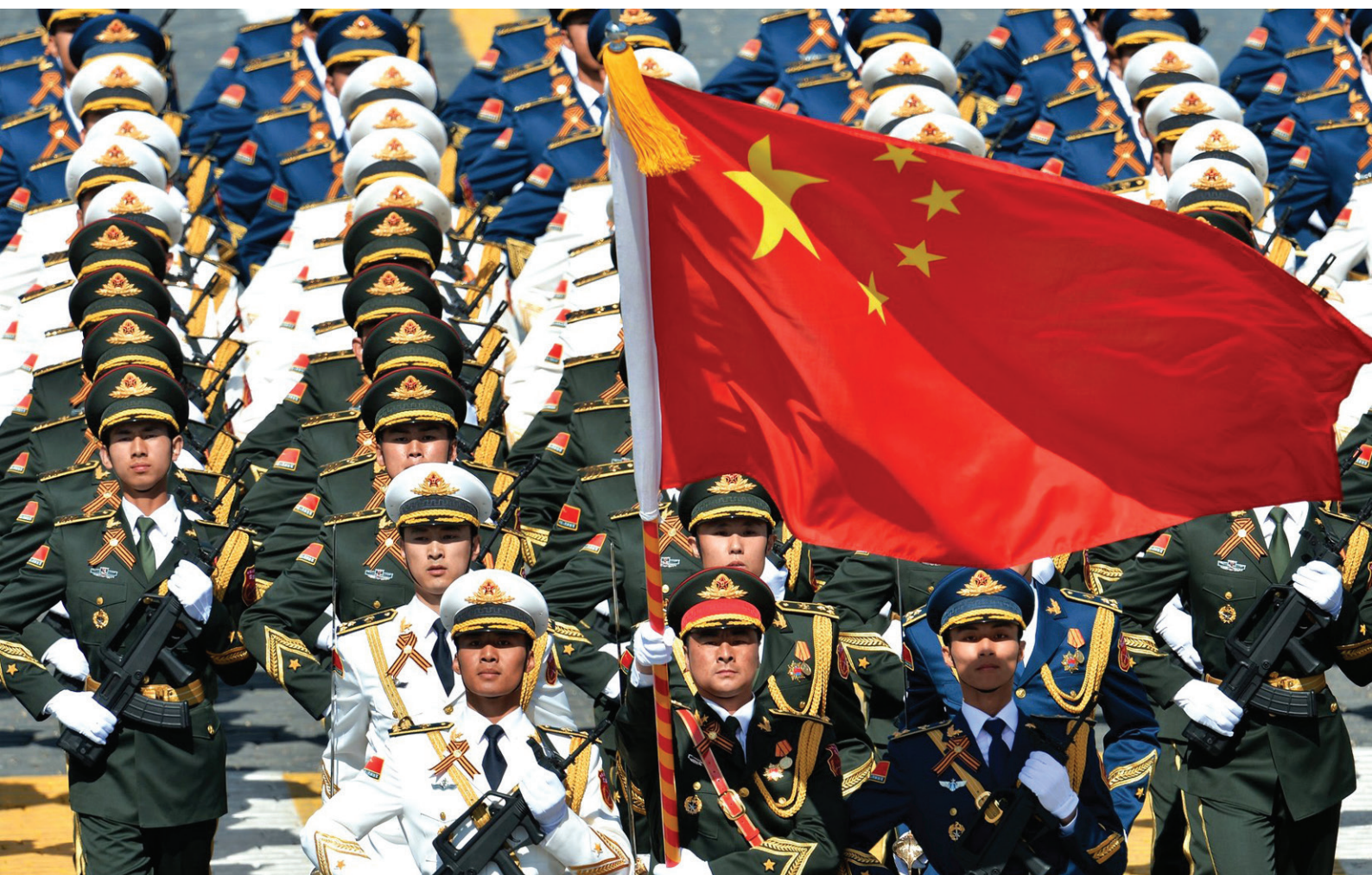


NEW HORIZONS AND 193 INTERNAL REFORMS

THE REGIONAL IMPLICATIONS OF
CHINA'S MILITARY POSTURE

Elina Sinkkonen

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- At a rhetorical level, China adheres to the idea that it has a model for a “new type of great power relations”, indicating that its rise will not lead to a major power conflict. This idea becomes less and less clear with each move China makes in developing military operability in long-distance situations.
- What is clear, however, is that in China’s domestic security conceptualization regime security will always be in the first place – an idea embedded in the current regime’s reforms of security institutions.
- China’s first military strategy, published in 2015, emphasizes the role of the navy in “managing the seas and oceans and protecting maritime rights and interests”. This strategy now has multiple tangible manifestations: China has started building a naval base in Djibouti situated in the Horn of Africa, and is also building its first operational aircraft carrier. The navy is being reformulated as an elite force and Chinese marines are gradually being trained for long-distance operations.
- According to President Xi Jinping, the country is conducting the largest military reform since 1949. In addition to merging administrative units with the Central Military Commission, reforms completed so far include forming new military regions. The motivation for the reforms is to “establish a coordinated system to better enable modern warfare” but also to consolidate Party control over the military.

Introduction

With China's rise, the Asia-Pacific region has become a site of strategic interaction between major powers. China's position and security strategy are influenced by its own ambitions and the policies of other major players in the area, which are in constant interaction. China now has more resources to invest in advancing its national interests, but the perceptions others have about China's rise and ambitions also shape material reality. Additionally, China has to adapt its security strategy to the legacies of post-WWII international power bargains, manifested among other things in the US ally system and military bases in Asia. This briefing paper duly looks at China's security strategy in the Xi Jinping era in the wider context of the Asia-Pacific security sphere.

