the point is that the pursuit of national missile defenses will serve only to wreak diplomatic and political havoc for the sake of a technology unable to provide real security.

A reasonable question here is why NMD threatens the Chinese deterrent in a way that TMD does not. Without doubt, TMD efforts complicate the Chinese ability to act in their own region—viewed by the United States and many other countries as good—since that would be the point of deploying a system in that theater. But rejecting a larger NMD system designed to protect the United States is a signal, however tenuous, that Washington is not trying to steal a march on the Chinese by suppressing its strategic deterrent. In a sense, a TMD deployment in the Pacific could replicate the US-Soviet dynamic, with a great deal of stability at the strategic level, even if that means somewhat less stability at lower levels of conflict. The object is to avoid a central nuclear exchange and NMD threatens (or implies that the Americans want to threaten) China's small deterrent. TMD by contrast tries to maintain peace by telling the Chinese that the Americans are seeking not a perfect defense, but an updated version of escalation dominance: neither side can prevail at the level of regional conflict and neither side can escalate because the consequences at that level will be ghastly—and thus even a small conflict is pointless. This is not a threat to China's existence, but it is unquestionably a warning that strategic deterrence does not then create a situation where the PRC can run roughshod over its neighbors.

Even if we accept that NMD would seem to be a threat on a global level, this does not then logically mean we must accept that any protection from missiles at any level is likewise a bellicose attempt to establish a "peace shield." This was the rationale for scaling back the European program and it is a perfectly logical approach to apply to Pacific security as well. Chinese objections to any defenses at all in this context have to seem equally as disingenuous as those heard last year from Moscow. Theater missile defense is a threat to no one—except, of course, powers interested in launching theater-range ballistic missiles.

Deal with the Warheads

Supporters of missile defense quite sensibly point out that missiles carrying nuclear warheads are exponentially more threatening than those armed with conventional warheads and that the real issue is therefore not missiles, but nuclear missiles. That premise is as valid today as it was during the Cold War and concern about how to defeat that threat does not belong solely to missile defense advocates.

The question is how best to stop the warhead. To this end the debate over missile defense should be reconceptualized as a debate over ballistic nuclear missile proliferation: the problem is not missiles and it is not warheads. It is warheads coupled to missiles.

What is our ultimate security goal? If the answer is to protect Americans and others from nuclear weapons, then, except in a very narrow range of situations, missile defense is not the answer. The more secure (if less palatable) answer is to deal with missiles before they leave the launch pad and extinguish nuclear weapon programs before they come to fruition. President Obama has stated that his goal, like that of President Reagan (and even earlier, Soviet leader Mikhail Gorbachev), is “getting to zero,” a world without nuclear weapons. Getting there will be difficult in the best of circumstances, but there is great promise when Gorbachev, Henry Kissinger, Lord George Robertson, Sam Nunn and others all end up on the same side of such a momentous issue, as they recently have.

In the meantime, however, dangers abound. Graham Allison recently described the global nuclear order as “as fragile as the global financial order was two years ago, when conventional wisdom declared it to be sound, stable and resilient.”³² He cites numerous threats undermining the existing nuclear order, including North Korea’s expanding nuclear weapons program, Iran’s continuing nuclear ambitions, Pakistan’s increasing instability, growing cynicism about the nonproliferation regime and others.³³ Allison points out that countries or groups hostile to the United States have, or might acquire, nuclear weapons, that nuclear technology is spreading and that acquiring nuclear weapons apparently gives an opponent of the United States a “get out of jail free” card for bad behavior—all in an environment of increased skepticism regarding the ability of the international system to exert any control.

Arms control agreements, preventive diplomacy, international law, lengthening the reaction time of missile systems, exchange of surveillance data, more transparency and the like are all sensible confidence-building measures to abate the threat of nuclear weapons. Unfortunately, because they are long-term they are something like a sanctions regime: it takes time for them to work and so they are unlikely to be enough to assuage the legitimate concerns of missile defense supporters. And whether arms control advocates like it or not, there must be a plan “if all else fails.” Sadly, there are countries, leaders and organizations which cannot be counted to act reasonably, in support of the international system or even rationally, and they cannot be allowed to threaten or launch nuclear tipped missiles at the United States or any other country.

Liberals may quail at the solution, but there may be no alternative to preventive strikes—and not just the quiet prevention enforced by spies and special forces, but the outright destruction of incipient threats by major military action. Although Americans often choose to ignore the difference, preventive strikes against enemies or on the soil of complicit third parties are in effect acts of war, whether executed

by a single unmanned drone or an entire armada of aircraft carriers, and the United States will face hard choices in the coming decade. But it is important to note that the notion of preventive strikes is not some right-wing fantasy. Clinton administration defense officials Ashton Carter and William Perry (the former now a senior member of Obama's Defense Department, the latter once Bill Clinton's Secretary of Defense, and both Democrats) bit the bullet of preventive action in a 2006 Washington Post editorial discussing North Korean missiles:

Should the United States allow a country openly hostile to it and armed with nuclear weapons to perfect an intercontinental ballistic missile capable of delivering nuclear weapons to US soil? We believe not. The Bush administration has unwisely ballyhooed the doctrine of "preemption," which all previous presidents have sustained as an option rather than a dogma...But intervening before mortal threats to US security can develop is surely a prudent policy. Therefore, if North Korea persists in its launch preparations, the United States should immediately make clear its intention to strike and destroy the North Korean Taepodong missile before it can be launched. [emphasis added]³⁴

More recently, former legal advisor to the US State Department Abraham Sofaer has suggested that preventive force may be America's best defense against future threats.³⁵ The idea of taking out a missile on its launch pad will surely raise the specter of American unilateralism in some countries. One objection might be that such a strike, at least in the case of North Korea, could provoke Pyongyang's mercurial leader to war. But what will not provoke North Korea, short of accepting all of its demands? And what, one must ask, is the purpose of a three-stage North Korea missile if not to be able to conduct a war in Asia while holding the United States at bay with nuclear blackmail?

A desperate, one-time strike is an unnerving thing to contemplate. But it should be less abhorrent to both advocates and opponents of missile defenses than the genuinely destabilizing alternatives of ongoing deployments of space weapons, increased numbers of nuclear delivery vehicles (in the name of robust deterrence, perhaps?) or the permanent acceptance by the United States or its allies that any country or group, no matter how hostile or crazy, should be able to launch a long-range nuclear weapon at will.³⁶

Ideally, if the international will could be mustered, the decision to take such action should be a multinational one.³⁷ Unfortunately, the only currently existing body with even the potential authority to do so is the United Nations, which has repeatedly proved itself unable to function in the areas of high politics where it is needed the most. One possibility is to refer such decisions to a modified version of the U.N. Security Council consisting of liberal democracies, which might be responsible because they represent legitimately elected governments, but the reform of the Security Council is beyond the scope of this paper.³⁸ Though that clearly raises issues for countries like China, a multilateral approach (at least as a first resort)

would force critics of American unilateralism to either step up and take action when threats from weapons of mass destruction clearly present themselves, or step aside so the United States and other concerned powers can do so. Moreover, no matter what the international community thinks or wants, it is highly unlikely that Americans will abandon exo-atmospheric missile defense systems without some kind of quid pro quo from the rest of the developed world—nor should they. It is hard to imagine the Russians or the French agreeing to such magnanimity and there is no reason that the citizens of New York or Seattle should feel any more vulnerable than those of Paris or Moscow.

A Role for Multilateralism

In 2001 John Newhouse (who years earlier had written one of the best histories of the nuclear arms race) presciently looked ahead and predicted the troubled future of national missile defense.

Missile defense...will become the poster child for multiple complaints about American unilateralism and indifference to the concerns of others...A credible NMD—one that could overcome the simpler and cheaper gadgets designed to spoof it—might in the end be out of reach. But the necessarily huge effort in resources, time and energy would not have been much ado about nothing. The political damage would have been done. Along the way, national missile defense may breach some of technology's frontiers, but it is unlikely to remove or contain the serious threats to stability and security. Instead, it could make the world less stable and the United States a more insular and vulnerable place.³⁹

President Obama's decision not to place silo-based interceptors in Eastern Europe is clearly an attempt to undo some of the damage that Newhouse so accurately predicted. Without additional steps, however, it will soon be forgotten as an impulsive decision of a new president, especially if the Russians refuse to reciprocate (as they so far have not) with better cooperation on issues like the Iranian program. As David Wright and Lisbeth Gronlund pointed out, "the announcement demonstrates that US missile defense policy continues to be based on domestic politics rather than technical reality." Obama's decision could thus prove to be only as lasting or important as his own political capital allows it to be.⁴⁰

While Obama's decision was generally received positively, the fact remains that there are no incentives for other countries to consider deep cuts in their strategic forces without the assurances granted by some sort of multilateral follow-on arrangement to protect the space global commons as well as earthly security. US actions have not helped ease these concerns: when the United States withdrew from the ABM Treaty in December 2001, it didn't just exit a diplomatic agreement, it ripped it up and threw it in Russia's face (one of many inexplicable moments in America's strangely uneven Russian policy since 1993). Other than the unavoidable damage to the US image abroad as the global strategic leader, the US repudiation of the ABM Treaty carried few repercussions. Even the Russians, in essence, shrugged.

In an increasingly globalized world, however, image does matter. The domestic and international political support given to the Bush administration in the days post September 11 practically gave the Americans *carte blanche* in international affairs. Both the NATO and ANZUS treaties were activated for the first time in history, and US actions were essentially blessed by the international community as self-defense. While Al Qaeda did not possess missiles, the Bush administration had a window of opportunity to accomplish a number of foreign affairs agenda items not necessarily related to fighting terrorism (invading Iraq, for example) and Washington took full advantage—wisely or not—of the situation. While many governments supported President Bush’s actions on some issues, their publics did not.⁴¹ The Obama administration has now, at least temporarily, improved the global image of the United States by being open to multilateralism and international cooperation, and this has opened diplomatic opportunities.

Support has been building, for example, for “Rules of the Road” for space.⁴² These rules would work much as they have on the open seas, establishing practices among the community of nations navigating an open commons. The United States should take the lead in developing and accepting these rules, including a pledge, at least for now, not to test or operate exo-atmospheric missile defense systems. Of course, even this pledge might not be necessary: both the United States and China seem to have had enough for now, and exo-atmospheric testing might become something like the Comprehensive Test Ban Treaty on nuclear testing, where the piece of paper itself pales next to a more general norm coalescing against nuclear testing itself. The next few months will be telling in this regard, as the Pentagon’s space policy review has been delayed for another look by the administration.⁴³

After a decade of abstaining or voting against United Nations’ space arms control efforts, this would not only demonstrate Washington’s willingness to practice what it preaches (and thus alleviate liberal concerns about American imperiousness) but it would also force a choice on other nations that conservatives should appreciate: states that are truly interested in peaceful space development will either have to put up or shut up. Nothing could force the issue more clearly than an American challenge to other nations to join in a moratorium. Such a challenge would indeed separate the wolves from the lambs.

Moreover, rules should be established to deal with emerging theater threats. While the overall goal might be to hold the line on the exo-atmospheric systems and establish best practices for space-faring nations, only the most credulous arms controller would ignore the obvious dangers of Iranian and North Korean programs. But the trick for the United States is to use an agreement to solve more problems than it ultimately creates. The way to do this would be to take yet another step toward declaring space to be a non-weaponized global commons, and threaten to take the lead in the technological race should other nations refuse to agree. A US promise to redirect its massive national potential to the international common interest would serve two ultimately related purposes: it would be a concrete example of American willing-

ness to work multilaterally within the international system toward global security in general and space security more specifically, and if rejected by other nations it would also serve as the warning that the United States is fully willing to unleash its technological prowess if its multilateral advances are rebuffed.

One of the other difficulties to contend with is how to hold the line on exo-atmospheric missile defense systems while not inhibiting the right of other countries to develop indigenous space capabilities. The model for allowing countries to develop a technology for civil use while controlling its potential military use is the Non-Proliferation Treaty. Just as we can offer to help other nations harness nuclear power without trespassing into the development of nuclear weapons, so too can the space-faring nations offer to help other countries into the heavens. But the carrot must go with the stick: the same nations who can help others reach into space are the same nations—the United States, the EU, Russia and China chief among them—who can turn space into an arena of chaos and violence that can almost effortlessly keep lesser powers earthbound if they have a mind to do so. Space, like the limitless potential of nuclear energy, may be the common right of all mankind but the nations that have escaped Earth's bounds, like the nations that have split the atom, can make clear that they did not grasp these great achievements only to see them used as shortcuts to power and blackmail by ill-tempered dictatorships.

The High Road

When it comes to space, nuclear weapons and missile defense, the technology of the 21st century still raises the question that prevailed in the dusty streets of American frontier towns in the 19th: will the fastest and most violent guns prevail, or will a lawman come to town? If the United States concentrates on non exo-atmospheric theater defenses, takes the lead in negotiation of multilateral Rules of the (high) Road, and makes clear that rogue nuclear missiles will not be tolerated under any circumstances, then the metaphor might shift from a lawless space frontier to a posse of like-minded citizens determined to keep the peace. The policies we propose could, we hope, open a window of opportunity for follow-on multilateral discussions about both space and deterrence, to move closer to a treaty to ban space weapons (one clearly favored by many nations), and to take actions—some of which might require great fortitude and even great violence—to strengthen the nonproliferation regime. The end result would be major cuts in nuclear arsenals and, in the best of all worlds, the extinguishing of nuclear delusions among mullahs and madmen.