During Xi Jinping's rule, China's security posture has changed towards increased overseas engagement and a stronger position in maritime disputes, which complicate its relations with neighbouring coastal countries. Building an indigenous aircraft carrier and naval base in Djibouti, which is a very small state in the Horn of Africa, marks a departure from the previous policy line of not developing overseas power projection capacity. In particular, the deployment of surface-to-air missiles to one of the Paracel Islands and radar facilities to the Spratly Islands have raised speculation that China might be trying to establish an Air Defence Identification Zone over the South China Sea in the near future.¹

China's maritime disputes in the East and South China Seas have aroused suspicions among the other actors in the region and inflated the credibility of China's foreign policy slogans "peaceful development" (*heping fazhan*) and a "new type of great power relations" (*xinxing daguo guanxi*). The latter slogan has been promoted by President Xi and refers to a model "different from historical clashes and confrontations between major powers", which is

designed to build China's bilateral relationship with the US on mutual respect and win-win cooperation.²

Many countries, most notably Vietnam, the Philippines and Japan, have territorial disputes with China in the maritime domain, which has led to strengthening their defence cooperation with the US and other parties such as India. The US rebalance in Asia, arguably a counterbalancing act against China's maritime strategy, seemed overhyped until spring 2015 when Japan and the US announced new guidelines for security cooperation. Last autumn Japan continued to revise its defence legislation, which has wide implications for the whole area.

The security situation on the Korean Peninsula may increase China's strategic insecurity. North Korea's behaviour remains unpredictable, as exemplified by the nuclear test conducted on January 6 and a rocket launch on February 7, 2016. North Korea's recent actions may push South Korea to deepen its security cooperation with the US and be the decisive factor in South Korea's deliberation over different missile defence systems, which also affects China's national security interests.

The post-WWII order and China's changing security environment

Unlike the US, China has no military alliances. In the Asia-Pacific area the US security umbrella has dominated the Asian security order for decades. The US military has bases in Japan, South Korea and the Philippines. The depth of the US-Japan alliance is arguably the most defining factor in the Asian security domain, and puts China's disputes with Japan and other states into context.

After the Second World War and the communist takeover of China, Japan quickly changed from a defeated enemy into a US ally. During the Cold War, the regional order in East Asia was shaped by two sets of great power bargains, namely the US-Japan security alliance and the tacit agreement between China and the US to shelve their differences in order to contain Soviet power from 1972 onwards. The US-Japan alliance, which made Japan dependent on the

1 Johnson, Jesse. 2016. "Beijing missile deployment could lay groundwork for South China Sea ADIZ". <http://www.japan-times.co.jp/news/2016/02/18/national/beijing-missile-deployment-lay-groundwork-south-china-sea-adiz/#>. VUQEJOLTVO. Accessed 10.3.2016.

2 Xi, Jinping. 2014. *The Governance of China*. Beijing: Foreign Language Press, 306-308.

US, guaranteed both China's and Japan's security by making it possible for them to avoid engaging with security competition against each other. However, these arrangements started to dissolve after the Cold War, leading to a redefinition of Sino-American relations and revision of the US-Japan defence guidelines.³

Japan and the US have deepened their security alliance since the mid-1990s and Japan has gradually taken more responsibility for its own defence. In 1997, a year after the Taiwan Strait crisis, the US and Japan issued defence guidelines which guaranteed US armed forces base access as well as logistics support. The Chinese side interpreted changes in the US-Japan alliance as an alarming sign of containment because the scope of the US-Japan alliance was defined to cover "situations in areas surrounding Japan", making it easier for the US to intervene in the Taiwan question.⁴

Furthermore, on April 27 2015 Japan and the US issued new security guidelines with a larger geographical scope. The new guidelines enable Japan and the US to cooperate in the security realm, under certain conditions, even if the attacked country is not Japan itself and without the geographical restriction to "areas surrounding Japan". In other words, Japan's armed forces can now defend an ally under attack, which marks an important shift in the country's post-war security policy.

For China, this means that if there is an armed conflict between China and the US over Taiwan or some other issue, under the new guidelines Japan could help the US militarily, at least if Tokyo interprets the conflict as posing a threat to Japan's own survival. Still, China's position on the US-Japan alliance is not simple: On the one hand, China hopes that the US-Japan alliance will remain and prevent Japan from developing an independent defence system. On the

other hand, it hopes Japan will promote multipolarity instead of tightening its security links with the US. Despite this complicated stance, China is suspicious of any changes to the US-Japan alliance, and the new security guidelines have certainly intensified China's feeling of being contained.

In addition to the Taiwan question, the US-Japan alliance affects China's spat over the Diaoyu/Senkaku Islands. A deepening downward spiral in Sino-Japanese relations started in 2010 with the fishing boat collision incident near the disputed islands. In 2012 the Japanese government decided to buy the islands, which sparked outrage in China. At the moment there are no negotiations going on as Japan refuses to acknowledge that there is a dispute. The Chinese side made the relationship more difficult by establishing an air defence identification zone (ADIZ) in November 2013, which overlapped with the Japanese ADIZ and covered the disputed islands.⁵

However, control over the zone has not really been enforced. In December that same year Japan's first National Security Strategy included steps towards collective self-defence. In April 2014 US President Barack Obama stated that the Diaoyu/Senkaku islands fall within the US-Japan defence treaty, although the US does not take a stance on their sovereignty. Despite the strengthened US-Japan alliance, China sent an armed coastguard vessel to the disputed area near the islands in December 2015 – a practice which, if continued, could lead to another severe crisis.⁶

South Korea, another US ally in Asia, is also on the verge of making a security move against China's interests. Here the issue is about the US-developed Terminal High Altitude Area Defence (THAAD) system. Last November, South Korea indicated that it would adopt an indigenous missile defence system instead of THAAD, but because of North Korea's recent actions, South Korea is now seriously

3 Goh, Evelyn. 2011. "Japan, China, and the Great Power Bargain in East Asia." The East Asia Institute (EAI) Fellows Program Working Paper Series No. 32., 3-5; Christensen, Thomas. 1999. "China, the US-Japan Alliance, and the Security Dilemma in East Asia." *International Security* 23(4), 49-80.

4 Christensen, Thomas. 1999. "China, the US-Japan Alliance, and the Security Dilemma in East Asia." *International Security* 23(4), 58-64.