But none of this will happen without bold political leadership. The United States needs to reestablish itself as the global leader it is by right and reason rather than by force—and also to reestablish that the use of force, when necessary, is justified as a last resort rather than the first. It is now a cliché to say that the Cold War is over, but until Cold War thinking about nuclear weapons, space and deterrence are extinguished, the threat of annihilation still hangs over us. 🌐

Notes

- ¹ The idea of space as a global commons is discussed in such studies as: National Research Council, “America’s Future In Space: Aligning the Civil Space program with National Needs,” 2009, pp. 7, 42-46, 62.
- ² A protest song recorded by Barry McGuire in 1965; considered a grave warning about potential apocalypse in the face of the nuclear arms race between the U.S. and Soviet Union.
- ³ A 1983 American television movie estimated to have been watched by over 100 million people, depicting the day after a nuclear exchange between the U.S. and Soviet Union.
- ⁴ The poll was conducted by the Clairmont Institute—itsself a proponent of missile defense—which found that 54 percent of registered voters not only believed the United States could destroy a ballistic missile in flight, but also reported themselves as “surprised” or “shocked” and even “angry” when told this was not correct. See Thomas Nichols, “Winning the World,” (Westport, CT: Praeger, 2003), p. 23.
- ⁵ Missile Defense Advocacy Alliance, May 2009, <<http://www.missiledefenseadvocacy.org/web/page/561/sectionid/561/pagelevel/1/interior.aspx>>.
- ⁶ Referencing the phrase used in 2005 by former Missile Defense Agency Director Lt. Gen Henry Obering, USAF, regarding the chances of intercepting a missile launched by North Korea.
- ⁷ It is worth remembering, for example, that strategic defenses were supposedly going to become feasible once satellites could command more and cheaper computing power, but this hasn’t been the case—even though computers are cheaper than ever. Without adjusting for inflation, a moderately priced consumer desktop in 2010 carries more memory capacity than a supercomputer of the 1970s, and a 16-gigabyte flash drive, commonly cheaper than 50 dollars and often attached to a keychain in today’s world, would cost something close to five million dollars in 1983 consumer prices.
- ⁸ See: David Wright, Laura Grego, and Lisbeth Gronlund, “The Physics of Space Security: A Reference Manual,” (Cambridge, MA: Union of Concerned Scientists, 2005).
- ⁹ *Counterspace Operations: Air Force Doctrine Document 2-2.1*, Aug. 2, 2004, <http://www.dtic.mil/doctrine/jel/service_pubs/afdd2_2_1.pdf>.
- ¹⁰ *Joint Doctrine for Space Operations*, Aug. 9, 2002, <<http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA434234&Location=U2&doc=GetTRDoc.pdf>>.
- ¹¹ *The US Air Force Transformation Flight Plan*, Future Concepts and Transformation Division of the US Air Force, November 2003, <http://www.af.mil/library/posture/AF_trans_flight_plan-2003.pdf>.
- ¹² Joan Johnson-Freese, “Heavenly Ambitions: America’s Quest to Dominate Space,” (Philadelphia, PA: University of Pennsylvania Press, 2009), p. 2.
- ¹³ Joan Johnson-Freese, “The New US Space Policy: A Turn Toward Militancy?” *Issues in Science and Technology* (Winter 2007).
- ¹⁴ Hans Kristensen, “Global Strike: A Chronology of the Pentagon’s New Offensive Strike Plan,” FAS report (March 2006).
- ¹⁵ “China Reaffirms its Missile Interception Test Defensive,” *Xinhua*, Jan. 11, 2010, <http://news.xinhuanet.com/english/2010-01/12/content_12797459.htm>.
- ¹⁶ Christopher Bodeen, “China says missile defense test successful,” *Associated Press*, Jan. 11, 2010.
- ¹⁷ See: Gregory Kulacki and Jeffrey Lewis, “Understanding China’s ASAT Test,” Oct. 31, 2008, <http://www.ucsusa.org/nuclear_weapons_and_global_security/international_information/>

us_china_relations/understanding-chinas-asat.html>.

¹⁸ Marc Kaufman and Josh White, "Spy Satellite Downing Shows A New U.S. Weapon Capability," *Washington Post*, Feb. 22, 2008, A03.

¹⁹ Greg Miller, "Missile's Bull's Eye on Satellite Echoes Far, Experts Say," *Los Angeles Times*, Feb. 22, 2008.

²⁰ An article in the *London Independent*, for example, stated that "almost nobody believes the public health rationale offered for the missile strike." Andrew Gumbel, "Mystery of the toxic satellite," Feb. 17, 2008.

²¹ Frank James, "Obama's Nuclear Posture Review Gets Mixed Grades," *National Public Radio* April 6, 2010, <http://www.npr.org/blogs/thetwo-way/2010/04/obamas_nuclear_posture_review.html>.

²² Zbigniew Brzezinski, "From Hope to Audacity," *Foreign Affairs*, Vol. 17 (January/February 2010).

²³ See: Joan Johnson-Freese, *Space As A Strategic Asset*, (New York, New York: Columbia University Press, 2007), pp. 5-10.

²⁴ Washington Post writer William Arkin has written extensively on "Vigilant Shield 07." See, for example, <<http://www.globalresearch.ca/index.php?context=va&aid=4730>>.

²⁵ See: Tod Lindberg, "Punishing Allies..." *The Weekly Standard*, Dec. 7, 2009, pp. 12-13.

²⁶ This evasiveness is eerily similar to that shown by supporters of NATO expansion, who, like missile defense advocates, never seem able to provide a clear scenario for their policies, all of which seem inexplicably to assume that World War III is somehow already well underway.

²⁷ "General Says Russia Favours Only Joint Missile Defence," Channel News Asia by AFP, Sept. 21, 2009, cited by Mark Fitzpatrick, "A Prudent Decision on Missile Defense," *Survival* (December 2009-January 2010), p. 7.

²⁸ Joan Johnson-Freese and Lance Gatling, "Security Implications of Japan's Information Gathering Satellite System," *Intelligence & National Security*, Issue 19/3 (2004).

²⁹ See: Masako Toki, "Missile defense in Japan," *Bulletin of the Atomic Scientists*, Jan. 16, 2009.

³⁰ Patrick Tyler, "As China Threatens Taiwan, It Makes Sure US Listens," *The New York Times*, Jan. 24, 1996, p. A3.

³¹ See: DOD News Briefing with Secretary Robert Gates and General James Cartwright, Sept. 17, 2009, <<http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=4479>>.

³² Graham Allison, "Nuclear Disorder: Surveying Atomic Threats," *Foreign Affairs* (January/February 2010), p. 74.

³³ *Ibid.*, p. 75.

³⁴ Ashton B. Carter and William J. Perry, "If Necessary, Strike and Destroy: North Korea Cannot Be Allowed to Test This Missile," *The Washington Post*, June 22, 2006.

³⁵ See: Abraham Sofaer, *The Best Defense? Legitimacy and Preventive Force*, (Stanford, CA: Hoover Press, 2010).

³⁶ It is instructive here to recall that the 1981 Israeli strike against the Iraqi nuclear program was widely criticized in public, while in private most of the defense establishments in the West heaved a sigh of relief. See Thomas M. Nichols, "Eve of Destruction: The Coming Age of Preventive War," (Philadelphia, PA: University of Pennsylvania Press, 2008).

³⁷ At the least, the debate preceding such a strike would send a clear message to the intended target about the nature, scope and intention of the attack, rather than risk the miscalculations

that are bound to occur when preventive action is taken unilaterally.

³⁸ For a more detailed discussion, see Thomas M. Nichols, *Eve of Destruction: The Coming Age of Preventive War*, (Philadelphia, PA: University of Pennsylvania Press, 2008), chapter 7.

³⁹ John Newhouse, "The Missile Defense Debate," *Foreign Affairs* (July/August 2001), pp. 108-109.

⁴⁰ David Wright and Lisbeth Gronlund, "Technical flaws in the Obama missile defense plan," *Bulletin of the Atomic Scientists*, Sept. 23, 2000, p. 97.

⁴¹ See, for example, "A Year After Iraq War: Mistrust of America in Europe Ever Higher, Muslim Anger Persists," The Pew Research Center for People and the Press, March 16, 2004, <<http://people-press.org/report/206/a-year-after-iraq-war>>.

⁴² Models for a Code of Conduct, or Rules of the Road, have been in development and discussed for some time. See: "Model Code of Conduct for the Prevention of Incidents and Dangerous Military Practices in Outer Space," (2004), <<http://www.stimson.org/pub.cfm?ID=106>>; "Proximity Operations and Rules of the Road for Responsible Space-Faring Nations," <<http://www.stimson.org/events.cfm?ID=683>>.

⁴³ See John T. Bennett, "Flournoy Confirms Space Posture Review Delay," *Defense News* online, Feb. 2, 2010, <<http://www.defensenews.com/story.php?i=4481146>>.

An Economic Band-Aid

Beijing's New Approach to Xinjiang

Liu Yong

Change does not come often or easily to China's policies toward its western province of Xinjiang. Since China liberated the territory in 1949, it has inherited a legacy of ethnic tension punctuated by sporadic yet serious violence. The problem, China long argued, was rooted in extremism and separatism. The solution was thus to crush these elements with an iron fist, and it did so after every riot or rebellion. Yet much has slipped through Beijing's grasp, as was made painfully clear in the wake of the Urumqi riots last July. Though blame for the violence was initially heaped on outside agitators and internal terrorists, the scale of discontent on display challenged the traditional narrative. This caused some introspection within the Communist Party. Following the riots, the government stepped up efforts initiated in the 1990s to win Xinjiang over and launched a new development campaign. In an almost unprecedented move, Beijing sent 500 officials from 64 departments of the central government to conduct local research in various areas of Xinjiang.¹ Their mission was to arrive at a solution to long-standing ethnic tensions in the region. Though the exact findings of this mission have not been made public, the result is plain to see: Beijing's policy toward Xinjiang is undergoing its most dramatic revision in decades.

Liu Yong is an associate editor of China Security and a correspondent for Washington Observer Weekly.

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The overhaul started at the top. In April, Beijing replaced Wang Lequan, the hard-line CCP secretary of Xinjiang who had occupied the post for 15 years. The new party secretary, Zhang Chunxian, in contrast to Wang, has a reputation as an “open minded” and “people first” leader. Within weeks of taking office, he set out to make a clear break with past policies. Xinjiang’s Internet connection, cut off for 10 months following the riots, was restored. Zhang also made unprecedented visits to Urumqi’s poorest ethnic minority neighborhoods.² In the meantime, Beijing hosted the Central Work Conference on Xinjiang in which 350 high-level officials participated, including a majority of top government, party and military leaders. In the past, such a high-level work conference had only been convened to discuss Tibet-related issues.³ In post-conference press releases, well-worn phrases such as “illegal religious activities” and “ethnic separation” disappeared. In their place were references to the “people’s wellbeing” and “leap-frog economic growth.”⁴ These changes in rhetoric were indications of Beijing’s new ideas on governing Xinjiang, namely, solving social issues through new leadership and huge increase in financial support. In essence, Beijing hopes that with a softer approach and piles of cash, it can buy its way out of trouble in its western frontier.

The Roots of Instability

The ethnic tensions in Xinjiang are driven by a mix of historical and contemporary factors. Following China’s liberation of the territory in 1949, General Wang Zhen ruled the region as head of the Xinjiang Military Area Command. Although most Han Chinese know him as a national hero, ethnic minorities in Xinjiang (particularly Uyghurs) remember him as a mass killer due to his merciless handling of ethnic and religious affairs.⁵ Although Wang was removed from the post in 1954 (after Mao Zedong criticized his “ultra-left” zealotry), the same year marked the birth of a new policy encouraging mass migration of Chinese from the east. The quasi-military Xinjiang Production and Construction Corps (XPCC, or *bingtuan*) offered demobilized soldiers and workers attractive salaries if they settled in Xinjiang. Over the next two decades nearly 3 million Han did so.

With the influx of contrasting culture came more opportunities for clashes. Uyghur separatists were behind sporadic terrorist acts in the following decades. These include the Yita incident in the 1960s, the Kashgar incident in the 1970s and the Jiashi incident in the 1980s.⁶ The 1990s saw a new wave of attacks, including the bombings of buses and shopping centers in Urumqi, as well as large-scale acts of violence against Han Chinese in Southern Xinjiang.⁷ These attacks were aimed at achieving “East Turkistan separation” and prompted the central government to conclude that “the major risks in Xinjiang are ethnic separatism and illegal religious activities.”⁸ This judgment was followed by the “Strike Hard, Maximum Pressure” policy designed to combat the “three forces” of ethnic extremism, national separatism and international terrorism. The policy quickly reduced the number of terrorist attacks and won Wang Lequan his reputation as an iron-fisted official, as well as his lengthy term in office. Yet this unyielding onslaught also concealed deepening social

and economic gaps between ethnic groups. These long-ignored imbalances resulted in the July 2009 outbreak of violence in Urumqi that cost close to 200 lives and deepened the schism between the Han and Uyghur peoples.

Today the divide between the Han and Uyghur populations is most visible in the disparity of incomes and living conditions. Almost three quarters of Urumqi's 2.5 million registered residents are Han Chinese. Uyghurs make up only slightly more than 10 percent of the urban population but dominate the city's poorest areas.⁹ As urbanization reduces the amount of arable land, more and more Uyghur youth move from South Xinjiang to Urumqi in search of jobs. In 2009, the registered floating population of Urumqi numbered 637,000, a substantial number of whom were young Uyghurs from rural areas. These migrant workers, mostly in their early 20s, have minimal education and lack fluency in Mandarin, making it very difficult to find long-term work. Instead, they often settle for poorly-paid manual labor, which anchors them to the lowest levels of urban society.