5 Xinhua 2013. "Statement by the Government of the People's Republic of China on Establishing the East China Sea Air Defense Identification Zone", 23 November 2013, http://news.xinhuanet.com/english/china/2013-11/23/c_132911635.htm. Accessed January 23 2016.

6 Reuters 26.12.2015. "Japan says armed Chinese vessel enters Japan waters." <http://www.reuters.com/article/us-china-japan-islands-idUSKBN0U906E20151226>. Accessed 26.2.2016.

considering adopting THAAD, which China opposes. China's foreign minister, Wang Yi, stated in mid-February that the monitoring scope of THAAD's X-Band radar goes far beyond the defence needs of the Korean Peninsula and damages China's strategic security interests. In late February China's official representative in Seoul warned that Sino-Korean bilateral ties will be destroyed "in an instant" if the THAAD system is positioned on the peninsula. Nevertheless, the first negotiations on the deployment of THAAD were held in the first week of March, and at the time of writing it seems likely that the US and South Korea will sign their agreement on THAAD eventually.

China also has its hands full in the South China Sea, where it has territorial disputes with several states, including Vietnam and the Philippines, while the US claims that China is hindering freedom of navigation. Disputes with China have led Vietnam and the Philippines to strengthen their defence cooperation with the US and other parties such as India. Japan has not stayed out of these issues either as in May 2013 it announced the provision of patrol vessels used by the Japanese coast guards to the Philippines in support of Manila's struggle with China over a territory in the South China Sea.

This move was confirmed at the 2014 Shangri-la dialogue in Singapore⁷ when Prime Minister Shinzo Abe promised to support the Vietnamese coast guard. Vietnam and India conducted joint maritime exercises in 2013 and Japan has increased maritime affairs dialogues with the Philippines (2011 and 2013) and India (2013).⁸ In 2015 Japan conducted its first joint search-and-rescue drills with the Philippines. In the same year, Japan and Vietnam reached an agreement to hold the first ever joint naval exercise between their respective navies, which is likely to take place in 2016.

China's holistic national security strategy and the new roles of the Chinese Navy

In the spring of 2015, China published its first military strategy in which it outlines its key strategic aims and foci in developing the People's Liberation Army (PLA). The rationale for changes in Chinese strategy is partly to counter the US and Japan "as the world economic and strategic center of gravity is shifting ever more rapidly to the Asia-Pacific region, the US carries on its 'rebalancing' strategy and enhances its military presence and its military alliances in this region.-- Japan is sparing no effort to dodge the post-war mechanism, overhauling its military and security policies."