There is an equally serious imbalance in terms of economic development across the entire Xinjiang Uyghur Autonomous Region that coincides with the distribution of ethnic groups. Of the 21 million people who live in Xinjiang, the Uyghur (9.6 million), the Han (8.2 million) and the Kazakh (1.5 million) make up the three largest ethnic groups.¹⁰ Nearly 72 percent of all Uyghurs live in Kashgar, Khotan and Aksu in Southwestern Xinjiang.¹¹ Compared to the Kazakh areas of Northern Xinjiang, the Southern lands are barren—as much as 95 percent of land in these three areas is uninhabitable. In 2009, the average annual income in Southern Xinjiang was only ¥3,142, which is less than one third of the average rural income for the greater Xinjiang region.¹² Compared to Han-majority areas that fall under the administrative authority of the XPCC and some oil producing cities, the Southern Uyghur regions are impoverished.

Besides inhabiting the poorest areas, the Uyghur presence in some of the more profitable local industries is disproportionately low given their share of the population. The XPCC, for example, accounted for 12 percent of Xinjiang's GDP in 2008, but Uyghurs comprised only 6.5 percent of its workforce. Though the Corps routinely hires more than 700,000 seasonal laborers annually to pick cotton, most are Han or Hui Chinese from outside Xinjiang.¹³ The energy industry, which generated 57 percent of Xinjiang's GDP in 2008, only draws one percent of its workforce from the Uyghur population.¹⁴ The resulting inequality is stark: the average annual income of an oil industry worker in Korla approaches ¥60,000—twenty times the income of a Uyghur farmer living less than 100 km away.¹⁵ This marked contrast between resource wealth and real poverty has led to a sense of exploitation among Uyghurs. Xinjiang's resource abundance is failing to lift them out of poverty, and some Uyghur elites suggest that large, state-owned energy companies are "stealing" profits from the Uyghur people living in the surrounding areas.¹⁶

Resources and Representation

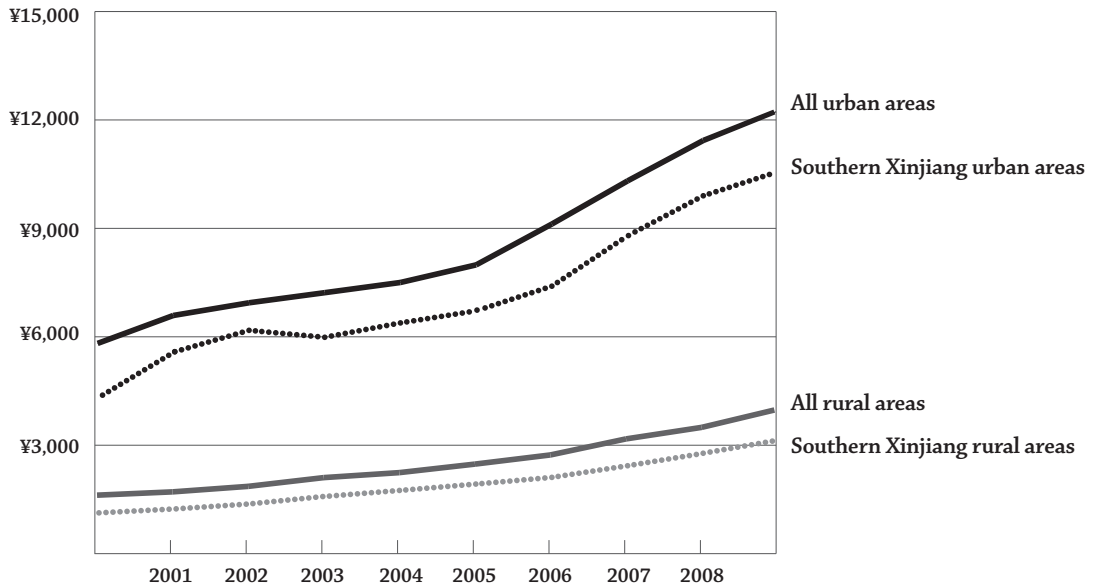
The absence of any channels for political expression makes the distribution of resource-related profit appear even less fair. Compared to relatively-wealthy urban Han, rural Uyghurs have very limited influence over government policies. Although slightly more than half of Xinjiang's officials are ethnic minorities, few are promoted to senior positions within the Communist Party or to key political, military and security positions¹⁷ (there is also an unwritten rule that heads of military regional and security units in Xinjiang must be Han).¹⁸ Instead, minority administration is mostly limited to the local level.

Although China has pushed direct representation at the grassroots level in village elections, Uyghur officials deemed unsatisfactory by the government are often removed in the name of combating ethnic separatism.¹⁹ In 2009, the percentage of ethnic minority officials at the bureau and county levels fell to 37 percent and 30 percent respectively, despite the fact that minority groups made up 60 percent of the region's population.²⁰ Besides under-representation, minority grievances have long been stifled by "Strike Hard, Maximum Pressure" policies that allow political leaders to ignore conflicts caused by social divisions and turn a deaf ear towards the voices of Uyghurs calling for change. Ethnic minorities are effectively excluded from meaningful participation in the political process, which is apparent in the non-transparent and unbalanced distribution of resources and their derived profits.

As a resource-rich province, each of these issues has a substantial effect on local living standards. Xinjiang is China's largest natural gas producer and second largest petroleum producer,²¹ as well as a key corridor for current and planned oil and gas pipelines from Central Asia.²² The province represents 30 percent of China's oil reserves and 34 percent of its natural gas reserves. Despite this vast energy wealth, local populations have benefitted little from highly profitable energy-related industries. Villagers in the areas surrounding these massive projects are forced to rely on coal as their primary energy source. One third of depressed local annual incomes are spent on home heating during long winters.²³ With oil fields in plain sight, locals find themselves paying much more than they can afford to meet basic energy needs.

The explanation for this inequality lies in the nature of China's energy system, which involves state ownership of a wide variety of resources and the monopolization of oil and gas resources by state-owned enterprises such as PetroChina and Sinopec. Resource compensation fees and tax revenue gleaned from energy extraction and production must be shared with the central government and are not fully returned to local governments.²⁴ Autonomous local resource management is impossible; for Beijing, western energy resources are the critical engine for eastern development. According to Deng Xiaoping's path of reform and opening up, the development of coastal areas should be prioritized before economic growth gradually shifts from east to west. Xinjiang resource revenues are made to serve national interests over local development. The province has thus been forced to make certain sacrifices

Average Annual Income In Xinjiang



Source: 2009 Xinjiang Statistics Yearbook

in order to support national economic growth rates, and the system minimizes local profits while maximizing gains to energy companies and the central government.

The favoritism extended toward the resource industries has hurt governance at the local level. In 2008, a mere 1.5 percent of oil revenues went to local governments.²⁵ With little other industry to fall back on, chronic budget deficits have been the result. Thus it is very difficult for local governments to proffer natural gas subsidies to the entire region or to build pipelines to transport natural gas to local villages. The effects of this situation are illustrated by the fact that the price of natural gas in Xinjiang is even higher than it is in Shanghai, the terminus of the West-East Gas Pipeline. Both Uyghurs and Han Chinese in Xinjiang are opposed to this system of energy production and frequently complain of rising energy prices;²⁶ however, impoverished Uyghurs are disproportionately affected.

In acknowledgement of the dissatisfaction with current methods of profit distribution, the Central Work Conference on Xinjiang's Development has decided to implement new energy resource policies. The aim of these reforms is to change the way resource taxes are collected. Future resource tax rates will be determined based on price instead of quantity. At present, Xinjiang has a ¥12 (\$1.76) per ton resource tax on oil and gas. Following reform, this amount will jump to 5 percent of the sales price (approximately ¥200 [\$29.29] per ton based on recent prices). As a result, annual tax revenues will increase by an estimated ¥3.7 billion, giving a substantial boost to local governments.²⁷

It should be noted, however, that these new resource tax policies were not simply agreed upon by the central and local governments and then enacted into law. Instead,

Fresh Funds for The Old Gaurd

The Xinjiang Production and Construction Corps (XPCC, or *bingtuan*) was founded in 1954 to balance the ethnic makeup of the population of Xinjiang and ensure Beijing's control. During hard economic times, the XPCC presented an attractive employment alternative to Han in eastern provinces. In the two decades after the XPCC's founding, nearly 3 million Han recruits moved to Xinjiang. Since the reform and opening period, however, salaries provided by the mainly agriculture-focused Corps have become less and less competitive.

The monthly salary of an average XPCC worker today is around RMB 1,000, which is no longer high enough to lure Han away from opportunities in eastern cities. The perceived threat of terrorism posed by Uyghur separatists has not helped recruitment either. Children of XPCC workers tend to leave Xinjiang for better job opportunities. Those who remain in Xinjiang are only willing to live in Urumqi or other relatively wealthy urban centers, not the countryside where they were born. According to an XPCC official, most Han employees are over 40 years old. The aging workforce was particularly noticeable when the XPCC militia was called in to stabilize certain cities after the July 5th riots.¹

Following several decades of neglect—central government funding for the XPCC was gradually curtailed and the quasi-military organization was transformed into a corporation in 1998—recent events have renewed Beijing's interest in maintaining the Corps.² The XPCC will receive money from the central government and the pairing assistance system. The XPCC budget will reportedly be covered in full by these funds.³ The central government has pledged

to help the Corps collect RMB 2 billion every year beginning in 2011, through an “industry development fund” (though the exact mechanism has not yet been specified). As for the pairing assistance system, the XPCC received RMB 362 million from developed provinces in 2010; by next year, it will receive an additional 1.4 billion of the total RMB 12.4 billion pairing program.⁴

Despite the large injection of cash, the XPCC may still struggle to attract recruits. The average individual income of *bingtuan* employees is not expected to match the national average until 2020.⁵ Security concerns aside, economic incentives for Han people living in other provinces are still insufficient, especially for positions in the impoverished countryside of South Xinjiang.

Notes

¹ Interview with XPCC employees.

² 王健君、张辉 [Wang Jianjun and Zhang Hui], “最大规模对口支援稳边新疆” [The largest scale of assistance to Xinjiang], 瞭望 [Outlook Magazine], May 2010.

³ 栗新宏、刘宏鹏 [Li Xinhong and Liu Hongpeng], “兵团转型时” [Bingtuan is in the time of reform], 财经国家周刊 [Caijing National Weekly], August 2010.

⁴ Ibid.

⁵ 戴岚、韩立群 [Dai Lan and Han Liqun], “新疆确保2020年全面小康” [Xinjiang will reach fairly well-off in 2020], 人民日报 [People's Daily], May 27, 2010.

the negotiations involved many different sides, including industry interest groups that presumably were able to influence policy revisions to their advantage. Just one month after the tax increase, the central government permitted gas prices to rise to ¥230 per thousand cubic meters.²⁸ To a certain degree, the price hike subsidizes the increased tax burden on the industry. Additionally, state-owned enterprises exert monopolistic control over the largest and most productive oil fields in the region, and local governments do not have a say in negotiations with these companies.²⁹ Instead, locals must bargain on their own behalf with the central government, which heavily favors the energy companies due to their influence on national economic growth. In a meager attempt at compromise, Beijing set the ceiling for resource taxes at roughly five to eight percent.

Uyghur leaders argue for a more aggressive tax regime and point to the Gulf States, which have instituted extremely high resource taxes, charge access fees for cross-border pipelines and link local energy prices to the cost of local energy resources, as an example.³⁰ Were Xinjiang to follow in kind, the province could reap a greater percentage of the profits from its energy production and enjoy discounted energy prices without substantially impacting national living standards. Yet, absent political inclusion at a meaningful level, disenfranchised minority groups are excluded from the decision-making process through which a fairer profit-sharing system—one that could alleviate the sense of exploitation—might be realized.

Filling the Socio-Economic Gap

Instead China's leaders have opted for a relatively easier economic Band-Aid. In May 2010, following the Central Work Conference on Xinjiang's Development, Beijing unveiled a plan to "heal Xinjiang." The core aim of this new policy is to realize long-term social stability through "leap-frog economic growth." The specific goals of this growth are as follows: to raise the GDP of the Xinjiang region, the annual income of both urban and rural residents, and local access to public services to average national levels by 2015; and to eliminate poverty and bring about well-rounded social development by 2020.³¹ To meet these goals in an administrative region with a financial self-sufficiency rate of less than 40 percent (with the remaining 60 percent supplied by the central government³²), large amounts of outside capital will be required.

The transfusion of financial aid will not come solely by way of the central government. Aside from the ¥100 billion of direct aid given to Xinjiang annually, Beijing has also initiated a "pairing assistance system," which is based on the pairing assistance model set up for reconstruction after the Wenchuan earthquake.³³ Under this system 19 provinces and cities (including Beijing and Guangdong) will work in tandem with 12 counties, 82 towns and 12 divisions of the XPCC in Xinjiang.³⁴ The central government has assigned the eight most economically-developed provinces and cities (including Guangdong, Shandong, Shanghai and Shenzhen) to directly assist three counties in South Xinjiang (See Appendix). For example, Guangdong and

Security with a Smaller Footprint

Alongside efforts to strengthen and diversify the Xinjiang economy, the central government is attempting a new approach to security in Xinjiang. Over a year has passed since the July 5th Incident, but the psychological impact of the riots is far from gone—an August bomb blast in Aksu City that killed seven people and wounded 14 served as a harsh reminder.¹ Over the last year the Han and Uyghur peoples have grown increasingly polarized. The entire Xinjiang region remains highly volatile and even an incidental conflict between Han and Uyghurs could trigger large-scale bloodshed.

To avoid repeated violence, Xinjiang is building up its rapid-response forces. The predominant security force in the region is the People's Armed Police (PAP), and the province has both the best-equipped and largest number of armed police in China. The majority of these forces are deployed to Yili in Northern Xinjiang and Kashgar in Southern Xinjiang, as these two border regions have sustained the most terrorist attacks.² Urumqi, on the other hand, has a large population of Han Chinese and few terrorist attacks and thus houses far fewer security personnel. During the July 5th incident the PAP, who are generally less experienced in dealing with urban conflicts, were reticent to enter Urumqi for fear of triggering a backlash in other sensitive regions. The resultant delay in response highlighted the shortcomings of the security mecha-

nisms. To resolve this problem, the Ministry of Public Security sent thousands of Special Police from other provinces to Urumqi. At the same time, the Xinjiang government has enlisted and deployed an additional five thousand Special Police to major cities and established the first Special Police Commando (or SWAT) team.³

By strengthening the Special Police, local governments are exploring a new security model in which more typically urban Special Police will replace the military-like People's Armed Police as the main security force. In addition, police forces are generally assuming a lower profile largely due to Uyghur antipathy, and in an effort to contain instability caused by the original "Popular Mobilization Against Terrorism."

Notes

¹ On May 1, 2010, there was a scene in downtown Urumqi involving hundreds of people fleeing; the reason was merely a dispute between two ordinary citizens at a nearby market.

² Xinjiang's only heavily armed Armed Police unit, the 7th Motorized Division, is deployed in Yili.

³ The Xinjiang government will place this special police commando unit in the city's anti-terrorism professional unit, armed with sophisticated equipment such as armored vehicles.

Shenzhen plan to donate ¥9.6 billion over five years for local education and public service facilities in Kashgar. The arrangement is intended to not only bring money and construction programs to the region, but also to improve communication between "open" areas in China and "isolated" locales in Southern Xinjiang.³⁵

There has also been recent discussion of a Special Economic Zone in Kashgar. Of the 15 regions within Xinjiang, Kashgar has the highest Uyghur population (3.44

million), the highest ratio of Uyghurs within the population (91.2 percent) and the highest religious profile (there are 112 mosques in the city area). At the same time, it is one of the poorest regions in Xinjiang.³⁶ The annual rate of natural population increase—excluding the migrant and floating population—is as high as 2.39 percent.³⁷ The limited availability of cultivated land to accommodate such growth, the strong religious atmosphere, the proximity to Central Asia, the relatively homogeneous ethnic composition, the surplus rural labor force and entrenched poverty have combined to make Kashgar a long-standing source of instability.³⁸ Still, the region offers unique geographical advantages in that it directly borders India, Pakistan, Afghanistan, Tajikistan and Kyrgyzstan, thus offering invaluable access to these regions. According to the local government plan, the Kashgar Special Economic Zone will occupy 8.5 square kilometers and will be primarily comprised of an industrial area supplemented by living and logistics areas. Government-provided land, cheap energy and favorable tax policies within these zones will encourage companies from Eastern China to set up factories, hire local Uyghur workers and sell products to Central and Southern Asia.³⁹

In the eyes of local Uyghurs, the greatest benefit of the Special Economic Zones is greater employment opportunities. But the overall prospects for these zones are not necessarily so positive. When the Shenzhen Special Economic Zone was set up 30 years ago, the rest of China remained closed off and any area with favorable conditions could attract foreign investment, whereas today provinces and cities throughout China are open to the outside. Located far inland, Kashgar lacks supporting supply chains and a highly-skilled workforce, which means that the chances of attracting high technology industries to the area remain slim. The advantage of proximity to natural resources will, however, attract industries characterized by high rates of energy consumption and pollution. As economically developed eastern provinces face increasingly strict environmental protection standards, these industries are already being transferred to western regions.⁴⁰ Although these opportunities might temporarily alleviate unemployment and promote short-term economic growth in Kashgar, the destruction of vulnerable local oases would be extensive and irreversible. In addition, though Kashgar's proximity to Central and Southern Asian markets is advantageous, the spending power of these two areas are limited. Turbulent and tenuous security and political situations further restrict the scale of these markets. Recent economic trends in these areas include a 39 percent decrease in exports in 2009 compared to the previous year.⁴¹

Armed with only blueprints for special economic zones, it seems impossible for the government to achieve economic development, job creation and poverty elimination while avoiding adverse costs to the environment and minimizing the impact on local ethnic and religious cultures. Still, news of the Kashgar Special Economic Zones has spread throughout Xinjiang's counties and villages, inflating the expectations of Uyghur grassroots cadres and farmers alike. Yet GDP growth cannot fully

eliminate the inequalities and conflict of interests among these ethnic groups. Local governments must address challenges that cannot be resolved through economic incentives if they want to secure long-term stability.

The Wrong Prescription

While the central government has decided to carry out key policy changes in the areas of economic development and security, initiatives addressing deeper social problems have gone largely ignored. Stability in Xinjiang is fragile, and without addressing underlying ethnic tensions, changes in social policy may worsen the situation. In light of this reality, Beijing has chosen to play it safe with economic solutions. Thus for now, the government is sending clear signals to Uyghurs that it will support their economic aspirations while also providing more public services to the poor. Economic growth will not, however, weaken the Uyghur ethnic identity nor will it address underlying social rifts.

Though Xinjiang's per capita GDP and local government incomes could increase significantly thanks to Beijing's economic prescriptions, it will be very difficult for the millions of Uyghurs dependent on agriculture to become wealthier in a short period of time due to the limitations of scarce arable land and water resources. Besides this, if Uyghurs leave villages to seek profitable jobs in cities, whether inside or outside of Xinjiang, they will have to be proficient in Mandarin in order to communicate with colleagues and customers from other ethnic groups. Although bilingual courses in countryside schools have been promoted by the government since 2003, only 42 percent of ethnic minority students are taught bilingually due to a shortage of qualified teachers.⁴² Thus language has become a real obstacle to increasing Uyghur employment. The tendency to hire Han over similarly qualified minorities in some profitable industries such as energy, finance and communications, is an additional barrier that reduces the availability of channels for Uyghur employment.⁴³ Without specific measures to break down these impediments, the underlying social rifts caused by economic disparity will not be mended.

Even if the new policies do help Uyghurs succeed economically, calls for greater political authority are likely to grow. The strongest proponents of Uyghur autonomy come from the relatively well-educated and wealthy in Xinjiang, who tend to be strongly committed to the preservation of Uyghur identity, culture and traditions.⁴⁴ They believe that these goals can best be achieved through more open and democratic processes, which in turn can exist only through fundamental changes in Xinjiang, if not all of China. Beijing will not accommodate these demands due to broader fears about the stability of Communist Party rule, and local government officials will suppress expressions of discontent in order to further their own careers. This will inevitably lead to continued tension and prolong social disturbances.

The best solution for Beijing is to take a chance and test a new political system in Xinjiang that grants its citizens more authority. The appointment of Zhang Chunxian, who is willing to listen to Uyghur groups, will allow for some measure of great-

er political participation; however, this change at the top does little to address the thinking of tens of thousands of lower-ranking government officials. In this sense, Xinjiang's problems echo the political quandry common throughout modern China: how can the Communist Party loosen its grip without totally losing control? The question, or perhaps the answer, is too frightening for China's leadership to entertain. Thus economic incentives continue to be used as a salve for political shortcomings. Yet economic development is an especially ineffective treatment when issues of ethnic conflict are involved. At present, however, this is the only prescription Beijing is willing to offer. ☹️

Appendix: List of Pairing Projects

REGION	PARTNER REGION	PROJECT	Funding (Billions of RMB)
Beijing	Hotan District: Hotan, Moyu, Hotan County, Lop, and XPCC 14 th Division	Earthquake-proof housing construction; low-income housing renovation; education, sanitation, social welfare and employment projects	7.26
Tianjin	Hotan District: Minfeng, Qira, Yutian	Economic and housing development projects; urban and rural area promotion; building reinforcement	n/a
Anhui	Hotan District: Pishan	Shantytown infrastructure development and central steam heating insulation	1.3
Guangdong	Kashi District: Kashi, Taxkorgan, Shufu, Jiashi, XPCC 3 rd Division Tumxuk	School and social welfare building construction in urban and rural areas; rural modernization ("new countryside" projects); earthquake-proof housing, shantytown, rural infrastructure and agriculture development	9.6
Shandong	Kashi District: Shule, Yengisar, Makit, Yopurga	Earthquake-proof housing, public services and school construction; rural and shantytown dilapidated building renovation; training for the unemployed	n/a
Shanghai	Kashi District: Bachu, Shache, Zepu, Yecheng	Rural modernization; guest-worker employment investment; specialized education program development	n/a
Zhejiang	Aksu District: one city and eight counties, XPCC 1 st Division Alar	Investment in public morale and education programs, and expert exchange programs; industrial development; collaborative technology, medical and sanitation projects	1.7
Jiangxi	Kizilsu District: Akto	Jiangxi Street and high school construction; civil servant training center	1.0
Jiangsu	Kizilus District: Artux, Akqi, Wuqia, XPCC 4 th and 7 th Divisions; Ili District: 10 counties and cities	Vocational, technical and public school construction; earthquake-proof housing reconstruction	2.5
Liaoning	Tacheng District: Tacheng, Yumin, Toli, Emin	Building reconstruction; school and hospital construction; training for doctors, teachers and laborers	0.18387
Shanxi	XPCC 6 th Division Wujiaqu, Changji District: Fukang	Shantytown renovation in Ganhezi; construction of 200 greenhouse and cool booth sheds; energy access development	
Henan	Hami District and XPCC 13 th Division	Bali Xiheigou Wanghai reservoir construction; earthquake-proof housing and agricultural installation development in Erbao county; town revitalization	2.045
Hebei	Bayangol Mongol Autonomous Prefecture, and XPCC 2 nd Division	Cotton breeding center establishment; creation of air access to Bayangol from Shijiazhuang; training programs for local civil servants, students, medical officers and the unemployed.	1.8

Continued on next...

REGION	PARTNER REGION	PROJECT	Funding (Billions of RMB)
Fujian	Changji District: Changji, Manas, Hutubi, Qitai, Jim-sar, and Mori	Hospital funding and support; housing construction; educational program investment; shantytown renovation; new and advanced technology development zone creation	1.603
Hunan	Turpan District: Turpan, Shanshan, Toksun	Agricultural modernization projects; investment in low-income housing construction, basic facilities and public services	n/a
Hubei	Bortala Mongol Autonomous Prefecture: Bole, Jinghe, Wenquan, and XPCC 5 th Division	Provision of advanced technology for agriculture development; school and training center construction; development projects for the energy, textile and biochemical industries, and border logistics	n/a
Heilongjiang	Altay District: Fuyun, Fuhai, Qinghe, and XPCC 10 th Division	Housing and flood prevention facility reconstruction; expert and teacher exchange programs; energy industry development	0.06
Jilin	Altay District: Altay, Hababe, Burgin, and Jeminay	Flood prevention facility construction; infrastructure and housing development; village modernization	0.06

Notes

¹ “期盼新疆的春天” [Looking Forward to Xinjiang’s Spring], 旺报 [Want Daily], May 13, 2010.

² Soon after his appointment, Zhang visited the Hei Jia Shan and Hu Yuan Gang communities in Urumqi. These two parts of Urumqi, inhabited by ethnic minorities, are considered the poorest and least developed regions of the city.

³ The details about Central Work Conference on Tibet can be found at: “第5次西藏工作座谈会：新世纪西藏工作的重要里程碑” [5th Tibetan Work Conference: Important Mileage Markers for the New Century’s Work in Tibet], 中国民族报 [China Ethnic News], Feb. 1, 2010.

⁴ 在新疆工作座谈会上，胡锦涛提出，“新疆同全国一样，社会主要矛盾仍然是人民日益增长的物质文化需要同落后的社会生产之间的矛盾” [At the Xinjiang Work Conference, Hu Jintao said, “Xinjiang is the same as the rest of the country; the main contradiction in society is still the contradiction between people’s increasing material cultural needs and backwards social production”]. 刘维涛 [Liu Weitao], “中央召开新疆工作座谈会 胡锦涛温家宝讲话” [Central Government Convenes Xinjiang Work Conference, Hu Jintao and Wen Jiabao Speak], 人民日报 [People’s Daily], May 27, 2010.

⁵ Wang Lixiong, *Our West Region is Your East Turkistan* (Da-Kuai Culture Publishing House, 2007), p. 180.

⁶ *Ibid.*, p. 201.

⁷ Cui Jia, “7 terror cells uncovered in Kashi,” *China Daily*, June 3, 2009.

⁸ “中央政治局常委会关于维护新疆稳定的会议纪要” [Summary of Minutes from Central Political Bureau Standing Committee’s Conference on Upholding Tibetan Stability], March 19, 1996.

⁹ “乌鲁木齐统计年鉴2008年” [2008 Urumuqi Statistics Almanac], 乌鲁木齐市统计局 [Urumuqi City Statistics Bureau], July 2009.

¹⁰ “新疆的发展与进步” [Xinjiang’s Development and Progress], 国务院新闻办公室发布 [State Council News Office Release], September 2009.

¹¹ *Ibid.*

¹² “新疆统计年鉴2009” [2009 Xinjiang Statistics Almanac], 中国统计出版社 [China Statistics Publishing], August 2009; “在2008年的统计中，整个新疆贫困人口数目为253万人，其中少数

民族贫困人口占96%,生活在南疆的贫困人口超过200万人” [2008 statistics show the total number of people living in poverty in Xinjiang at 2.53 million, with minorities making up 96 percent of this figure and over 2 million poor living in South Xinjiang]. See <<http://news.cnpc.com.cn/system/2010/06/03/001291842.shtml>>.

¹³ 王婧 [Wang Jing], “兵团, 三代之根” [The Bingtuan, Roots of the Three Generations], 中国新闻周刊 [China News Weekly], May 31, 2010.

¹⁴ 2008年, 新疆全区GDP大约为四千二百亿人民币, 但其中新疆石油公司创造了大约二千四百亿, 新疆建设兵团为五百二十多亿, 将近占全区GDP的接近70%。新疆石油管理局员工人数只有四万多人, 其中维族人不到百分之一 [In 2008, Xinjiang GDP was approximately 420 billion RMB. Xinjiang's oil companies created about 240 billion of the total, while Xinjiang's Construction Corps (*bingtuan*) made up more than 52 billion. Together, they accounted for almost 70 percent of the GDP of the entire province. Xinjiang's Oil Management Bureau has a staff of only 40,000 or so, with Uyghurs making up less than 1 percent of that].