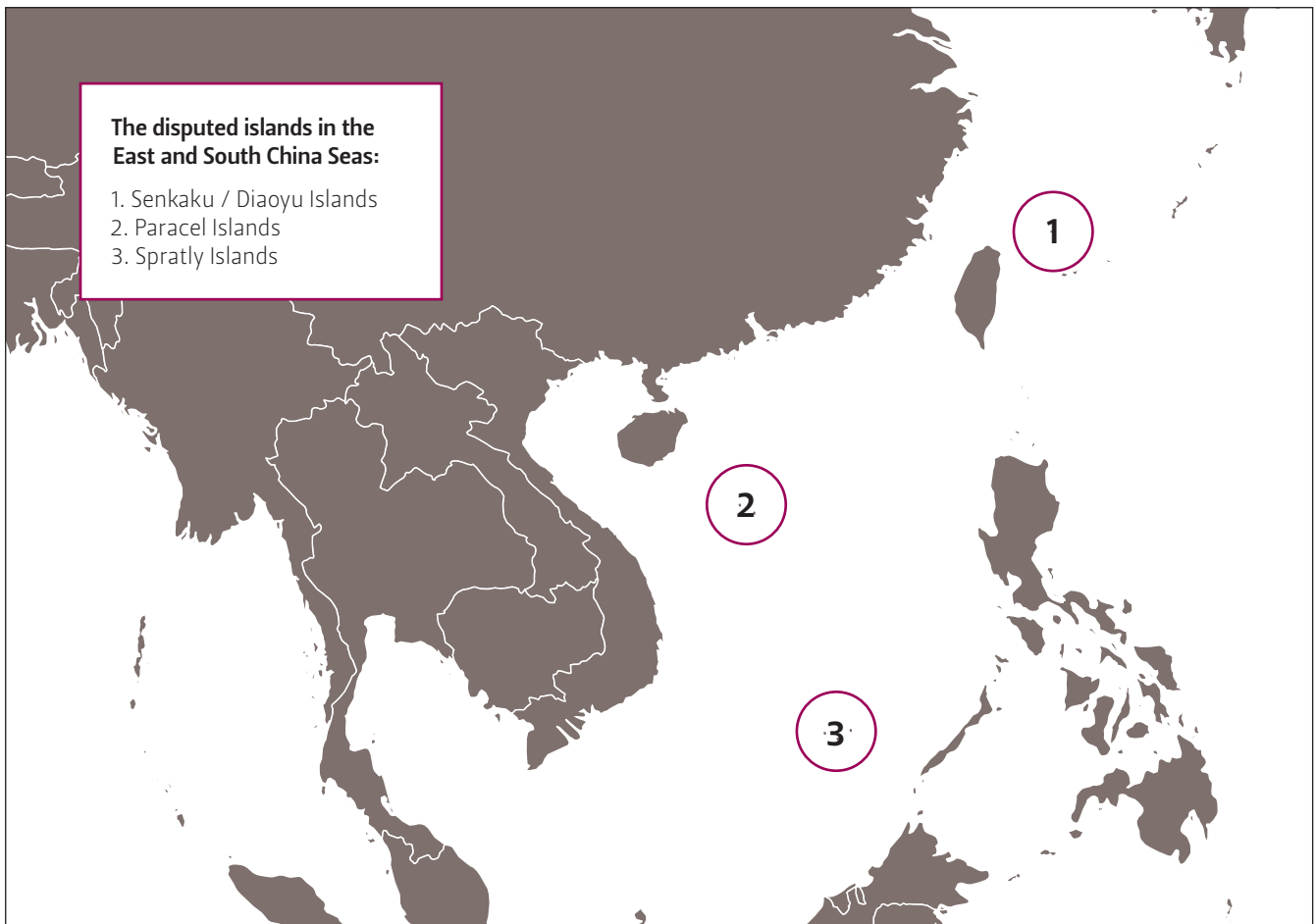
In addition to promoting a holistic security concept combining internal and external security, China aims at broadening its military power to reach longer distances from its shores, as well as taking a tougher stance in maritime disputes, especially in the South China Sea. The strong emphasis on the navy and maritime sector and increasing overseas power projection capacities marks a departure from the past. In addition, the military strategy is quite clear in its messages in comparison to most Chinese policy documents, which cultivate political slogans the tangible implications of which often remain obscure or non-existent.

Until recent years, the main focus of the Chinese navy was to prepare for scenarios in which Taiwan declares independence or foreign forces try to operate around Taiwan. According to the strategy, in the future "the PLA Navy (PLAN) will gradually shift its focus from offshore waters defense to the combination of offshore waters defense with open seas protection, and build a combined, multi-functional and efficient marine combat force structure". China's overseas interests are also mentioned as a motivation for developing the PLAN. Securing China's supply lines for energy and raw materials as well as shipping lanes for exports strongly defines China's security interests. Around 90 per cent of merchandise trade and 95 per cent of oil and gas travel by sea.⁹

7 The Shangri-la Dialogue is an annual summit of 28 Asia-Pacific states, organised by the International Institute for Strategic Studies.

8 Fravel, Taylor. 2015. "Things Fall Apart: Maritime Disputes and China's Regional Diplomacy." In Jacques DeLisle and Avery Goldstein (eds.) *China's Challenges*. Philadelphia: University of Pennsylvania Press, 202-218.