¹⁵ 柴春芽, 崔晓火 [Chai Chunya and Cui Xiaohuo], “库尔勒, 黑金淌过戈壁” [Korla, Black Gold Drips Across the Gobi], 中国新闻周刊 [China News Weekly], May 31, 2010.

¹⁶ 伊力哈木土赫提 [Ilham Toxti], “新疆经济发展与民族关系” [Xinjiang Economic Development and Ethnic Relations].

¹⁷ “新疆的发展与进步” [Xinjiang Development and Progress], 国务院新闻办公室发布 [State Council News Office Release], September 2009.

¹⁸ Wang Lixiong, *Our West Region is Your East Turkistan* (Da-Kuai Culture Publishing House, 2007), p. 80.

¹⁹ 王健君 [Wang Jianjun], “十字路口的新疆” [Xinjiang is in the crossroads], 瞭望 [Outlook], June 2010.

²⁰ 汪东亚 [Wang Dongya], “中央有意识培养新疆少数民族干部是20世纪50年代的110倍” [Central Government Trains Ethnic Minority Officials], 中国共产党新闻网 [Official Website of CPC], August 8, 2009.

²¹ “新疆的发展与进步” [Xinjiang Development and Progress], 国务院新闻办公室发布 [State Council News Office Release], September 2009.

²² “乌兹别克将向中国年供100亿立方米天然气” [Uzbekistan to Provide 10 Billion Cubic Meters of Natural Gas to China Annually], 南方日报 [Southern Daily], June 11, 2010.

²³ 柴春芽, 崔晓火 [Chai Chunya and Cui Xiaohuo], “库尔勒, 黑金淌过戈壁” [Korla, Black Gold Drips Across the Gobi], 中国新闻周刊 [China News Weekly], May 31, 2010.

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²⁵ “资源优势转化为经济优势和财政优势为新疆民生提供保障” [The Advantages of Resources Transforming Economics and Finance, Transforming the Lives of People in Xinjiang], 中国财经报 [Caijing], June 18, 2010.

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³² Xinjiang has always relied on appropriations from the central government to subsidize two-thirds of the provincial budget. Xinjiang tax revenue was 38.8 billion yuan in 2009, and the central government transferred capital payments of more than 110 billion yuan to the province.

³³ In 2010 and 2011, the amount of capital expenditures transferred to Xinjiang by the central government will be based on the 89.8 billion yuan given in 2009, with annual increases of 20 billion yuan. “新疆战略区域经济跨越发展，资源税改是重大契机” [Xinjiang Strategic Area Leapfrog Economic Development Resource Tax Change is Great Turning Point], 中华工商时报 [China Business Times].

³⁴ See the attached table.

³⁵ This kind of contact will include sending surplus labor from South Xinjiang to developed regions for improved job opportunities; bringing know-how to economic development; and training local technicians. See “Guangdong will infuse Xinjiang with 9.6 billion in capital over the next five years,” *China News Agency*, April 14, 2010.

³⁶ “在2008年对新疆15个下辖行政区域的统计中，喀什的农村人口数量排名第一(240.7万人)，人均GDP位列第13位，人均收入位列第14位” [2008 statistics for the 15 administrative regions in Xinjiang showed the rural population in Kashi as the highest in the province (240.7 million) while its per capita GDP and average income ranked 13th and 14th, respectively], “新疆统计年鉴” [2009 Xinjiang Statistics Almanac].

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China-India Relations

Regional Rivalry Takes the World Stage

Chietigj Bajpae

This year marks the 60th anniversary of the establishment of diplomatic relations between India and China. The pleasantries accompanying this event will strengthen the bilateral relationship, which has significantly improved in recent years amid growing levels of economic interaction, political cooperation on international issues (ranging from climate change to agricultural subsidies) and confidence-building initiatives such as joint military exercises and diplomatic exchanges. Yet the coming year will likely bring new tensions to the relationship as well. The global economic downturn, by confirming the eastward shift in the world's productive and economic capacity, will inadvertently make the rivalry more significant. Indeed, the crisis will provide China and India with more resources to compete with each other while projecting their regional rivalry onto the world stage. China has finally moved beyond Deng Xiaoping's mantra of "hide your strength, bide your time" in order to

Chietigj Bajpae is a senior analyst for Asia at Control Risks, a political, security and business risk consultancy. He has previously worked with IHS Global Insight, the Center for Strategic and International Studies (CSIS) in Washington, DC and the London-based International Institute for Strategic Studies (IISS).

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adopt a more proactive role in global affairs.¹ India, having escaped the lethargy of the “Hindu rate of growth” and nonaligned foreign policy, is also adopting a bolder stance. Rising levels of nationalism accompany the growing international clout of both countries. This situation is exacerbated by unresolved core grievances including long-standing territorial disputes, trade imbalances, both countries’ growing naval power projection capabilities and the role of third parties—for example, China’s growing presence in South Asia and India’s deepening relations with the United States. The propensity for misunderstanding is also fuelled by limited people-to-people contacts, cultural barriers and deficient institutional mechanisms for interaction. While the integrated nature of the international system will deter hostilities approaching the level of the brief 1962 border war, latent mistrust will ensure that the Sino-Indian bilateral relationship remains precarious and prone to sporadic tensions.

Border Troubles Regain Momentum

The discord in the China-India relationship is most evident in the unresolved territorial disputes along the 4,000 km Sino-Indian border in Aksai Chin and Arunachal Pradesh (Southern Tibet).² After 14 rounds of bilateral discussions under the special representatives’ framework since 2003 and 15 years of joint working group meetings, there has been little progress in resolving the territorial dispute.³ Meanwhile, the dispute has mutated due to both a change in strategic significance and the expanded tools available to both countries.

The relatively simple solution of recognizing the de facto borders—with India thus retaining control of Arunachal Pradesh and China of Aksai Chin—has now been hijacked by broader strategic considerations for both countries.⁴ For China, Tibet has emerged as an issue of renewed sensitivity following the March 2008 riots that erupted in ethnically Tibetan areas. These tensions are likely to grow as the worsening health of the Dalai Lama paves the way for the rise of a generation of more radical Tibetan leaders who are likely to adopt less conciliatory positions toward the Chinese government.⁵ Amid renewed concerns over stability in Tibet, Beijing has sought to reaffirm the legitimacy of its sovereignty over the region. This has led China to adopt a more stringent position over its claim to Arunachal Pradesh, which it terms “Southern Tibet,” and over the symbolically important town of Tawang in particular—the birthplace of Tsangyan Gyatso, the sixth Dalai Lama, and home to the largest Tibetan monastery outside Lhasa.⁶ Tensions could surge between India and China if the Tibetan movement further radicalizes after the death of the current Dalai Lama—a likely event if his successor is chosen among the Tibetan exile community in India.

Coupled with the renewed strategic importance of Tibet in the Chinese mindset, bilateral tensions are fuelled by the growing boldness of the Indian position in the region. This was highlighted by the fact that India ignored Chinese opposition to a visit by Indian Prime Minister Manmohan Singh to Arunachal Pradesh in October

2009 and to the Dalai Lama's visit a month later.⁷ While the Dalai Lama had visited Arunachal Pradesh on at least five previous occasions, this latest visit was plagued by controversy as it came a few months after he traveled to Taiwan. (US President Barack Obama, in contrast, appeased China by delaying a meeting with the spiritual leader.) The Dalai Lama's latest visit to Tawang held symbolic importance as it came 50 years after he fled from Tibet to India (through Tawang). Singh's visit to Arunachal Pradesh also occurred during the same month as the State held assembly elections, which recorded a strong turnout, that strengthened India's claim to the territory. Moreover, during that very same month in 1962, China and India fought a war along their disputed border. Despite these agitations, both countries have attempted to contain tensions. China criticized the Dalai Lama rather than the Indian government for attempting to derail Sino-Indian relations through his visit to the disputed territory.⁸ Likewise, India maintained its position on Tibet as an integral part of China and has not countenanced any separatist activity on its soil—a point highlighted by the Indian government's denial of permission for an overseas trip to the 17th Karmapa Lama, who is regarded as a possible successor to the Dalai Lama.⁹

On the Indian side, sensitivities over Chinese control of Aksai Chin are tied to Pakistan's claim over Jammu and Kashmir. Pakistan handed over 5,180 square km of this territory to China in 1963, thus tying China to the India-Pakistan territorial dispute. Recent years have seen China adopt an increasingly neutral position on the Kashmir issue (of which the most visible manifestation occurred in 1999 during the last conflict between India and Pakistan in Kargil).¹⁰ However, as Beijing adopts a bolder attitude toward territorial disputes, India increasingly worries about renewed Chinese intervention into the Kashmir standoff.¹¹ The fact that the Chinese government invited Kashmiri separatist leader Mirwaiz Umar Farooq to China while the Dalai Lama was visiting Tawang demonstrated China's growing unwillingness to overlook India's perceived border transgressions. The invitation to Farooq also came amid reports that Chinese diplomatic missions in India have been issuing separate visas to residents of Jammu and Kashmir and Arunachal Pradesh since 2009 to emphasize the separation of both states from India.¹²

Both countries have also employed more tools in the territorial dispute, taking the form of both enhanced military capabilities and diplomatic and economic influence. For instance, China's growing infrastructure investment in Pakistan's Gilgit-Baltistan (formerly the Northern Areas), which comprises part of the disputed territory of Jammu and Kashmir, has added an economic facet to the dispute. Chinese-funded projects in the region, which include upgrading the Karakoram Highway, the Bunji and Basha dams, and the Kohala and Neelam-Jhelum hydroelectric projects, undermine China's neutrality in the India-Pakistan dispute over Kashmir.¹³

An additional dimension of dispute is the issue of water flows. Most of India's river systems originate in China and the lack of trust stemming from the border dispute has deterred transparency and cooperation between the two countries in sharing information on hydrology, dam construction plans and water diversion proj-

ects. China's recently-revealed plans to build dams along the Yarlung Tsangpo River potentially threaten the water supply that feeds India's Siang River.¹⁴ These projects, which form part of China's grand South-to-North Water Diversion scheme, could undermine India's own water security initiatives.¹⁵ Given both countries' growing water shortages and their still significantly agrarian economies, the river flow issue threatens to further exasperate border tensions.

On the military front, China's development of the Qinghai-Tibet railway, its proposed extension to prefectures bordering India,¹⁶ and the deployment of additional border defense regiments and mountain brigades have strengthened the PLA's position.¹⁷ Expanding border deployment has been matched by increasingly bold action: in 2007, reported Chinese border violations along the Line of Actual Control were 778; in 2008, they grew to 2,258.¹⁸ Disturbingly, these violations concerned regions along the Sino-Indian border that have traditionally not been prone to instabilities, such as the Sikkim-Tibet boundary and the Indian state of Uttarakhand.

In response to China's increased military presence along the border, India has also adopted a bolder military posture by shifting from a doctrine of "dissuasive deterrence" to one of "active deterrence" supplemented by a strengthened military presence. This has included the 2009 deployment of a squadron of Sukhoi-30 MKI multi-role combat aircraft at the Tezpur airbase in the Northeast and two additional

India has increased infrastructure projects along the boundary that will enhance its military response time.

mountain divisions at China's border with Arunachal Pradesh.¹⁹ Though still lagging behind China, India has also increased infrastructure projects along the boundary that will enhance the Indian military's response time to hostilities. More than 60 roads are planned for completion by 2012,²⁰ while the Home Office has proposed the construction of over 100 helipads across the northeastern states.²¹ Airstrips near the boundary were also assigned a medium-lift transport aircraft in eastern Ladakh in September 2009, which demonstrated India's enhanced ability to deploy troops in forward areas along the border.²² While none of these actions has been justified by either country as a means to target the other—India has explained its increased military presence in the Northeast as a means to target separatist insurgents, while China has attributed its initiatives as a response to Tibetan and Uyghur unrest, and both countries identify infrastructure projects with development needs—these initiatives have undoubtable spill-over effects on the ongoing standoff.

Beyond the movement of militaries along the border, the territorial dispute has also acquired global significance. Just as the rivalry between China and Taiwan moved beyond the Taiwan Strait as both sides competed for diplomatic recognition through "checkbox diplomacy," the Sino-Indian border dispute has also moved onto the world stage amid both countries' growing economic clout. This was most evident in the dispute over a US\$2.9 billion Asian Development Bank (ADB) loan to India that China attempted to block in March 2009, as it included funding for a \$60 mil-

lion flood management program in Arunachal Pradesh.²³ Such incidents will become more common as both countries acquire a greater voice in international forums.

Rhetoric Drives Reality

Underpinning these tensions is the issue of perception. Allegations that PLA soldiers violated border markers in Ladakh in Jammu and Kashmir in 2009 are almost of secondary importance when compared to the perception of mistrust that these reports have generated.²⁵ Jingoistic reporting in the media of both countries has contributed to a climate of mistrust at the people-to-people level. This has included an article by a Chinese strategist proposing to carve up India along ethnic lines²⁶ and a scathing assessment claiming that India had “started to dream about developing its own hegemony.”²⁷ Meanwhile, Indian media made alarmist predictions of a Chinese attack on the subcontinent within the next decade as internal pressures from an over-heating or slowing economy will force the government to strengthen its nationalist credentials by diverting attention toward border disputes.²⁸ In the long term it is these negative perceptions that will shape the rivalry between the two countries.

Jingoistic reporting in the media has contributed to a climate of mistrust at the people-to-people level.

Sino-Indian relations and India-Pakistan relations are characterized by two extremes. While the India-Pakistan rivalry remains an active conflict, the China-India rivalry is more rhetorical than real. However, from a cultural standpoint the Sino-Indian dispute is more prone to misunderstandings than the Indo-Pakistani conflict because, despite historical and religious tensions, there is a greater cultural affinity between Indians and Pakistanis. While growing levels of political and economic engagement deter conflict between India and China, at an individual level there continues to be a climate of mistrust that will deter long-term rapprochement. This reaffirms the need for institutional mechanisms of interaction that facilitate dialogue at multiple levels on a regular basis.

In the meantime, the rivalry will increasingly play out in the international arena. India's push for a stronger voice in the international system, including a permanent seat at the United Nations Security Council (UNSC) and a more substantive role in the Asian regional architecture, is likely to gain momentum and bring it into conflict with China's traditional resistance to an expanded role for India. The Chinese attempt to block the ADB loan to India in 2009 and its veiled opposition to the Nuclear Suppliers Group (NSG) granting a waiver to conduct trade with India in civilian nuclear technology in 2008, hints at the international competition to come.²⁹

Furthermore, attempts to forge a cooperative approach toward international issues have had limited success despite both countries facing shared dilemmas spanning development needs, energy and maritime security, and climate change. For instance, attempts to create an Asian block of oil-importing countries like India and China in order to strengthen the region's bargaining position with oil producers

have proved to be a non-event.³⁰ Concerning climate change, the fact that the Indian government was caught off guard by China's announcement ahead of the 2009 Copenhagen Summit that it would reduce its energy intensity demonstrated that both countries maintain a go-it-alone attitude despite the rhetoric of a common stance on not imposing a cap on carbon emissions.³¹

The Chimera of Economic Interdependence

Even on the economic front, which is seen as an area of interdependence, cooperation remains strained. While Chinese and Indian companies have made significant inroads into each other's markets, a climate of mistrust (particularly on the Indian side) continues to deter greater economic integration. The rhetoric of Indian services complementing Chinese manufacturing and Chinese hardware complementing Indian software has been broken. Concerns over industrial espionage involving Chinese equipment and technicians have prompted increasingly stringent guidelines for investment, particularly in sensitive or strategically important sectors like telecoms and ports.³³ For instance, while Chinese companies account for almost 20 percent of the Indian telecom market, the pace of this investment has been delayed as Indian telecom companies have been advised by the Ministry of Defense and Intelligence Bureau not to award contracts to Chinese companies like Huawei and ZTE that entail the installation of equipment in sensitive areas (such as border areas) in the interest of national security.³⁴

Similarly, the Indian government rejected a container terminal project for Hong Kong-based Hutchison Whampoa Ltd in Mumbai in 2005; one year later the government failed to approve the Vizhinjam Deep-sea Container Transshipment Terminal project because of security concerns over China Harbor Engineering being awarded the project.³⁵ Chinese companies have also been barred from bidding for offshore oil and gas exploration projects in sensitive areas like the Mannar Basin off the coast of Sri Lanka, and the Andaman and Nicobar Islands at the mouth of the Strait of Malacca.³⁶ On the heels of the cyber attacks on Google's China portal, reports also emerged of a December 2009 attempt to hack Indian government sites, which included those of the prime minister's office and the National Security Council Secretariat.³⁷ These revelations have led to calls for more stringent requirements for Chinese investment in India's information technology sector, evidenced by reports that the Indian government has sought to ban the sale of all mobile phones manufactured by Chinese companies.³⁸ The Indian government is also planning to specify norms for imported telecom and IT equipment to minimize the risk of spyware being embedded in such equipment.³⁹

Underlying these economic tensions is the fact that economic interdependence remains skewed and superficial. Bilateral trade remains at relatively low levels with India accounting for a mere two percent of China's total global trade (as China's tenth-largest trading partner), although China has emerged as India's second-largest trading partner.⁴⁰ Trade levels dipped in 2009 to \$43.4 billion from \$51.8 billion in

2008 despite the fact that they had grown rapidly from \$338 million in 1992 and were targeted at \$60 billion for 2010.⁴¹ Economic disparities have exacerbated bilateral tensions, given India's widening trade deficit with China (\$16 billion in 2009)⁴² and that three-quarters of Indian exports to China are comprised of commodities and raw materials with little value added in contrast to China's export of manufactured goods to India.⁴³ The Indian side has attributed this disparity to China's enforcement of non-tariff barriers, particularly in sectors where India retains a comparative advantage, such as information technology and pharmaceuticals.⁴⁴ Unsurprisingly, India is a leading initiator of anti-dumping cases against China, which has deterred India from granting "market economy" status to China.⁴⁵ The Indian government's decision to tighten restrictions on work visas in 2009 was also partially driven by the desire to limit the presence of Chinese workers in India following clashes between Chinese laborers and local Indian villagers at a steel factory in Jharkhand State in May 2009.⁴⁶ Finally, the mechanisms to address bilateral economic disputes remain undeveloped and under-utilized: the Joint Economic Group (JEG) between India and China lacks the profile of the Strategic Economic Dialogue (SED) between China and the United States, with the JEG holding its eighth meeting this year after a gap of four years in contrast to the SED's annual meetings.

Third Party Complications

Also underlying the complications of the Sino-Indian bilateral relationship is the increasing influence of third parties. This comes amid the gradual weakening of the US-led security architecture in Asia, which is paving the way for overlapping and often competing security paradigms. For instance, rhetoric regarding the creation of a so-called "arc of democracies," which gained momentum under the George W. Bush administration, has virtually disappeared as a result of leadership changes within each of the "arc" countries (except India). In the United States, the Barack Obama administration's focus on reviving the US economy, which entails maintaining cordial relations with China as the dominant emerging economy and leading holder of the US government debt, has dampened discussion of forging an "arc" against China. The hype of the US-Indian relationship generated under the Bush administration with the conclusion of the civilian nuclear agreement and the US proclamation to help India emerge as a "world power" has been toned down, though more pragmatic ambitions to deepen economic interdependence and military-to-military cooperation persist.⁴⁷ The fact that Indian Prime Minister Manmohan Singh's visit to Washington in November 2009 was preceded by Obama's visit to China—which ended on a sour note for US-Indian relations due to reports that Obama had called on China to play a more active role in South Asian security—left India with a bitter taste.⁴⁸ Much to India's chagrin, the first reported "US-China sub-dialogue on South Asia," which followed the 16th summit of the South Asian Association for Regional Cooperation (SAARC) in April, has reaffirmed China's growing role in South Asia's political, economic and security trajectory.⁴⁹

Other countries in the so-called arc have also toned down their rhetoric of forging an anti-China group with India. The shifts from a Liberal Democratic Party (LDP) to a Democratic Party of Japan (DPJ)-led government in Japan and from a Liberal-National coalition to a Labor Party-led government in Australia have led both countries to seek a closer relationship with China while shelving the idea of a Quadrilateral Initiative including India. Instead, both have opted for more inclusive regional architectures, as highlighted by Australian Prime Minister Kevin Rudd's proposal for an Asia-Pacific Community and former Japanese Prime Minister Yukio Hatoyama's proposal for an East Asian Community. Both countries' notable absence from this year's Malabar-10 naval exercises between the United States and India, which included the Australian, Japanese and Singapore navies in previous years, has reaffirmed their attempt to tone down the anti-China rhetoric. These events also demonstrate the fragility of Indian engagement with East Asia, which is still not sufficiently institutionalized and subject to the whims of changes in governments.

Nonetheless, India's continued engagement with the Asia Pacific region as part of its "Look East" policy combined with less confrontational bilateral and more inclusive multilateral mechanisms ensures that engagement will continue, albeit at a quieter pace. US-Indian relations have matured to an extent

China is now firmly embedded in the South Asian economic and security architecture.

that the trajectory is unlikely to change despite the pace and profile of the relationship being toned down. This was highlighted in the Pentagon's Quadrennial Defense Review (QDR) 2010, which notes that India's "growing influence, combined with democratic values it shares with the United States, an open political system, and a commitment to global stability, will present many opportunities for cooperation."⁵⁰ This contrasts with the US assessment of China's rise, which is subject to less optimism as the "lack of transparency and the nature of China's military development and decision-making processes raise legitimate questions about its future conduct and intentions within Asia and beyond."⁵¹ The first cabinet-level India-US Strategic Dialogue in June 2010 reaffirms the unchanged trajectory of the deepening bilateral relationship.⁵²

Meanwhile, the rise of the DPJ party in Japan signals a potential shift toward a more assertive foreign policy in which the US-Japanese alliance, while remaining at the core of Japanese foreign policy, will be supplemented by expanded relationships with other regional powers, including China and India. Hatoyama's visit to India in December 2009 ended with a Joint Statement highlighting an Action Plan for deepening cooperation in security and strategic issues between India and Japan.⁵³ More broadly, India's inclusion in regional multilateral frameworks, including a free trade agreement with the 10-member Association of Southeast Asian Nations (ASEAN) that came into force in January 2010, ensures that India's engagement with East Asia will continue to deepen amid latent concerns to balance the rise of China.

China has simultaneously continued to make inroads into South Asia fuelled by growing strategic influence, resource needs and concerns over instabilities along

its periphery.⁵⁴ There is no longer a question of whether China will encroach on South Asia: China is now firmly embedded in the South Asian economic and security architecture. China's "all-weather relationship" with Pakistan has deepened despite concerns over the country's precarious political and security situation. Beyond military-to-military cooperation,⁵⁵ around 60 Chinese companies and 10,000 Chinese nationals work in the country on 122 major development projects, including the Gwadar port and Saindak copper mine project in Baluchistan province, and the Gomal Zam Dam project in the Federally Administered Tribal Areas (FATA).⁵⁶ China is now Pakistan's second-largest trading partner and economic integration has continued to gain momentum facilitated by their free trade agreement, the establishment of the Pakistan and China Joint Investment Company (JIC) and an agreement to settle trade across the Xinjiang Uyghur Autonomous Region border using the Chinese Yuan as the base currency (replacing the US dollar), which is a precursor for a currency swap agreement between both countries.⁵⁷ China's ongoing support for Pakistan's civilian and military nuclear power program has also served as a veiled criticism of the civilian nuclear cooperation agreement between India and the United States.⁵⁸

China's long-standing relationship with Pakistan has been complemented by its growing presence in the wider region, which is often driven by the internal political dynamics of these countries. For instance, China's stake in Afghan stability has increased as its economic interests have grown in the country, as demonstrated by its involvement in the largest foreign investment project in the Aynak copper mine in Logar Province.⁵⁹ The growing dependence of international coalition forces on the Northern Distribution Route to Afghanistan through Central Asia, coupled with the displacement of militants from Pakistan's northwest tribal region, also threatens to fuel instabilities in the Wakhan Corridor linking Afghanistan with China and in other regions along China's western border.

For India, Afghanistan has long been a stage of geopolitical rivalry with Pakistan, which has sought to achieve "strategic depth" through expanding its links with militant Islam in both Afghanistan and Central Asia. Despite not having a formal military presence in the country, India has emerged as an important player in Afghanistan as the largest regional aid donor and fifth-largest bilateral donor with several symbolic and strategic projects. These include the construction of the Delaram-Zeranj highway connecting Afghanistan with the Iranian port of Chahbahar, which provides an alternative trade route to the Chinese-funded Pakistani port at Gwadar.⁶⁰

China's growing resource and security interests in Afghanistan may further entrench it into the broader security framework of the region, potentially diluting Indian influence. This has been demonstrated by discussions to replace India with China in the Iran-Pakistan-India (IPI or "peace") gas pipeline project amid ongoing disagreements between India and Iran over gas pricing and tensions with Pakistan over security.⁶¹ Were this to occur, it would embed China into South Asia's energy infrastructure while potentially undermining India's energy security needs. It would

also complement China's growing dependence on energy supplies from Central Asia following the completion of the Kazakh-Chinese oil pipeline in July 2009 and Turkmen-Chinese gas pipeline in December 2009.⁶²

In Nepal, the shifting balance of power in favor of the Nepali Maoists (UCPN (M)) has been a boon for China, given the Maoist allegations of Indian intervention in Nepal's internal affairs. Former Maoist Prime Minister Pushpa Kamal Dahal's (aka Prachanda) first overseas visit destination of China over India in 2008 was indicative of this shift and, though Prachanda resigned as prime minister in May 2009, the UCPN (M) remains an influential player in Nepali politics as the largest party in the constituent assembly. From 2008-2009, a dozen high-level Chinese delegations visited Nepal⁶³ and Prachanda continued to make advances toward China despite the differing ideologies of Nepali Maoists and the Chinese Communist Party.⁶⁴ Closer relations with China have helped Nepali Maoists reduce India's dominant influence over the country by putting pressure on India to renegotiate the unequal friendship treaty between the two states. Meanwhile, the Nepali government has reciprocated China's advances by becoming increasingly aggressive in its crackdown on Tibetan activists in Nepal, which hosts the largest population of Tibetan exiles after India.⁶⁵

A similar trend has been seen in Sri Lanka, where China's growing economic interests have been complemented by changes in the internal political and security climate. President Mahinda Rajapaksa's government in Colombo has stepped up engagement with nontraditional donors like China, even as the West has criticized the government's human rights record and threatened to curtail aid and investment. China has provided preferential loans at subsidized rates in addition to investment in strategically and symbolically important infrastructure projects. Bilateral trade with China grew fivefold between 2006 and 2008, and China replaced Japan as Sri Lanka's leading aid donor.⁶⁶ In addition to economic assistance, China also provided crucial diplomatic support to Sri Lanka by defeating an EU motion against Sri Lanka for war crimes investigations by the UN Human Rights Council.⁶⁷ China was also able to supply offensive armaments to the Sri Lankan military in its campaign against the Tamil Tigers, while traditional ally India was unable to do so given domestic policy considerations.⁶⁸ This has prompted concerns in both India and the United States, as noted by a report from the US Senate Foreign Relations Committee in 2009 highlighting Sri Lanka's potential to emerge as a stage of geopolitical rivalry.⁶⁹ China's notable investment in Sri Lanka's port infrastructure, including the Hambantota port project and the Colombo South Harbor Development Project, has revived debate over China's "string of pearls" strategy of constructing ports along strategically important waterways. China's growing interests in Sri Lanka's port infrastructure emulate existing Chinese-funded port projects at Gwadar in Pakistan, Marao in the Maldives and Sittwe in Myanmar (Burma), and complement ambitions to develop overseas supply bases.⁷⁰ While these projects have little direct military significance over the short run, they nonetheless provide access points for Beijing to ramp up its military presence in the region at a later stage.