9 Shambaugh, David. 2013. *China Goes Global. The Partial Power*. Oxford: Oxford University Press.



The PLAN is now a “limited blue water” navy with operability in an area covering all of the South China Sea down to Indonesia and East Timor. There is still a long way to go before it can become a true blue water navy that could operate anywhere in the Pacific, not to mention be able to operate anywhere in the world.¹⁰ Still, the PLAN is beginning to be able to defend its maritime interests in the neighbouring seas.¹¹ By using an anti-access area denial strategy, the Chinese military can secure Chinese interests in nearby areas even when lagging far behind the US in overall military development.¹²

The PLAN is also using every opportunity to improve its ability to operate in more distant areas. Since 2008 China has regularly sent naval patrols to

participate in the international piracy patrol off Somalia and in the Gulf of Aden, and after each crew has finished its service in anti-piracy operations, the patrol usually visits some other countries and gains experience at the same time. In October 2015 for instance, Chinese navy ships visited Denmark, Finland and Sweden. In recent years China has also conducted joint military exercises with Russia and Pakistan and is enhancing military cooperation.

China’s further-reaching security strategy is gradually taking tangible shape. The decision to build a military base in Djibouti is in line with it, although Chinese officials often refer to the base as a ‘supply facility’ (*buji zhan*) rather than a ‘military base’ (*junshi jidi*) or ‘naval base’ (*haijun jidi*). However, the US, France and Japan all have bases in Djibouti, so China will be in the company of other significant powers. Still, as it is highly likely that building overseas facilities for advancing Chinese national interests will not stop here, the Djibouti base is an important milestone. China has not yet announced the building of any other similar facilities, but the leadership often makes remarks concerning China’s

10 Ibid., p. 289.

11 Yahuda, Michael 2013. “China’s New Assertiveness in the South China Sea.” *Journal of Contemporary China*. 22(81), 447.

12 Dian, Matteo. 2015. “The Pivot to Asia, Air-Sea Battle and Contested Commons in the Asia-Pacific Region.” *The Pacific Review* 28(2), 237-257.

increasing national interests overseas for which the country also needs to enhance its capacities abroad.¹³

Furthermore, China is also reforming its legislation to better enable the placement of troops abroad. A new counter-terrorism law in effect since the beginning of 2016 permits the PLA to conduct anti-terrorism operations overseas. On 22 and 23 January, PLAN ground forces took part in winter training in the Gobi Desert, where they practised military actions in hostage situations, among other things.¹⁴

China's military spending and defence equipment

Emphasis on the maritime dimension can be seen in some of the PLA's recent procurements. China currently has one aircraft carrier used for training and is building its first operational one. Military experts say the second carrier copies Russian design and uses a conventional power production mechanism rather than nuclear power. Thus, as a technological step for the PLA, the second carrier is probably not worth all the attention it has received in the Chinese media and abroad.

Operationally, aircraft carriers can be useful in the South China Sea, and while China is most likely going to build a few more carriers the PLAN's current doctrine suggests that it has adopted a "hybrid approach encompassing both carrier and surface-action groups for mission-specific operations" in the neighbouring waters but also in more distant areas where China needs to safeguard its national interests related to the acquisition of natural resources. PLAN personnel also require more operational experience, which limits the usage of aircraft carriers in the short term. Some sources mention nationalism as the main reason for building carriers as maritime power is an expression of international

status. Still, the investments in anti-ship missiles are more important strategically.¹⁵

The pace of further PLAN materiel development depends among other things on the Chinese military industry's development, internal PLA power dynamics and organizational reforms, and the country's general economic development. First, China still lags far behind the US in terms of military equipment and technology. After the Tian'anmen Incident in 1989, China has been under an arms embargo from the US, the EU, Australia, Canada, Japan and South Korea. Most of the technology is from Russia and "China will continue to rely on imports from Russia for at least several more years". Some of the most recent purchases include Su-35 fighter jets, some of which will be delivered in 2016.¹⁶ Naturally, China aims at becoming self-sufficient in military technology as quickly as possible. In last September's military parade, China showcased its domestic technologies such as the so-called "carrier killer" Dongfeng-21D antiship ballistic missiles.¹⁷

Second, constant organizational reforms in the security sector seem to follow one after another with multiple rationales including improved coordination and concentration of power. In 2013 China unified the management structure of maritime affairs to improve the poor management of maritime actors. The complicated structure was partly responsible for problems of coordination between different agencies, which led to incidents with vessels from other countries during the Hu Jintao leadership. The National Maritime Affairs Committee (*Guojia haiyang weiyuanhui*) was created and four other organizations dealing with maritime issues were merged as the State Oceanic Administration (SOA) in March 2013. In addition, Maritime Safety Administration continues to function.

At the highest level, the National Security Commission (*Zhongyang guojia anquan weiyuanhui*)

13 For a recent example of a statement emphasizing overseas interests, see Foreign Minister Wang Yi meets the press, 9 March 2016. http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1346238.shtml. Accessed 11.3.2016.

14 China military online "Haijunluzhandui wancheng shamo Gebi hanqu xunlian fancheng gui jian" http://photo.81.cn/pla/2016-01/28/content_6872563.htm. Accessed 28.1.2016.

15 Scobell, Andrew; Michael McMahon and Cortez Cooper III. "China's Aircraft Carrier Program. Drivers, Developments and Implications." *Naval War College Review* vol 69 (4), 65-79.

16 Liff, Adam and Andrew Erickson. 2013. "Demystifying China's Defence Spending: Less Mysterious in the Aggregate." *The China Quarterly* vol. 216, 805-830.

17 For more on the parade, please see my FIIA Comment "Parading for Peace?" from Sept 3, 2015.

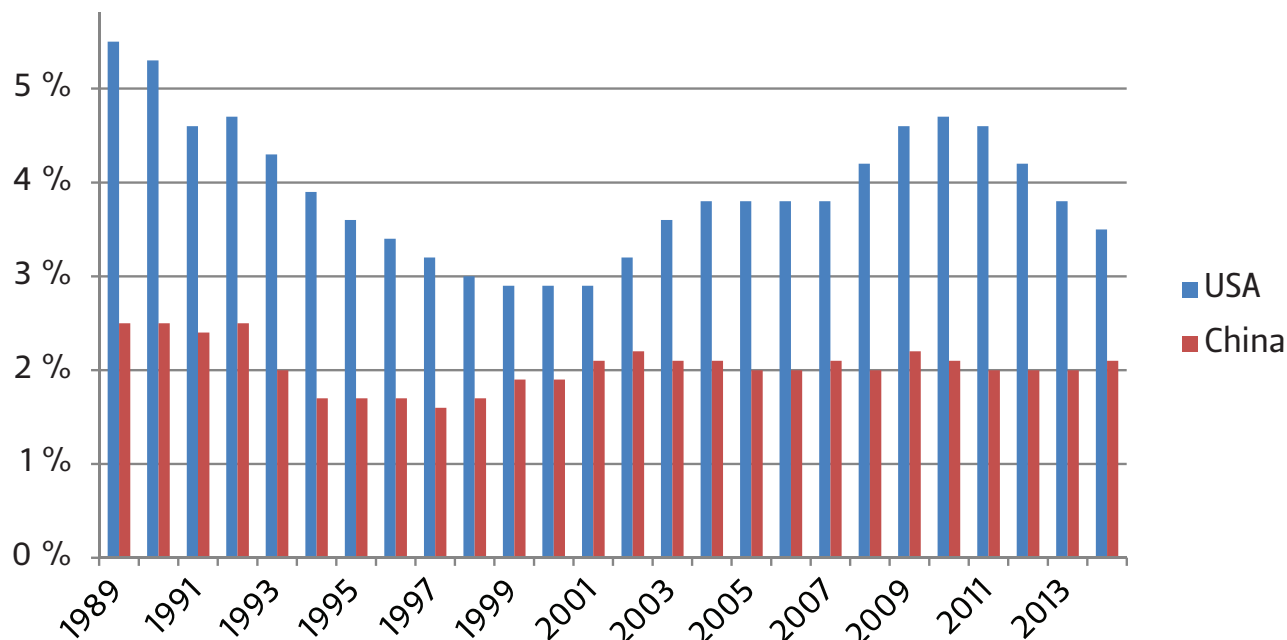


Figure 1. US and Chinese military expenditures as percentages of GDP (1989–2014). Source: SIPRI