Indian Ocean Dilemma

Military modernization underlies both countries' growing overseas interests. India's arms acquisitions in 2005-2009 totaled \$35 billion—more than double its spending in the previous five years (1999-2004) and accounting for seven percent of the world's arms exports, second only to those of the Chinese.⁷¹ While in 2010 China's annual increase in military spending dipped below double-digit levels for the first time in almost two decades, concerns remain over the transparency of China's military modernization. The fact that China's defense budget is more than twice that of India and second only to that of the United States also ensures that the trajectory of its initiatives to improve power projection, logistics, interoperability and informationization remains unchanged.⁷²

Increasingly ambitious military doctrines reinforce both countries' growing defense expenditures. A speech by Indian Army Chief Deepak Kapoor at a training command seminar in December 2009 about preparing the military for fighting a two-front war with China and Pakistan demonstrated the bolder thinking within India's military strategic framework.⁷³ This supplements the military objectives laid out in the Indian army's "Cold Start" military doctrine, which aims to confine conflicts to quick, decisive and limited wars in order to deter a nuclear response from Pakistan or China.⁷⁴ This comes as China is also shifting its military doctrine from territorial defense toward forward or active defense and the pursuit of "new historic missions" that entail increasing overseas deployments, which will bring it into closer contact with the Indian military.

The most likely stage for a Sino-Indian military rivalry is the maritime theatre. Given both countries' growing strategic interests in the Indian Ocean, through which 80 percent of Chinese and over 60 percent of Indian oil imports transit, each is likely to perceive the other's naval modernization initiatives as inherently threatening. Notably, the January 2009 deployment of a People's Liberation Army Navy (PLAN) naval taskforce in the Indian Ocean has turned hypothetical debate over China's blue water naval ambitions into a reality. China has made naval power projection goals increasingly transparent while simultaneously shielding them under the rhetoric of maintaining "Harmonious Seas."⁷⁵ China's 2008 Defense White Paper noted that the PLAN will "gradually develop its capabilities for conducting operations in distant waters and countering nontraditional security threats."⁷⁶ The PLAN's growing ambitions are complemented by its growing capabilities: over the last decade the PLAN has acquired about 30 submarines and 22 surface ships while it intends to acquire an aircraft carrier fleet by 2020.⁷⁷ China's navy currently has three times more combat vessels and five times more personnel than the Indian navy.⁷⁸

While China's naval capabilities focus primarily on deterring US intervention in a conflict in the Taiwan Strait, they could be used over the long term to expand China's sea-denial capabilities in other regions, including the Strait of Malacca and the Indian Ocean. The growing boldness of PLAN maneuvers in the East and South China

Seas in recent years is a possible harbinger of developments in the Indian Ocean.⁷⁹ China's naval ambitions were further highlighted in a reported statement by a Chinese naval officer in a meeting with US Pacific Command (PACOM) Chief Admiral Timothy J. Keating, in which he suggested that China and the United States carve up spheres of influence with China assuming influence over the Indian Ocean.⁸⁰ While this was regarded as a tongue-in-cheek remark, it nonetheless reaffirmed Chinese ambitions to acquire parity with the United States as a naval power and expand its presence in the Indian Ocean. While the PLAN decision to join the Shared Awareness and Deconfliction (Shade) naval taskforce has brought China into the multilateral framework of protecting sea-lines of communication (SLOCs) in the western Indian Ocean, it has also expanded China's mandate in the Indian Ocean. The October 2009 hijacking of the Chinese cargo ship *De Xin Hai*, the first Chinese vessel to be hijacked since the deployment of the PLAN taskforce, has further empowered the PLAN presence in the Indian Ocean.⁸¹

Meanwhile, India has continued to pursue its own aggressive naval power modernization strategy. The Indian Navy currently has 34 warships and six submarines on order to ensure that its force does not fall below 140 vessels.⁸² Despite delays in procuring some platforms, such as the Russian aircraft carrier *Admiral Gorshkov* (INS *Vikramaditya*), India has stepped up the indigenous development of its naval capabilities, including air defense ships (indigenous aircraft carriers), (Advanced Technology Vessel) nuclear-powered submarines⁸³ and "stealth" Shivalik-class frigates,⁸⁴ as well as developing a submarine-launched supersonic missile that modifies its BrahMos cruise missile. The Indian Navy aims to deploy two carrier battle groups by 2014-15.⁸⁵

India has also established a listening post in northern Madagascar in addition to strengthening its four naval commands, including the Andaman and Nicobar Joint Command located at the mouth of the Strait of Malacca, and deploying coastal radars in the Maldives.⁸⁶ The Indian Navy has demonstrated its role in ensuring regional maritime security through high-profile operations, including participation in the multi-nation anti-piracy operations off the coast of Somalia since 2008, and humanitarian assistance to Myanmar following Cyclone Nargis in May 2008 as well as to countries devastated by the Indian Ocean tsunami in December 2004. The 2010 US Quadrennial Defense Review has noted that, "as its military capabilities grow, India will contribute to Asia as a net provider of security in the Indian Ocean and beyond."⁸⁷

Toward a "Soft" Cold War

The integrated nature of the international system will ensure that conflict between India and China remains a distant possibility over the short term as neither country is looking for a fight while they remain preoccupied with consolidating their "Comprehensive National Power."⁸⁸ China continues to "bide its time" while dealing with the fall-out of its rapid growth in the form of narrowing the urban-rural and

coastal-inland divide, strengthening the provision of public goods, and containing ethnic unrest in Xinjiang and Tibet as well as sporadic challenges to the one-party rule of the Chinese Communist Party (CCP). Similarly, India remains preoccupied with its own urban-rural divide, the most visible manifestation of which is evidenced by growing Naxalite (Maoist) insurgency across the rural heartland in addition to ethnic, caste and religious cleavages that have appeared in the form of separatist movements (in Kashmir and in the Northeast), and sporadic incidents of unrest in major cities. Both countries also continue to fight against the unresolved legacies of their national independence struggles: China's tensions with Taiwan and Tibet and India's tensions with Pakistan remain a thorn in the side of both countries' global ambitions and development.

Shelving their hostility, both countries will continue to pursue confidence-building measures such as joint military exercises and diplomatic exchanges.⁸⁹ The establishment of direct hotlines between the premiers of both countries following the visit of Indian Foreign Minister S.M. Krishna to China in April 2010 has provided an additional mechanism to prevent misunderstandings from flaring up into major bilateral tensions.⁹⁰ Pallam Raju, India's minister of state for defense, has also offered to collaborate with China in order to protect the transit of energy and resource supplies through the Indian Ocean.⁹¹ This falls in line with a proposal by National Security Advisor and former Foreign Secretary Shiv Shankar Menon for a "Maritime Concert" in which the region's major maritime powers would have a collective responsibility to protect the Indian Ocean from nontraditional security threats.⁹² This also complements Chinese strategic thinking on the need to develop the concept of "Military Operations Other Than War" (MOOTW).⁹³ Both countries have also pledged to strengthen economic interdependence through multilateral initiatives, such as discussions of currency swap agreements among the BRIC (Brazil, Russia, India and China) economies.⁹⁴

Localized issues will assume a greater regional and global significance.

However, the rhetoric of economic integration should not be assigned exaggerated importance and the likelihood of irrational jingoism should not be underestimated. The Sino-Indian relationship will assume greater significance in the international system as the rise of both countries makes the rivalry more complex and multidimensional. Localized issues will assume greater regional and global significance given both countries' growing clout. As such, a soft "Cold War" is the most likely scenario; growing economic interaction and political cooperation on international issues of mutual interest (like climate change) will coexist with mutual mistrust on regional issues (like the territorial dispute).

Finally, the emergence of a so-called "Asian Century" will be contingent to the emergence of a stable regional order. With the relative decline of the United States and relative rise of China in the Asia Pacific in the aftermath of the global economic downturn and the US preoccupation with conflicts in Iraq and Afghanistan, a new

regional architecture will be necessary to contain longstanding adversarial relationships. With respect to India and China this will require both countries to move beyond the extreme rhetoric that has traditionally plagued their relationship, ranging from the idealistic cordiality of “Hindi-Chin bhai bhai” (India and China are brothers) to China’s belligerent claims that India is an “appendage of Western imperialism.” Both countries must instead recognize the need to forge a more robust relationship by embedding strengthened people-to-people contacts and deepened functional cooperation in areas of mutual interest. 🌐

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A Tough Sell

Overcoming the EU Arms Embargo

Wang Peiran

Within Sino-European relations, few topics are more controversial than the EU's arms embargo on China. Chinese officials and scholars see the arms embargo as an outdated form of political discrimination that unfairly groups China with other states the West treats as pariahs.¹ Since 2003, China has pushed the EU to overturn the ban. In 2005 and 2010, several key EU members sided with Beijing's position, pressing other members to drop the embargo and replace it with a broader arms control regime not so singularly prejudiced against China. Both times, however, US pressure and lingering European concerns derailed the process. American and European supporters of the ban point to human rights issues and potential conflict over Taiwan as reasons for maintaining the status quo. As Sino-Japanese tensions have worsened, Japan has also added to pressure against lifting the embargo.

Contrary to the concerns of critics, the repeal of the arms embargo would not result in a massive influx of European weapons into China—in fact, it would likely *decrease* the number of European military technologies available to Beijing. In spite of the embargo, China has received a number of defense-related technologies from EU countries due to the vague and non-binding nature of the 1989 embargo; the ban has no enforcement mechanism and member states can interpret the guideline as they

Wang Peiran is a PhD candidate at East China Normal University's School Of Advanced International and Area Studies and a visiting researcher at Brussels Institute of Contemporary China Studies, Vrije Universiteit Brussel.

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see fit. If the embargo is overturned, it will almost certainly be replaced by a more specific and stricter set of arms control regulations. Moreover, the gradual centralization of EU power and the cooperation between US and European defense industries will create an environment increasingly resistant to Chinese procurement. Regardless of the effect a repeal of the ban would have on arms imports, China will continue to press for its abolishment for symbolic reasons. Overturning the embargo will be fraught with difficulties, and though there are a several avenues through which China can improve the outlook, the near-term possibilities for repeal are bleak.

From One Embargo to the Next

China has been banned from purchasing European weapons for the better part of the last six decades. After the Korean War, China was listed as an embargoed country by the Western Bloc's Coordinating Committee for Multilateral Export Controls (COCOM). During this time, arms exports to China were controlled even more strictly than those to the Soviet Union and Eastern European countries. The normalization of Sino-US relations in the 1970s, provided a brief respite in which technological exchange between China and the West began to flourish. In the 1980s, the United States and EU took the initiative in reducing the restrictions on the number and type of arms exports to China. This cooperation came to a halt in June of 1989. The political effect of the "Tiananmen Square Incident" led the European Community, the precursor to the EU, to announce the arms embargo on China²

Due to the vagueness of the Community position, however, the flow of defense technologies from European countries was never completely severed. Despite the embargo, China received sonar and radar systems, diesel engines, landing craft, light helicopters and naval guns from the UK, Germany and France. Sales of non-lethal weapons have also continued on a small scale, with exporting countries avoiding arms platforms directly related to combat.³ While the embargo has neither been strengthened nor repealed, subsequent EU legislation has added more specific considerations to the Union's overall arms export policy.

In June of 1998, the European Commission adopted the "European Union Code of Conduct on Arms Exports." This code developed eight standards for export controls, with the second and fourth principles requiring that "the respect of human rights in the country of final destination" and "the preservation of regional peace, security and stability" be considered when engaging in arms trade. A subsequent European Council Common Position established that member states should grant licenses to arms exporters according to the Code of Conduct. In June, 2006, the EU vice-president responsible for enterprise and industry said in a press release that the EU would coordinate to ensure the implementation of guidelines for arms exports, further restrict arms exports to risky areas and regulate the permitting of defense enterprises. Thus, even if the embargo is overturned, member states' concerns about human rights in China and the security situation surrounding Taiwan will create high barriers to transfers. Alexander MacLachlan, Political Counselor of the EU's Delegation of

the European Commission to China, admitted that if the arms embargo were lifted, the EU arms export control would be even stricter, including the possibility of the EU implementing legal punishment for illegal arms exports.⁴ Likewise, representatives of the UK government have privately expressed that removing the embargo would make little difference, because most defense technology is already barred from export to China under other EU legislation.⁵

Tangled Up in Bureaucracy

Changes to the EU's arms export policy—whether in China's favor or not—are complicated by the complex and evolving nature of the Union's foreign policymaking. Since the Maastricht Treaty in 1994, the EU has taken gradual steps toward becoming a supranational organization capable of unified decision-making. The powers of member states have weakened, and the decision-making mechanism has inched from a horizontal, distributed system to a vertical, centralized one.⁶ While centralized policymaking has not yet been realized—and perhaps never will be—the process has created expectations of conduct to which states feel increasingly obligated to adhere. This kind of common practice has encouraged member states to form consistent or complementary policies based on their collective European identity.⁷

Arms control policies fall under the Common Foreign and Security Policy (CFSP), which coordinates members' external relations to promote joint action and avoid policy incoherency. The development of the CFSP has been a vehicle for socialization among member states as united policy has been used to demonstrate common values and norms held by EU member states and to reaffirm its collective identity. When member states participate in the CFSP, they make decisions and judge their actions based on the common interests of the EU. As individual states increasingly adhere to the CFSP and collectively participate in foreign affairs, they simultaneously strengthen this collective identity. Gradually, the CFSP has become a necessary conduit for formulating foreign policy.