established in January 2014 supervises both foreign and domestic security issues. Although its power relations with other bodies such as the Politburo Standing Committee remain unclear, Xi Jinping’s aim in establishing the NSC has been to concentrate power in his own hands, improve policy coordination as well as strengthen the overall or holistic view of national security, comprising both internal and external realms.¹⁸

Along with the anti-corruption campaign and the National Security Commission reform, Xi’s power concentration projects continue within army ranks. President Xi, who is also Commander in Chief of the PLA and chairman of the Central Military Commission (CMC), announced in early 2016 that China is conducting the largest military reform since 1949. The motivation for the reforms is to “establish a coordinated system to better enable modern warfare” but also to consolidate Xi’s control over the military. Xi has recently emphasized that the PLA should remain loyal to the Party. Thus far, the military reform has consisted of regrouping the PLA into five theatre commands instead of the previous seven military regions and merging four PLA former headquarters with the CMC.¹⁹

Third, in terms of finances, the military is likely to grow at a slower pace in the coming years as China’s economic growth is slowing down. According to a budget report to the national legislature annual session, the government plans to raise the 2016 defence budget by 7.6 per cent to 954 billion yuan (\$146 billion). The increase in 2015 was 10.1 per cent.²⁰ To date, the growth seems to have been in line with China’s overall economic development (Figure 1).

The budget is divided into three main categories: personnel, training and maintenance, and equipment. Each of these has reportedly been consistently allotted roughly 33 per cent of the defence budget.²¹ Salaries and personnel maintenance currently absorb the lion’s share of the budget and are slowing down the necessary reforms. PLA personnel account for 2.3 million while ground forces still remain by far the largest unit even though they are not central to China’s new missions. In conjunction with last September’s parade, President Xi announced that PLA staff would be cut by 300,000, but even such a reduction remains insufficient. Thus, further reforms are likely to follow.

18 Lampton, David. 2015. “Xi Jinping and the National Security Commission: Policy Coordination and Political Power.” *Journal of Contemporary China* 24 (95), 759–777.

19 Xinhua 2016. http://news.xinhuanet.com/english/2016-02/04/c_135072431.htm. Accessed 8.2.2016.

20 China Military Online 2016. http://english.chinamil.com.cn/news-channels/china-military-news/2016-03/05/content_6943717.htm. Accessed 6.3.2016.

21 Liff, Adam and Andrew Erickson. 2013. “Demystifying China’s Defence Spending: Less Mysterious in the Aggregate.” *The China Quarterly* vol. 216, 805–830.

Conclusion

It is possible that China has been particularly active in the South China Sea area this year because of the approaching US elections and the expectation that the next administration will take a harder line with regard to the country's behaviour in the South China Sea. Chinese security specialists, even some known for their hawkish positions, deem it unlikely that China would establish an air defence identification zone (ADIZ) in the South China Sea in the near future.

Moreover, the PLA's structural reforms linked with Xi's internal power concentration project indicate that China's security actors will need some time to adapt to new administrative structures before making major moves. Ongoing administrative changes may bring the PLA under tighter political control and decrease some overseas pursuits. Finally, China's long-term goals of maintaining economic growth and societal stability curb the worst excesses. Thus, considering the above, speculation about the ADIZ seems unwarranted or at least premature at the time of writing.

To sum up, the latest changes in China's security posture emphasizing the maritime domain should be understood as a combination of China's own ambitions and needs to secure increasing overseas interests, and reactions to the changing policies of other major powers in the region. In particular, deepening US alliances with Japan and South Korea shape China's position. Unless the leadership manages to conduct the military reforms with further emphasis placed on developing the maritime strategy, it will be hard for the PLAN to sustain the pace of the current technological development in line with the decreasing budget.

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