The largest obstruction to changing the embargo is the complexity of CFSP.

The largest obstruction to changing the embargo is the complexity of CFSP formulation. The crafting of joint policy involves both national and supra-national organs.⁸ Two intergovernmental bodies, the policy-directing European Council, and the lawmaking Council of Ministers collaboratively supervise the decision-making process. The European Commission, European Parliament, and other various EU offices and commissions also exercise some influence on the outcomes of CFSP.⁹ The Common Positions that comprise CFSP can only be formed through unanimous voting, thus it is very difficult for one state to lead or monopolize the process.

The complexities of EU foreign policymaking have allowed states to act in their own national interests, assert state sovereignty and prioritize their own benefit under the guise of a united front. This has helped states to circumvent the arms embargo in the past. The development of the CFSP relies on the supra-national system of EU governance and when this progress stalls, so, too, does the CFSP. Due to this

dependence, it is difficult to make changes to any existing decisions, let alone to reverse prior agreements. This reality greatly diminishes the prospect of obtaining the consensus required to overturn the arms embargo.

The EU Defense Industry's Influence

The EU defense industries have long been seen as driving forces for lifting the arms embargo. With few competing strategic interests, China and the EU seemed like a good match for defense technology cooperation. After the Cold War, European demand for weapons contracted and competition from US defense companies increased, putting Europe's weapon makers on unsteady footing. Meanwhile, China, which faces the real threat of a territorial split, became the world's second largest receiver of weapons between 1997 and 2001, and the largest in 2001 when the import rate increased by 44 percent.¹⁰ Conscious of the size of the Chinese market and the returns Russian companies were reaping there, Europe's defense industry began to ardently push for lifting the embargo. In recent years, upper management within the EU defense industry has supported lifting the embargo on various occasions. European Aeronautic Defense and Space Company (EADS) CEO Philippe Camus called the embargo a "Cold War remnant" and complained that the results of Sino-French cooperation on aviation and spaceflight during the 1980s were completely destroyed by the ban.¹¹

But several factors have conspired to keep the China incentives for EU arms companies low. Although European defense budgets plunged more than 20 percent in the immediate post-Cold war era, they have since rebounded.¹² EU countries have tended to purchase arms inside the EU—especially with the promotion of the European Defence Agency (EDA)—and have bought more arms from their European neighbors thanks to the advance of a common arms market. Though EU research and development expenditures have fallen as much as 50 percent since the Cold War, European defense contractors have capitalized on cooperation with their American counterparts. The United States spends more than seven times as much on national defense R&D than the EU, some of which has benefited European defense companies.¹³ Though only a relatively low percentage of US defense contracts are awarded to foreign companies, cooperation with the United States gives the EU industry access to defense technologies that can be used in the internal European market. This trans-Atlantic cooperation has tempered interests in dissolving the Chinese arms embargo. But cooperation with the United States comes at a political cost. As EU defense companies envision a lasting American role in the expansion and integration of their own industry, they will likely acquiesce to American requests to leave the Chinese arms embargo in place. Even if the EU were to lift it, the US defense industry would inevitably obstruct and oppose arms sales due to concerns about the outflow of US technology.

In addition, the European defense industry's competitive advantage in China is limited. Cultivating the market would take a relatively long time and economic re-

turns would not be seen quickly. Since the end of the Cold War, most of China's foreign arms purchases have been from Russia. According to research data from the Russian Strategy and Technology Analysis Center, China has for many years been the largest importer of Russian weapons, with 30 to 50 percent of all Russian weapons exports going to China. Russia's only national weapons export company, Rosoboronexport, estimates the total value of weapons sold to China in 2004 at \$4.1 billion.¹⁴ From 2003 to 2007, Russian exports of conventional weapons made up 25 percent of the world total (slightly less than those of the United States, which stood at 31 percent).¹⁵ China accounted for nearly half of total Russian weapons exports. At present, the proportion of Russian-made weapons within Chinese military equipment systems is large, especially in fighter planes and air defense missiles. Even if the embargo were lifted, China would face a compatibility issue between European defense products and Russian platforms or equipment.

China has also lost interest in importing entire weapons systems and has started to enter the phase of absorption, assimilation and gradual indigenization of arms production. Between 2005 and 2009, China's main conventional weapons imports exceeded those of all other countries; however, during this same period, China's share of global weapons imports actually decreased. This change was due to the fact that the capabilities of China's domestic defense industry departments have gradually strengthened and can now meet the need for weapons systems that had previously been purchased from abroad. China stopped importing fully-equipped weapons systems in 2007, and only imported a small number of fully-equipped helicopters from Russia and France in 2009.¹⁶ China now prefers bilateral cooperation in R&D or technology exchange. Of course, this focus on absorbing foreign technology raises issues of intellectual property rights, a particularly sensitive subject within the defense industry.

Finally, even if European countries permit arms sales to China, the EU would not be a very dependable partner. Were conflict in the Taiwan Strait to seem probable, the EU and its defense industry would likely freeze arms transfers to China for fear of damaging trans-Atlantic relations. This type of behavior in arms exports was seen during the 1982 Falklands War between Britain and Argentina, as France suspended the supply of "Exocet" anti-ship missiles to Argentina to preserve relations with the UK. Thus, in consideration of potential conflicts and political alliances, Russia is a more reliable source than Europe.

No Easy Solutions

While China may not need EU weapons systems to maintain its current defense levels, a lack of foreign cooperation may hold back future advances. As China tries to expand the range of its defensive forces, it will need major breakthroughs in defense technology—particularly in support of its first aircraft carrier and its plans for long-range airlift capability. In light of these complications, the deputy director of foreign affairs at China's Ministry of Defense, General Jia Xiaoning, admitted that the arms

embargo obstructs the research and development of China's military equipment. He also stated that when China has tried to import technology from specific countries such as France, other governments have blocked these efforts, limiting the options for China's military modernization.¹⁷ For example, when China became frustrated with price increases and delayed deliveries for transport and refueling aircraft ordered from Russia, it had nowhere else to turn. China has shown interest in the Airbus A-400M transport plane, but importing it would be extremely difficult since all producers (the UK, Germany, France, Spain and Turkey) would have to agree to the export. Without a broader agreement on revising or repealing the embargo, such exports seem increasingly unlikely.

At times, there have been tantalizing signs of progress on repealing the ban as individual EU countries have declared their opposition to the embargo. But most of these statements seem to have been made to fulfill immediate political goals and were not the impetus for real action. For example, when Spain assumed the rotating EU presidency at the beginning of 2010, the Spanish ambassador to China told the media that his country would use its leadership position to push for reconsideration of the embargo. But a leaked US Department of State cable recently published by Wikileaks.org casts doubt on the seriousness of this statement. In the cable, an EU Political Counselor is quoted as saying that Spain was merely "talking and seeking advantage at other EU states' expense." The EU source further elaborated that there was no mechanism established for discussing the embargo, EU public opinion did not support the repeal and that "before lifting the embargo the EU would need to consult very carefully with the United States to ensure that such a move would not jeopardize Europe's access to US arms and technology."¹⁸

As China pushes to overturn the embargo, its main competitors in the fight will not be EU countries but the public relations machines in the United States and Taiwan. Both these groups have comparatively more lobbying experience and are also more familiar with the EU. In recent months, Japan has also complicated the situation by throwing its weight behind preservation of the embargo. This is a key development because Japan has comparatively greater influence than China on security issues in Europe and the United States. The US-Japan security alliance is also an important diplomatic connection to NATO countries and will inevitably exert pressure on European members to maintain the ban.

The alignment of these multiple oppositional forces shows that many countries have misunderstood the motives for China's military build-up—a misperception that has unfortunately been reinforced by China's excessive reaction in the recent dispute with Japan over the Diaoyu Islands. Facing this significant public relations problem, China must learn to inform foreign opinion through multi-channel diplomacy. For the time being, this should be done quietly. China should continue to build ties with EU countries and push for removal of the embargo through back channels, avoiding any sense of public confrontation. Indeed, this is the strategy China has applied for some time. Recognizing the difficulties of internal EU politics, China has generally refrained from publicly addressing the chances of the embargo's repeal since 2006.

While there are several paths China can take to chip away at the embargo, there is no quick solution to the problem. Seeking out joint projects with EU industries in third-party countries and further opening China's defense industry to foreign investment might help create incentives for corporate leaders to oppose the ban; however, the attitudes of defense industries will ultimately follow their domestic political climates. Thus China's challenge in overcoming the embargo mirrors the difficulties of its broader engagement with the outside world. If China blindly reacts to foreign criticism and doubt, it will appear to Western countries that China is challenging the current world order and the West will in turn seek to contain it. China can only overcome Western resistance to its rise by patiently and persistently reassuring the world of its intentions as a benevolent and gracefully rising power. ☞

Notes

¹ 戴炳然 [Dai Bingran], “走向成熟、健康、稳定的中欧关系” [Towards Mature, Sound and Stable Sino-EU Relations, 欧洲研究 [*Chinese Journal of European Studies*], Issue 2, 2005. 王新华 [Wang Xinhua], 徐刚 [Xu Gang], “欧盟对华军售解禁：主要症结与影响” EU's Arms Embargo on China: Crucial Reason And Influence,” 《军事经济研究》 [Military Economic Research], Issue 8, 2005; “陈志敏 [Chen Zhimin], “欧盟的有限战略行为主体特性与中欧战略伙伴关系——以解除对华军售禁令” [EU's Limited Strategic Activities and Sino-EU Strategic Partnership: the Case of the Lifting of Arms Embargo against China] , 国际观察 [International Review], Issue 5, 2006.

Chinese governmental officials have also criticized the arms embargo against China as political discrimination. In 2004, Premier Wen Jiabao said that the EU arms embargo was a result of the Cold War, and that China called for lifting it in order to act against political discrimination, not because it wanted to immediately purchase weapons from the EU. Wen said that equality was the basis of partnership. See, <<http://www.people.com.cn/GB/shizheng/1024/3042689.html>>.

In 2005, in a press conference of the 3rd session of the 10th NPC, the minister of foreign affairs, Li Zhaoxing said, “We believe the maintenance of such a long obsolete, useless and detrimental arms embargo against China is a jarring note in the comprehensive strategic partnership between China and the European Union. To put it in a more simple way, what we are opposed to is political discrimination.” See, <http://www.china.com.cn/zhibo/2005-03/06/content_8784678.htm?show=t>.

² European Council, “European Union Factsheet,” <http://www.consilium.europa.eu/uedocs/cmsUpload/FACTSHEET_ON_THE_EU_AND_CHINA.pdf>.

³ The data is from the SIPRI Arms Transfer Database

⁴ Pierre Tran, “China Extends Military's Reach: Eyes Long-Range Airlifters; Navy Sails Off Africa”, *Asian Times*, May 24, 2010, <http://www.atimes.com/atimes/South_Asia/IJ10Df01.html>.

⁵ Praveen Swami and Malcolm Moore, Japan Warns West against lifting China arms embargo, *The Telegraph*, Dec. 26, 2010, <<http://www.telegraph.co.uk/news/worldnews/asia/china/8144383/Japans-warns-West-against-lifting-China-arms-embargo.html>>.

⁶ 戴轶尘 [Dai Yichen] “欧盟集体身份‘布鲁塞尔化’建构模式探析” [The EU Collective

Identity of 《世界政治经济论坛》 [*World Political Economy Forum*], 2008, No. 4, p. 62.

⁷ 郑启荣 [Zheng Qirong] “全球视野下的欧盟共同外交与安全政策” [EU Common Foreign & Security Policy in Globalizing Era], Beijing, World Affairs Publishing House, 2008, p. 58.

⁸ Ibid pp. 70-71.

⁹ Stockholm International Peace Research Institution, *SIPRI Yearbook 2002: Armaments, Disarmament and International Security*, Oxford University Press 2003, pp. 470-471.

¹⁰ Joakim Kreutz, “Reviewing the EU Arms Embargo on China: the Clash between Value and Rationale in the European Security Strategy”, *Review of International Affairs*, No. 22, 2004, p. 48.

¹¹ Derrick J. Neal and Trevor Taylor, “Globalization in the Defense Industry: An Exploration of the Paradigm for US and European Defense Firms and the Implication for Being Global Players”, *Defense and Peace Economics*, Vol. 12, 2001, p. 345.

¹² 刘得手 [Li Deshou], “美欧关系与欧盟对华军售解禁 [US-European Relations and the EU's Arms Embargo], 国际论坛 [International Forum], 2007, No. 1, p. 123.

¹³ 李承红 [Li Chenghong], “中俄军事技术合作：现状、问题和对策” [Sino-Russian Military Cooperation: Current Situation, Problems and Solutions], 俄罗斯研究 [*Russian Studies*], 2009, No.1, p. 94.

¹⁴ Stockholm International Peace Research Institution: *The SIPRI Yearbook 2008: Armaments, Disarmament and International Security*, Oxford University Press, 2009.

¹⁵ Richard Weitz, “China’s Military Buildup Stokes Regional Arms Race”, *World Politics Review*, March 16, 2010.

¹⁶ Pierre Tran, “China Extends Military’s Reach: Eyes Long-Range Airlifters; Navy Sails Off Africa,” *Defense News*, May 24, 2010, <<http://www.defensenews.com/story.php?i=4639103>>.

¹⁷ US Department of State Diplomatic cable, “EU Official in Beijing Downplays Spanish Comments on Lifting China Arms Embargo,” Beijing, January 2010.

¹⁸ Ibid.

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